



MKS PAMP  
GROUP

## Daily Asia Wrap - 4th August 2020



Range Asian Hours  
(from Globex open)

|      | GOLD       | SILVER   | PLATINUM | PALLADIUM |
|------|------------|----------|----------|-----------|
| OPEN | 1977.50/00 | 24.36/39 | 922/27   | 2090/20   |
| HIGH | 1978.80/30 | 24.42/45 | 925/30   | 2098/28   |
| LOW  | 1971.10/60 | 24.15/18 | 920/25   | 2088/18   |
| LAST | 1973.70/20 | 24.31/34 | 924/29   | 2098/18   |

### MARKETS/MACRO

Risk assets ended the session on firmer footing Monday with US equities advancing towards YTD highs led again by the tech sector which seemed to get a bit of a boost from the White House's unilateral push to have music and video sharing app, TikTok, divest its US unit. The Dow Jones advanced +0.89% to 26,664.40, the S&P500 gained +0.72% to 3,294.61 and the NASDAQ Composite once again led the pack, rallying +1.47% to 10,902.80. There was finally some reprieve for European equity indices after a dismal performance last week. The FTSE100 kicked off the week strongly surging +2.29% to 6,032.85, the DAX rallied +2.71% to 12,646.98, the CAC40 rose +1.93% to 4,875.93 and the Euro Stoxx 600 climbed +2.05% to 363.64. In FX, the dollar received a further bid, rising the most in several weeks in what looked like some technical led buying. On the flow front, there was some decent dollar buying from CTAs who were more active in USDJPY, while discretionary names had been active sellers of Euros all day, presumably locking in profits. Flows in AUD were a bit more mixed with some longs being trimmed ahead of today's RBA where a more aggressive dovish tilt is expected given the recently imposed curfew in the city of Melbourne. Crude oil rose the most in two weeks amid

positive trends in coronavirus infections and better than expected economic data. The number of cases eased in several states in the US, while Hong Kong recorded its lowest case numbers since 22 July.

On the data front, US manufacturing ISM rose +1.6pts to 54.2 in July, its highest since March 2019. But employment is contracting, with that sub-gauge still below 50.0 at 44.3. The euro area's final manufacturing PMI for July also continued to show improvement, expanding for the first month since January last year (51.8 compared to 47.4 in June). However, euro employment is continuing to contract, implying the recovery and business confidence remains quite fragile.

#### **PRECIOUS**

Gold was flat overnight as the Fed provided mixed messages on the economic front. Fed officials warned about the economic impact should Congress not extend fiscal stimulus, saying it would be a pretty traumatic move. Nevertheless, Robert Kaplan predicted a very healthy rebound in H2, while James Bullard said the pandemic has not been as bad as previously expected. This left investor appetite rather subdued, with the precious metal trading in a tight range for most of the session on limited volume comparing to previous sessions. The metal continues to bob not too far from all-time highs, having been rejected at \$1980-90 area 3 times now. A fourth rejection in this region could see some longs questioning their conviction. Elsewhere, Silver was mostly flat on the day chopping between \$24.00-24.40, while platinum was up.

It was another consolidating session for gold and silver today. Gold remained in a tight range oscillating between \$1971-78 on much lighter volume than has been seen over the past sessions. Silver was a little more volatile, but clung to a \$0.30 range, again on rather light volumes. Both metals remain within the current range and are waiting for a push one way or another. Have a good day ahead.

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