



MKS PAMP
GROUP

Daily Asia Wrap - 20th April 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1680.15/2.15	15.12/15	775/78	2155/85
HIGH	1683.20/5.20	15.25/28	776/79	2190/20
LOW	1671.40/3.40	15.06/09	770/73	2153/83
LAST	1681.50/3.50	15.23/26	775/78	2182/12

MARKETS/MACRO

It was a quiet day on the data front to close out the week on Friday, with headlines around COVID-19 dominating price action, particularly positive news surrounding testing of a possible treatment. This comes as several hotspots in the US, including New York City continue to post tentative signs of progress with Governor Andrew Cuomo saying the state has emerged from the worst, though a reopening of the state anytime soon remains far from certain. This was enough to help equities climb led by discretionary, industrial and Financing names. The S&P500 advanced +75.01 points (+2.68%) to 2,874.56, the DOW rallied +704.81 points (+2.99%) to 24,242.49 and the NASDAQ Composite climbed 117.78 points (+1.38%) to 8,650.14. It was a similar picture across the Atlantic with major indices in the green to close out the week as more encouraging COVID-19 headlines suggest the worst may have passed. The FTSE100 gained +2.82% to 5,786.96, the German DAX rallied +3.15% to 10,625.78, the CAC40 surged +3.42% to 4,499.01 and the EuroStoxx 600 advanced +2.63% to 333.47. Crude oil prices remained under pressure, as projections of weaker demand continue to weigh on sentiment – with WTI dropping through USD17/bbl its lowest in 18 years. Despite the OPEC+ alliance agreeing to an unprecedented cut in output, the physical market is awash with oil.

Concern continues to mount that storage facilities in the US will run out of capacity. EIA data last week showed that inventories rose by 19.25mbbl last week. Stockpiles at Cushing, the pricing point for WTI, are up nearly 50% since the start of March. This is seeing prices for some landlocked crude, such as Bakken and Western Canadian, as low as USD11/bbl according to ANZ research. Elsewhere, US 10y yields increased +1.5 bps to 0.64%, while in Europe yields were generally a touch lower.

A day after saying that state governors could “call their own shots” on reopening their economies, President Trump tweeted encouragement for anti-lockdown protestors in three Democrat-held states. While polls show that most of the country (including Republicans) are concerned about the risks of reopening too quickly, almost two thirds of very conservative voters are more worried about reopening too slowly. Over the weekend, Trump suggested China might be “knowingly responsible” for the COVID-19 outbreak: “was it a mistake that got out of control, or was it done deliberately?”

PRECIOUS

The risk on tone across markets saw investors appetite for gold dampen towards the end of last week, with the metal ultimately falling back through \$1700 on Friday following headlines about Trump’s guidelines on reopening the US economy and the continuing trials of a treatment for COVID-19 from a drug made by Gilead Science’s Inc. Gold traded heavily throughout Asian trade on Friday, despite continued to support around the \$1705 which held for the first half of the day. The overwhelming liquidation out of China however eventually tipped the scales and the metal traversed \$1700, tripping sizeable stops all the way down to \$1685. It did a bit of work between \$1685-1700 throughout London hours and with the strong equities and USD gold continued to slide trading below \$1685 and closing not too far from the lows. Inflows into gold backed ETF remain strong, with the gloomy economic back drop continuing to keep this and the physical space active. Silver traded softly on Friday in line with gold, yet has managed to hold onto the \$15 handle for now. PGM’s continue to trade in rather boring fashion for now, although their industrial nature could give them some upside potential as demand constraints are slowly lifted.

Gold opened on the back foot this morning selling off in line with a tanking WTI crude, which after opening around \$17.70 fell below \$15.00 before recovering back toward \$15.50. Gold quickly traded through Friday’s low and continued to extend further to the days lows despite pockets of retail and physical buying. Greater support was seen towards the low \$1670’s and the metal bounced back well around the time the SGE opened for business. The SGE remains at a steep discount to spot of around -USD60-58, but despite this we did not see the usual barrage of selling at the open. This in turn helped spot recover from it’s morning sell-off. Silver was sold off in line with the gold just after the COMEX open, though again managed to hold above \$15.00 and has since bounced to fresh daily highs. Have a good day ahead all.

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