



MKS PAMP  
GROUP

## Daily Asia Wrap - 1st May 2020



Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
<b>OPEN</b>	1684.20/5.20	14.95/98	775/79	1959/99
<b>HIGH</b>	1689.60/0.60	15.02/05	782/86	1972/12
<b>LOW</b>	1670.80/1.80	14.75/78	757/81	1915/45
<b>LAST</b>	1672.00/3.00	14.75/78	757/81	1915/45

### MARKETS/MACRO

The ECB cut the rate of its lowest targeted longer-term refinancing operation to -100bps to ensure EA banks have access to cheap funding, they also introduced a new Pandemic Emergency LTRO to add much needed liquidity. However, the failure of the ECB to boost bond purchases weighed on markets as investors felt the stimulus measures did not go far enough. In US markets, the Dow lost 288.14 points, or 1.17%, to 24,345.72, the S&P 500 fell 27.08 points, or 0.92%, to 2,912.43, while the Nasdaq shed 25.16 points, or 0.28%, to 8,889.55. Materials (-2.96%) and financials (-2.68%) led the sell-off. European equities were sharply lower after the funding measures announced by the ECB fell flat with investors, the EuroSTOXX eased 7.03 points, or 2.03%, to 340.03, the German DAX declined 246.10 points, or 2.22%, to 10,861.64, and the London FTSE 100 dropped 214.04 points, or 3.50%, to 5,901.21. The US dollar index slipped 0.46% to 99.04 as the EUR jumped up to 1.0959, USD/JPY traded up to 107.35. US treasury yields were higher, the 2 year yield firmed 1.0 bps to 0.200% while the 10 year yield added 3.6 bps to 0.644%. Oil prices were higher, Brent rose 3.2% to \$25.39, while WTI put on 10.90% to \$19.19. Base metals were broadly lower, with copper (-1.4%) leading the losses. In US economic data, initial jobless claims were 3.8 million in the week ending April 25, the total number of layoffs during the COVID-19 crisis now sits around 30 million. The employment cost index rose 0.8% in the first quarter of 2020, though its important to note that the figure is basis data

up to March 12 which is before the crisis took hold. Personal income fell 2% in March, and consumer spending saw a sharp 7.5% drop. The PCE inflation gauge fell 0.3% in March and rose 1.3% over the last 12 months, while the core PCE price index fell to a yearly rate of 1.7%. The Chicago PMI fell to 35.4 in April, its lowest reading since 2009. In Asia today, as I write the Nikkei is at -2.63%, the Shanghai composite is at +1.33%, the Hang Seng is at +0.28%, and the ASX S&P 200 is at -3.79%. Tonight we have Markit manufacturing PMI (final), the ISM manufacturing index, construction spending, and motor vehicle sales out of the US.

## **PRECIOUS**

Soft session for the precious as investor disappointment with the ECBs failure to increase its bond buying program impacted demand for gold. The market was fairly quiet through Asian hours though dips below \$1710 appeared well supported. London saw the high of \$1721 just after the open. NY were sellers from the open and after a brief bounce were straight back on the offer as gold was sold through the \$1700 level. Despite both equities and the greenback coming under pressure the yellow metal traded to a low of \$1682. Any attempt to spring off the bottom was quickly thwarted and gold finished the session right around the lows. Silver traded as high as \$15.51 in London before giving up over 80c to a low of \$14.68. PGMs were largely rangebound with platinum's attempts on the \$800 level unsuccessful. The Philadelphia gold and silver index eased 4.85% to 113.68. The precious complex is under further pressure today as the sell off continues, gold traded down to \$1671 and is sitting at \$1673 as I write. Silver tested \$15 early on before the slide, the grey metal is currently right on the lows at \$14.78. Have a good day ahead.

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