



MKS PAMP
GROUP

Daily Asia Wrap - 2nd July 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1769.90/0.90	18.00/03	820/30	1916/36
HIGH	1771.20/2.20	18.01/04	823/33	1919/39
LOW	1764.30/5.30	17.86/89	815/25	1901/11
LAST	1765.80/6.80	17.88/91	819/29	1912/32

MARKETS/MACRO

Stocks in the U.S. started the new financial year in mixed fashion as participants considered fresh coronavirus vaccine news amid record new cases in a number of states. A study of a coronavirus vaccine being developed by Pfizer and BioNTech has reportedly showed the drug created neutralising antibodies, however the results were only preliminary topline findings and are yet to be peer reviewed. The vaccine news comes as White House health advisor Anthony Fauci warned on Tuesday that daily new cases in the U.S. could top 100,000, while data compiled by Johns Hopkins University shows an average of close to 50,000 cases per day currently, driven by record daily increases in states such as California. The Nasdaq Composite led the major bourses on Wednesday to finish +0.95% higher at a fresh record close of 10,154.63 points, while the S&P 500 gained +0.50% to 3,115.86 points and the DJIA declined -0.3% to 25,734.97 points. On the data front, ADP reported private payrolls increased by 2.369 million in June, while May saw an upwards revision from negative 2.76 million to a gain of 3.065 million. The strong numbers were driven primarily by leisure and hospitality as bars and restaurants re-open across the country, while small business added the lions share of payrolls, increasing by 937,000. The private payrolls come ahead of Nonfarm payrolls due out today, a day earlier than usual due to the 4th July long weekend. The U.S. manufacturing industry roared back into life in June according to the latest ISM print, as the index increased to 52.6 from 43.1 in

May and an 11-year low of 41.5 in April. The Federal Reserve minutes from the June 9 – 10 meeting were released on Wednesday, with the committee noting they expect policy to remain ‘highly accommodative’, while indicating future policy moves are likely to be tied to inflation rather than unemployment. The committee also commented on the ‘extraordinary amount of uncertainty and considerable risks to the economic outlook’ and noted that the current fiscal help passed by congress ‘might prove to be insufficient’. In currency majors the greenback posted declines, notably moving back underneath 108.00 relative to the Japanese Yen, while the Euro firmed back above 1.12. Treasury yields in the U.S. jumped on the positive U.S. data and Fed minutes release, taking the 10-year 2.9bps higher to 0.682%, marking the highest level since June 24. European stocks finished the session mixed on Wednesday as participants digested corona virus vaccine news in conjunction with PMI prints. The Stoxx Europe 600 added +0.24% to 361.19 points, the German Dax eased -0.41% to 12,260.57 points and in London the FTSE 100 dipped -0.19% to 6,157.96 points.

PRECIOUS

A muted session across the precious complex in Asia today heading into the July 4th long weekend in the U.S., with gold easing back underneath USD \$1,770 amid light volumes. The continued increases in virus cases in the U.S. has propelled gold to a near-nine year high in recent sessions, however vaccine related headlines and positive U.S. data has dragged the metal back away from the near-term USD \$1,800 target as profit taking weighed upon price action. There was little demand out of China today as the onshore discount sits toward USD -\$20, seeing gold run into offers around USD \$1,770. All eyes on tonight’s NFP print, with the potential to surprise to the top-side following the positive ADP payrolls data on Wednesday. Hard support for gold sits underneath USD \$1,740 and this will be the key for continued near-term bullish price action through USD \$1,796 - \$1,800. Silver declined underneath USD \$18 during Asian hours today after touching a USD \$18.44 session high on Wednesday. Layered bids toward USD \$17.90 restricted any further declines, however the move under USD \$18 is disappointing considering the previous session price action. The white metals tracked sideways above recent supports and show little sign of life.

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