



MKS PAMP
GROUP

Daily Asia Wrap - 6th August 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	2037.40/8.40	26.98/02	965/75	2180/00
HIGH	2053.00/4.00	27.82/86	979/89	2183/03
LOW	2034.40/5.40	26.79/83	962/72	2167/87
LAST	2053.00/4.00	27.78/82	977/87	2182/02

MARKETS/MACRO

Stocks in the U.S. finished the session higher on renewed hopes of a stimulus bill breakthrough after Treasury Secretary Steven Mnuchin earlier indicated he hopes to reach a deal with Democrats by the end of the week. The DJIA finished the session +1.39% higher to 27,201.52 points, the S&P 500 gained +0.64% to 3,327.77 points, while the Nasdaq Composite added +0.52% to 10,998.40 points to finish at an all-time high, the third consecutive record this week. In economic news, the Institute for Supply Management's U.S. services index edged higher to 58.1 during July from 57.1 the month prior as 15 of 18 services industries tracked by ISM grew. New orders and production both increased, however the gauge for employment softened. Payroll provider ADP showed private sector employment slowed during July, increasing 167,000 to follow a 4.3 million gain in June and well below expectations centered around 1.9 million. Services were responsible for 166,000 payrolls, while the goods producing sector added just 1,000. In currency majors the greenback continued to see selling pressure, finish modestly lower on the session as the Euro flirted with a move above 1.19, while the safe-haven Japanese Yen and Swiss Franc firmed modestly. Treasury yields in the U.S. sold off across the curve as the U.S. Treasury announced a larger than expected issuance. The two-year increase 0.8bps to 0.117% and the 10-year added 3.3bps to 0.548%. Oil prices were firmer on the day as WTI pushed +1.4% higher to USD \$42.20 per barrel, while Brent added +1.8% to USD \$45.20 per barrel.

PRECIOUS

The relentless bid across the precious complex showed no sign of abating during Asian hours today, with gold attempting a move above the overnight all-time high of USD \$2,055 and silver pushing to a fresh cycle high of USD \$27.82. Early session pricing saw the metals hold previous session gains, withstanding mild profit taking into the Chinese open as gold held buoyant above USD \$2,035 and silver dipped briefly underneath USD \$27. Shanghai opened to a discount around USD \$65, providing little in the way of price direction for gold, while silver pivoted back above USD \$27 as the on-shore premium remained above USD \$1. Much like Tuesday's session, price action accelerated as European names filtered in, pushing higher against the backdrop of a softer dollar. Retail activity remains robust and should continue to provide an underlying bid tone to gold over the near-term, however the pace of the recent move higher may see some participants take stock and allow for a period of consolidation through USD \$1,940 - \$2,050. Silver shows no sign of putting the brakes on recent gains, however a healthy pull-back toward USD \$24 - \$25 is not off the cards considering the intra-session volatility the metal has been seeing recently. Top-side targets for the metal extend through USD \$30 over the near-term as the XAU/XAG ratio breaks down further. Ahead today we see the BOE inflation report and U.S. initial jobless claims.

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