



MKS PAMP  
GROUP

## Daily Asia Wrap - 2nd September 2020



Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1970.00/50	28.02/05	941/46	2270/90
HIGH	1972.50/00	28.27/30	947/52	2280/00
LOW	1958.80/30	27.81/84	936/41	2257/77
LAST	1964.20/70	27.93/96	936/41	2267/87

### MARKETS/MACRO

A strong session for U.S. equities on Tuesday, buoyed by dovish rhetoric out of the Federal Reserve and better than expected data prints. The DJIA ended the session +0.76% higher at 28,645.66 points, the S&P 500 gained +0.75% to finish at a fresh record of 3,526.65 points after setting an intraday record of 3,528.03 points, while the Nasdaq Composite jumped +1.39% and also set an intraday record of 11,945.72 points and a closing record at 11,939.668 points. On the data front, IHS Markit reported an uptick in U.S. manufacturing during August. The monthly print improved to 53.1 (final) and although down modestly from the flash estimate of 53.6, the read was an improvement on July's 50.9. Meanwhile the ISM manufacturing index booked a fourth consecutive monthly gain, jumping to 56.0 (exp: 54.8) from 54.2 previously. Leading the headline print was an increase in new orders to 67.6 from 61.5 to mark the highest level since 2004, while the production gauge pushed higher to 63.3 from 62.1 previously. Construction spending in the U.S. inched just +0.1% higher during July, while June was revised to -0.5% from -0.7% previously. The greenback pushed higher on Tuesday (DXY

+0.2%), notably gaining relative to the Euro as the common currency failed a move above 1.20 (EUR/USD -0.26%), while the Japanese Yen pushed back above 106.00. Treasury yields diverged as the long dated declined. The two-year held relatively unchanged toward 0.131%, while the 10-year fell 4bps to 0.667%. Stocks in Europe finished generally lower on Tuesday to see the Stoxx Europe decline -0.35% to 365.23 points, the German Dax added +0.22% to 12,974.25 points, while in London the FTSE 100 cratered -1.70% to 5,862.05 points as there pound test toward 1.35 relative to the dollar.

#### **PRECIOUS**

The dollar continued to firm in Asian trade today following Tuesday's positive session, capping any recovery to the precious complex as the metals posted modest declines. Gold spent little time above USD \$1,970, tracking the Euro lower through 1.1900 in early Asian trade to print a session low of USD \$1,959.30. The Sharp move lower occurred around the Shanghai open as the on-shore discount remained toward USD -\$55 and breathed little life into the spot market. There remained however good interest on dips toward USD \$1,960 to restrict further gains as the longer-term uptrend remains in-tact for the time being, albeit subject to dollar flows and notably EUR/USD as the pair attempted a move through 1.2000 on Tuesday following a break above the long-term down-trend emanating from 2008. While the recent dollar strength may still have some time to play out, gold continues to see strong supportive interest through USD \$1,920 - \$1,900, with this support band the key for the continued uptrend. Silver declined through USD \$28 during Asian trade today after testing a breakthrough USD \$29 on Tuesday. The grey metal is still subject to high levels of volatility, however should remain supported around USD \$26 over the near-term. Data today includes U.S. MBA mortgage applications, U.S. ADP employment, U.S. factory orders, U.S. durable goods orders, U.S. capital goods and the U.S. beige book.

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