



MKS PAMP
GROUP

Daily Asia Wrap - 26th August 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1928.00/9.00	26.52/56	925/35	2162/82
HIGH	1930.90/1.90	26.54/58	928/38	2170/90
LOW	1913.80/4.80	26.15/19	916/26	2143/63
LAST	1916.80/7.80	26.22/26	919/29	2165/85

MARKETS/MACRO

Another relevantly buoyant session for risk overnight, with both the S&P and Nasdaq pushing through to fresh highs once again. The S&P500 ticked up +0.36% to 3,443.62, the Nasdaq rallied +0.76% to 11,466.473 while the Dow eased slightly -0.21% to 28,248.44. In Europe, markets were a little softer in general, the FTSE100 down -1.11% to 6,037.01, the DAX inching down -0.04% to 13,061.62, the Euro Stoxx 600 down -0.3% to 369.75 and the CAC40 more or less flat at 5,008.27. The Greenback pared back recent gains on Tuesday (DXY -0.31%), and was offered throughout most of the session. The EURUSD retook the 1.18 handle and remained choppy throughout NYK between 1.1800-1.1845. Meanwhile, the USDJPY reversed off the 106.58 peak, which it ground to throughout most of Asia/Europe, to close around 106.30. Most other G10 pairs traded in an uninspired manner within current ranges. Treasury yields diverged as the 2y yield finished flat around 0.153%, while the 10y jumped +3.3 bps to 0.685%. Crude finished the day higher up between 2-2.3% for both WTI and Brent.

On the data front, New home sales in the US for July shot up +14% to 901,000, the highest level since Dec 2006 and way above expectations. Low interest rates buoyed new home sales

although lenders are becoming warier due to a lift in defaults on existing mortgages. Consumer confidence in contrast tumbled to its lowest in six years, to 84.8 from 91.7. The recent confidence survey indicates fewer people plan to buy homes and cars and 16.6% of people surveyed in August now expect their income to fall. Consumer expectation is at its lowest level since mid-2016. Meanwhile the Richmond Fed's Manufacturing Index lifted to its highest reading since October 2018. New orders, employees and capex all rose significantly. Overall, the data paints a mixed picture as consumers who have secure employment find themselves better positioned to purchase a home, whilst others are worse off. Across the Atlantic, the IFO German business confidence rose to 92.6 in August from 90.4 in July, with the expectations sub-index improving marginally to 97.5 vs 96.7. In contrast, Q2 GDP for Germany fell -9.7% q/q, and was down -11.3% y/y. A lack of consumer spending was the main culprit for the sharp fall and trade was weak. However, the data came in slightly stronger than expected. Overall Germany's economy is steadily improving and the question is now whether the recent gains will be able to be maintained.

PRECIOUS

It was a mixed day for the precious metals Tuesday, gold again testing towards the recent support zone \$1910-15, only to finish the day again pinned around the \$1930 zone. During Asia the metal made some ground, slowly drifting up towards the daily peak of \$1937. Europe began their day on the offer and we consistently gave up ground in an orderly fashion to trade down towards \$1920. Early NY traders were on the offer as well dragging the metal down to \$1914-15, to test Friday's support. Eventually however gold rebounded as the USD changed course to close out the Tuesday session at \$1928. Silver followed the gold throughout the day, bouncing off the \$26.00-10 support again and managing to close above \$26.50.

Markets were reasonably quiet in Asia today, with persistent squaring of short USD positions ahead of the Jackson Hole address, keeping the metals under pressure for most of the day. Gold opened the session around \$1930 and slowly meandered lower prior to the Shanghai open towards \$1925. Shortly after we rose to the daily high but quickly turned around again. Gold slowly descended throughout the afternoon and pushed through \$1920 which drew out some early European liquidation. Silver followed the same route and is bouncing back as I write \$0.15 off the lows. Have a good day ahead and best of luck.

Although the information in this report has been obtained from and is based upon sources MKS believes to be reliable, we do not guarantee its accuracy and it may be incomplete or condensed. All opinions and estimates constitute MKS' judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as investment advice, offer or solicitation for the purchase or sale of an investment. This report does not consider or take into account the investment objectives or financial situation of a particular party.