



MKS PAMP  
GROUP

## Daily Asia Wrap - 27th July 2020



Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1901.50/00	22.70/73	920/25	2225/45
HIGH	1944.10/60	24.38/41	940/45	2245/65
LOW	1901.50/00	22.70/73	920/25	2208/28
LAST	1932.70/20	24.20/23	940/45	2242/62

### MARKETS/MACRO

Global equities fell on Friday night on increased concerns about both China-US tensions and the growth outlook, with dozens of countries now reporting record-high new COVID-19 cases as the second wave of infection grips. The S&P500 eased -0.62% to 3,215.63, the Dow Jones sank -0.68% to 26,469.89 and the NASDAQ Composite buckled -0.94% to 10,363.18. It was largely tech (-1.19%) and healthcare (-1.11%) which led the near broad term declines. In Europe it was a similar picture, the FTSE 100 falling -1.41% to 6,123.82, the DAX tanking -2.02% to 12,838.06, the CAC40 retreating -1.54% to 4,956.43 and Euro Stoxx 600 sinking -1.7% to 367.29. The dollar was softer across the board with the DXY falling -0.44% to 94.34, EURUSD trading as high as 1.1656 and USDJPY falling to a 105.71 low. US treasury yields were mixed, the 2y yield slipping -0.4 bps to 0.147%, while the 10y yield firmed 1.1 bps to 0.589%.

On the data front US new home sales rose +13.8% m/m, soundly beating expectations. The level of sales was at an almost 13-year high as record-low mortgage rates worked their magic in spite of rising unemployment. The median selling price was also +5.6% higher than a year earlier as demand outstripped limited supply. New homes account for around +10% of total

US house sales and tend to cycle ahead of broader house sales, though they can be very volatile and prone to revision. Elsewhere, The US manufacturing and services PMIs both lifted but undershot expectations. In marked contrast, the German, UK and EU-wide manufacturing and services PMI both easily beat expectations, back into the 'black' at or above 50. Europe's Covid-19 situation is currently much better than the US, though several countries are seeing a tick up in daily cases. Globally, the appetite for a second round of hard lockdowns is understandably low, given the high economic and political stakes.

## **PRECIOUS**

Amidst the back drop of falling USD and equities, increasing China and US tensions and the rising number of global COVID cases, gold topped its 2011 record to break to new highs through \$1900 on Friday. There was a raft of demand to help the yellow metal reach this milestone, with the usual suspects including ETF and discretionary names (the latter of whom positioning still remains quite light), as well as central banks and Chinese names in looking for bids. Most of the action was during the NYK session after a relatively subdued Asia and Europe, the tension headlines driving the metal towards \$1900, with some stops going through there and taking us to the session high of \$1906.60. It dipped back through \$1900 a couple of times over the afternoon but there was eager buying seen from discretionary and ETF's and kept the metal above \$1900 for the most part into the close. We ended the session around \$1902, with the next topside target the all-time high of \$1921, before opening the way for a move on \$2000. Silver took more of a back seat on Friday after some extraordinary moves seen earlier in the week. After opening just above \$22.60, some to-and-fro trade was seen throughout the majority of the day, the white metal closing modestly higher at \$22.70. This was despite some solid volumes seen through COMEX. Pd was the pick of the PGM's climbing to close above \$2200 for the week.

Gold and silver roared out of the gates this morning, the former opening more or less where we closed and sharply ripping to \$1910, while the silver opened around \$22.70 and made short work of taking out \$23.00. Both metals hovered around those levels for an hour or so, then continued to climb. Gold pushed higher shortly after the SGE open and took down the previous all-time high (\$1921) without breaking a sweat. Momentum buying then started to pile in and the metal ripped again to the daily high of \$1944.10 before dropping back through \$1930 just as quickly. As I write the metal has been jumpy between \$1930-37, but there are still numerous downside bids in support. With little in the way of resistance now, \$2000 seems the next logical step for the metal, with \$1921 first support. Moves in the silver were even more extreme, the metal coasting along happily either side of \$23 following the initial spike higher. Around an hour after the SGE open, gold began to rally and the silver did more than just catch up. It smashed through the previous cycle high (\$23.27) with ease and wave after wave of buying from Chinese investors, private banks and retail investors pumped the metal to an astonishing \$24.38, without looking back. Some profits were booked above \$24.20 and the metal receded back to \$24.00 as a result and is currently holding above there. We see little in terms of resistance until \$25.00 now and suspect that is the next stop after maybe a bit of work over the coming sessions. Have a great day ahead.

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