



MKS PAMP  
GROUP

## Daily Asia Wrap - 29th June 2020



Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1774.40/5.40	17.87/90	803/06	1863/13
HIGH	1774.40/5.40	17.94/97	812/15	1872/22
LOW	1768.50/9.50	17.81/84	802/05	1855/05
LAST	1771.90/2.90	17.86/89	812/15	1872/22

### MARKETS/MACRO

It was a difficult close to the week on Friday with US equities sinking another leg lower as COVID case growth continues to soar in some of the southern US states. Texas this morning, announced that the positive test rate soared to 14.31%, with the Governor conceding in recent days that the state will have to pare back its reopening plans amid the surge in cases. Similarly, in states like Florida & Arizona, we've seen authorities retract their reopening timeline amid the renewed outbreak. To close out the week the S&P500 sank -2.42% to 3,009.05, the Dow Jones dropped -2.84% to 25,015.55 and the NASDAQ Composite retraced -2.59% to 9,757.22. Communications and financial stocks were the hardest segments hit, falling -4.49% and -4.33% respectively. European markets were weaker on the concern of the burgeoning second wave of COVID-19, the DAX sliding -0.73% to 12,089.39, the CAC40 dipping -0.18% to 4,909.64, the EuroStoxx 600 off -0.39% to 358.32, while the FTSE100 closed marginally higher +0.2% at 6,159.30. The USD closed mostly unchanged with the DXY index sitting at 97.46, while treasury yields in the States were lower – the 2y easing -1.8 bps to 0.166% and the 10y slipping -3.5 bps to 0.641%. Base metals were mostly higher with Aluminium leading the charge up +2.0%, while crude oil paired back some of the recent gains on concerns of more lockdowns and wavering demand again – Brent fell -1.4% to \$41.02 and WTI lost -1.8% to close at \$38.49.

On the data front, May US personal spending rose +8.2% m/m, mirroring the earlier record rise in

retail sales. The consumption data are gyrating around the lockdowns and subsequent easing. Personal incomes however fell -4.2% m/m, meaning the saving rate fell. It dropped to 23.2% vs 32.2% but remains way above its 20-year average of 6.3%, with precautionary money balances remaining high. Meanwhile June University of Michigan consumer sentiment fell slightly in the final number versus the flash release two weeks ago. Inflation expectations were little changed.

## **PRECIOUS**

Gold finished the session on Friday on stronger footing as more safe-haven demand was seen throughout the NY session. The yellow metal was sold off throughout Asia and Europe, underpinned by lower volumes, eventually falling through \$1760 late in Asia. There was a brief recovery from there but a second wave of late selling from European traders and early NYK traders saw us drop off aggressively down towards \$1750. Strong ETF and Comex buying however propped up the market, investors seizing the opportunity to get longer on the dip. Gold surged through the morning peak and ended up closing just off the highs of \$1771 – providing a good platform for a test toward \$1800 this week. Silver followed gold throughout the day on Friday closing around \$17.80, while palladium ran strongly higher to close out the week at \$1885. With COVID-19 cases rising in the US, real rates well into negative territory and stimulus ongoing, the environment remains conducive to a higher gold price.

Gold opened on the front foot this morning gapping a few dollars higher at the GLOBEX open before easing back towards \$1770 ahead of the China open. There was a second spike right at the China open but once again there was some decent sized scaled offers around \$1775 which capped the rise. It has since pulled back toward \$1768, but there appears to be decent buying beneath \$1770 for now. As I write the metal has pushed back through that level and is sitting around \$1773, with the China discount sitting around \$24-25 for onshore traders on the SGE. Silver spiked on the open too and has tested toward \$17.95, but supply on Ecomex between \$17.95-18.00 (cash) appears quite heavy for the interim and has so far capped any further advance. Ahead today for data releases keep an eye on US pending home sales and EU business confidence, consumer confidence, economic sentiment and industrial sentiment. Have a good day ahead.

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