



MKS PAMP
GROUP

Daily Asia Wrap - 2nd November 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1879.00/50	23.63/66	847/50	2225/40
HIGH	1885.40/90	24.03/06	852/55	2260/75
LOW	1873.50/00	23.38/41	839/42	2220/35
LAST	1881.30/80	23.93/96	852/55	2250/65

MARKETS/MACRO

There were further declines to stocks in the U.S. to finish the month on the back foot, with investors considering increasing chances of a Biden/Democrat sweep as coronavirus cases across the U.S. skyrocket. The Dow Jones Industrial Average finished the session -0.59% lower at 26,501.60 points, declining -6.47% on the week and -4.61% for the month, marking the worst monthly result since March. The S&P 500 sunk -1.21% to 3,269.96 points, while the Nasdaq Composite cratered -2.45% to 10,911.59 points. Both the S&P 500 and the Nasdaq Composite booked their worst weekly declines since March and their second consecutive negative month. The greenback finished the session with modest gains relative to majors on Friday (DXY +0.09%), notably firmer against the Euro (EUR/USD -0.24%), while the safe-haven Japanese Yen pared early session gains to finish flat. Treasury yields edged higher on the back of Biden election momentum, seeing the two-year 0.8bps higher to 0.154%, while the 10-year gained 4bp to 0.870%. On the data front, U.S. personal spending outpaced expectations during September, increasing +1.4% MoM (exp: +1.0%), while personal income rebounded +0.9% MoM

(exp: +0.4%) from -2.7% the month prior. Meanwhile the closely watched PCE core deflator disappointed, adding +0.2% MoM from +0.3% previously and +1.5% YoY from +1.6% previously. The University of Michigan consumer sentiment index for October improved to 81.8 from an earlier estimate of 81.2, as both current conditions and expectations were revised higher. In Europe, 3Q GDP outpaced expectations to increase +12.7% QoQ (exp: +9.6%), while CPI in the region for October increased +0.2% MoM (exp: +0.1%) to see the annualised figure hold at -0.3% YoY. Stocks in Europe diverged to see the pan-European Stoxx 600 add +0.18% to 342.36 points, the German Dax eased -0.36% to 11,556.48 points, while in London the FTSE 100 eased -0.08% to 5,577.27 points.

PRECIOUS

After overcoming an initial offered bias, the precious complex recovered to book a firm Asian session today, with notably silver finding interest throughout the session to test above USD \$24. Initial declines across the complex were driven by dollar strength as the greenback opened the week above 94.00 on a DXY basis, taking the Euro through Friday's lows and British Pound toward 1.29 following the bleak weekend Coronavirus headlines out of the U.K. Friday's New York lows toward USD \$1,875 saw good support for gold into the Chinese open as USD/Yuan reversed early session gains that saw the off-shore currency briefly above 6.70. The yellow metal pivoted back above USD \$1,880 in early Shanghai trade as the on-shore discount tightened toward USD -\$26, however offers across spot around USD \$1,885 kept further gains in-check. Near-term pricing is likely to see the 100 DMA at USD \$1,891 and the psychological USD \$1,900 figure keep a lid on topside moves into the U.S. election, while firm support remains toward USD \$1,850. Silver saw initial offers drag the metal to a USD \$23.38/41 session low pre-China, however the metal reversed these declines in early Shanghai trade, to extend to USD \$23.80 (Friday's New York high), before knocking out stops around the figure and moving briefly above USD \$24. The white metals finished the session higher to see platinum pivot through USD \$850, while palladium added +2% to move above USD \$2,250. Data today includes Markit manufacturing PMI prints from France, Germany, the Eurozone, the U.K. and the U.S. We also see ISM U.S. manufacturing, ISM U.S. prices paid and U.S. construction spending.

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