



MKS PAMP
GROUP

Daily Asia Wrap - 19th February 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1601.00/20	18.18/20	990/92	2625/35
HIGH	1604.80/00	18.27/29	1002/04	2720/30
LOW	1599.50/70	18.15/17	990/92	2625/35
LAST	1602.20/40	18.25/27	1000/02	2720/30

MARKETS/MACRO

U.S. equities finished generally lower on Tuesday as investors considered Apple's warning that sales will miss forecasts due to the ongoing impacts of the coronavirus. The DJIA ended the session -0.56% lower to 29,232.19 points, while declines across financial (-0.89%) and energy stocks (-0.83%) weighed upon the S&P 500 as the bourse slipped -0.29% to 3,370.29 points. The Nasdaq Composite meanwhile bucked the trend to finish with a modest +0.02% gain at 9,732.742 points, as big names such as Amazon (+0.97%) and Facebook (+1.69%) pushed higher. The dollar index endured a volatile session on Tuesday, however ultimately ended +0.29% higher following a late session rally. The greenback posted notable gains relative to the Euro (EUR/USD -0.41%) following softer data out of the region, while the safe-haven Japanese Yen handed back early session gains to finish flat. Treasuries pushed higher to see yields under pressure, with the two-year ending 1.4bps down to 1.4096%, while the 10-year declined 2bps to 1.561%. On the data front, the U.S. Empire State manufacturing index spiked to 12.9 (exp: 5.0) from 4.8 previously, marking the highest level since May as new orders and shipments firmed. In

Germany, the ZEW survey results were sharply lower during February. The expectations survey slumped to 8.7 (exp: 21.5) from 26.7 previously, while the current situation component declined to -15.7 (exp: -10.0) from -9.5 previously. In the U.K., jobless claims during January increased to 5.5k from a downwardly revised 2.6k the month prior, while the 3-month unemployment rate held at 3.8% during December. European markets ended trade softer on Tuesday following global growth concerns. The Stoxx Europe 600 finished -0.38% lower at 430.33 points, the German Dax slumped -0.75% to 13,681.19 points, while in London the FTSE 100 fell -0.69% to 7,382.01 points.

PRECIOUS

Palladium. Again, palladium. Another outstanding session for the white metal as investors scramble amid further fears of a supply shortage following Anglo American forecasting an increase deficit in 2020 of 1.9 million ounces (previous estimate of 1.1 million ounces). After pushing through USD \$2,600 in late New York trade on Tuesday, the metal extended a further 4% during Asian trade today, currently sitting toward USD \$2,720/30 to take the gain during this week alone to +12%. Gold opened quietly in Asia, however saw USD \$1,600 well defended heading into the Chinese open with interest toward the figure evident. Shanghai opened on the bid to push bullion toward the USD \$1,605 previous session high, however the level remained intact to cap price action as the on-shore premium in China dwindled to around USD \$1 relative to London spot. We are beginning to see some physical trickle into China, however demand is still muted. Afternoon price action saw the metal restricted to a narrow range, while remaining buoyant above USD \$1,600. Tuesday's spot pricing has seen vols push higher, taking the 1m comfortably above 11, while the 3m heads toward 11.5. ETF's continue to see inflows, notching the 19th consecutive session of gains. Top-side targets for the yellow metal cut in initially toward the early Jan high of USD \$1,611, while beyond this the air is pretty thin for now. Silver has extended above Tuesday's high during Asian trade today, however sees a number of recent peaks through USD \$18.30 - \$18.50 that may form a broad band of near-term resistance. Volatility has jumped following the spot move through USD \$18, taking 1m above 20 from around 17 on Tuesday. To platinum, and the metal has benefited from PGM contagion to move through USD \$1,000 today, however January pricing around USD \$1,010 - \$1030 may create some headwinds. It is worth noting however than Comex volumes are picking up on this recent strength. Data today includes U.K. CPI, RPI and PPI, U.S. mortgage applications, U.S. housing starts, U.S. PPI and the Jan 29 Fed meeting minutes.

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