



MKS PAMP
GROUP

Daily Asia Wrap - 9th July 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1807.70/8.70	18.71/74	847/57	1915/35
HIGH	1812.50/3.50	18.86/89	848/58	1933/53
LOW	1806.00/7.00	18.64/67	845/55	1913/33
LAST	1811.60/2.60	18.84/87	846/56	1930/50

MARKETS/MACRO

A stronger session for risk assets last night with equities clawing back some of their losses from earlier this week, helped by broad based dollar weakness. This comes as the number of US infections rose to 3 million with some states like California reporting their largest daily increase, though some other states have started to report some moderation in daily case growth. Either way, we're seeing investors turn back to some familiar trades - long technology names, weaker USD and higher XAU. US equities rose, the Dow adding +0.68% to 26,067.28, the S&P500 gaining +0.78% to 3,169.94 and the interest in tech stocks helping the NASDAQ Composite outperform, up +1.44% to 10,492.50. In Europe, it was a different affair with equities dropping off, the FTSE100 dipping -0.55% to 6,156.16, the DAX down -0.97% to 12,494.81, the CAC40 retreating -1.24% to 4,981.13 and the Euro Stoxx 600 sinking -0.67% to 366.48. The Greenback opened the day on the back foot and continued lower into the US afternoon - EURUSD broke up through Monday's high to 1.1352, cable traded up to 1.2623 and AUDUSD rallied to a high 0.6982. In the end the DXY finished the day down 0.4% to 96.50. US treasury yields were mixed, the 2y yield easing -0.2 bps to 0.161%, while the 10y yield rose +1.7 bps to 0.664%. Crude was firmer on the day, Brent rallying +0.9% to \$43.31, while WTI

climbed +1.0% to \$40.88.

US cases of COVID-19 surpassed three million overnight. Dr Fauci said Phase 3 vaccine trials may begin at the end of July, and he is cautiously optimistic for a vaccine by year end. The Fed's Bostic reiterated that the infections spikes are clouding the reopening outlook, but a broad shutdown isn't expected. In Australia, metropolitan Melbourne's stay-at-home order came into effect at midnight last night. The order will be in place for six weeks, devastating small businesses that had just got back on their feet. Renewed outbreaks in Victoria risk deepening Australia's recession and are a reminder of the importance of caution in COVID-free areas, to avoid a second wave.

PRECIOUS

It was a very strong session for the precious complex with gold surging to a 9 year high above \$1800 on the back of continuing concern about mounting cases of COVID-19 in the US. The yellow metal remained flat throughout the Asia day yesterday, consolidating either side of \$1795 in fairly thin trade. With weaker equities in Europe, London traders gave the gold a kick higher, pushing through \$1800 and then hovering there, with some decent producer and gamma supply capping a move higher for the interim. Once US traders came in the metal surged through \$1800 and continued to the days high of \$1817.50, before some late profit taking kicked in. Regardless, it was still a strong close at \$1810, with another leg higher likely if we can secure a base around the \$1800 over the coming week or so. ETF's continue to pile in, increasing a massive 655.6 tons in 2020, at this stage exceeding the record tonnage increase for a 12 month period in 2009 through the GFC. Silver gained some \$0.50 on the day, breaking through \$18.50 and continuing to a peak of \$18.765, while platinum finally moved away from the \$800 base and pushed through \$850.

It was a slower session today in Asia, the precious metals trickling lower on some light intra-day profit taking, before gradually ticking higher over the afternoon. Gold opened around \$1809 and gradually eased over the morning down to the days lows on relatively light volumes. Around the SGE open the metal very slowly began to reclaim ground and pushed back through \$1810 and up to the days high. It certainly seems poised for a test higher over the coming weeks. Silver followed suit dipping off early, but then pushing to its highest level since February, while platinum and palladium held their ground. Ahead today on the data calendar we have German trade data and US jobless claims and wholesale inventories. Have a good day ahead.

Although the information in this report has been obtained from and is based upon sources MKS believes to be reliable, we do not guarantee its accuracy and it may be incomplete or condensed. All opinions and estimates constitute MKS' judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as investment advice, offer or solicitation for the purchase or sale of an investment. This report does not consider or take into account the investment objectives or financial situation of a particular party.