



MKS PAMP  
GROUP

## Daily Asia Wrap - 30th June 2020



Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1772.10/3.10	17.82/85	814/17	1880/30
HIGH	1773.40/4.40	17.87/90	821/24	1892/22
LOW	1768.60/9.60	17.77/80	814/17	1875/05
LAST	1771.30/2.30	17.86/89	818/21	1892/22

### MARKETS/MACRO

A stronger finish for risk assets in what was a relatively broad rally across markets as daily COVID infection growth rates show some 'tentative' signs of moderation in some of the US states. Investors shrugged off geopolitical concerns around China's introduction of the Hong Kong security bill which authorities are looking to introduce today ahead of the July 1, HK's Establishment Day holiday. In anticipation of this move, the US revoked Hong Kong's special trading status, a largely symbolic move, but one that also suspends preferential trade treatment while the Trump administration warned that they were considering further punitive steps. US Equities were higher, the Dow rising +2.32% to 25,595.80, the S&P500 up +1.47% to 3,053.24 and the NASDAQ Composite gaining +1.2% to 9,874.15. In Europe it was a similar scenario, the FTSE100 advanced +1.08% to 6,225.77, the DAX rose +1.18% to 12,232.12, the CAC40 gained +0.73% to 4,945.46 and the EuroStoxx 600 ticked up +0.44% to 359.89. In FX, activity was relatively light with volumes taking somewhat of a breather, though the dollar did take back some of its earlier losses, rising against most of its G10 peers. Crude oil gained as sentiment was boosted by better than expected economic data in the form of pending home sales. However, the market is holding its breath as it looks ahead to the key 4<sup>th</sup> of July

holiday, when increased travel is expected. A reluctance of consumers to hit the roads could dent expectations of a recovery in demand for gasoline during the US summer.

On the data front, US May pending home sales rose +44.3% m/m, the highest monthly rise on record, offsetting much of the decline seen in March and April. In level terms, the index (99.6) is still down from its pre-crisis peak in February however (111.4). The Dallas Fed manufacturing index surged +43.1 points in June to -6.1, up from a low of -74.0 in April. Production rebounded sharply (13.6 vs -8.0) as did new orders (2.9 vs -0.6) and employment rose to -1.5 vs -11.5. In Europe, June economic confidence bounced back, rising to 75.7 vs 67.5 but below expectations for a rise to 80.0. Both industrial confidence (-21.7 vs -27.5) and services confidence (-35.6 vs -43.6) improved. Looking ahead, the focus this week is very much on the US labour market data. Both the June ADP and labour market reports are expected to confirm jobs rose by three million this month, as workers returned to their jobs as lockdowns ended. If, anything, data has been better than expected. Whilst a strong bounce back in jobs is encouraging, US continuing jobless claims were 19.5m last week illustrating the enormous shock that remains.

### **PRECIOUS**

The tussle between recovering economic data and anxiety over ever-rising COVID-19 cases continued to play out across markets as quarter end approached yesterday. The WHO warned that while “many countries have made some progress, globally the pandemic is actually speeding up”, fuelling safe-haven demand. The yellow metal had a rangy session over the day, ebbing and flowing due to better than expected US pending home sales, the US-China spat over HK and still worrisome COVID-19 contraction rates. Gold popped higher on the open in Asia yesterday, trading up to the highs before running into selling around the \$1775 level. The yellow metal dipped off from there though and proceeded to gyrate around the \$1770 through the backend of Asia and into London and NYK. Decent clips of producer selling were seen over the course of the session, however, this was well absorbed by the continuing demand from ETF's, which look set to clock-in a 14<sup>th</sup> straight week of inflows. Silver held its ground like gold yesterday, although it has been unable to make a run on the \$18.00 level which has been a little disappointing. That said good buying on dips were seen in the \$17.70-75 range which kept the metal buoyant. Platinum and palladium continue to trade with little vigour and sit above key supports of \$800 and \$1900 respectively.

Gold has remained rangebound so far this morning, continuing to to-and-fro either side of \$1770 with light to moderate flows going through the market. Snippets on retail and physical buying have been seen which are being offset by a mix of producer and Chinese bank selling. Volumes have been light however and price action has been orderly. Silver has been much the same, remaining within the range, sinking early on but recovering into the early afternoon. Ahead today, look out for UK and Canadian GDP, EuroZone CPI and US Conference Board consumer confidence. All the best and good day ahead.

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