



MKS PAMP
GROUP

Europe/US Market Update - 21st February 2020



Europe/US Markets (from Globex open)

20-Feb-20	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
OPEN	1606.80	1607.30	18.3200	18.3400	995.00	998.00	2721.00	2741.00
HIGH	1622.50	1623.00	18.4275	18.4475	1004.50	1007.50	2738.00	2758.00
LOW	1604.00	1604.50	18.2300	18.2500	982.00	985.00	2666.00	2686.00
CLOSE	1619.50	1620.00	18.3450	18.3650	979.00	982.00	2680.00	2700.00
EFP	2.80	2.90	-0.0275	-0.0075	1.25	3.25	-110.00	-80.00
Active Contract	GCJ0 Comdty		SIH0 Comdty		PLF0 Comdty		PAH0 Comdty	

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MACRO

- Despite strength in economic data, risk markets paused overnight amidst a mounting number of cases of the COVID-19 virus.
- US Equities were sold off the Dow sliding -0.44% to 29,129.98, the S&P500 declined -0.38% to 3,373.23 and the NASDAQ Composite fell -0.67% to 9,750.97.
- It was a similar scenario in Europe, the FTSE100 off -0.27% to 7,436.64, the DAX losing -0.91% to 13,664.00, the CAC40 down -0.8% to 6,062.30 and Euro Stoxx slipping -0.86% to 430.19.
- Fixed income rallied with the 10y US rate falling -2.4 bps to 1.53% and the bund yield down -2.6 bps to -0.444%.
- Price action in G10 FX was choppy yesterday, with the USD erasing its morning decline in NYK to end the day on the highs. DXY closed up +0.33% at 99.88.
- The February Phil Fed index rose +19.7pts to 36.7, just below its record high of 39.7 in February 2017. With the exception of employment, all sub-categories rose. Regional manufacturing surveys for February are pointing to a very sharp snap-back. The strength in the data follows the more settled trade environment with China and the completion of the

USMCA trade deal. So far, there is no evidence of disruption to output from COVID-19, but that may take time to filter through.

- UK retail sales rose 1.6% m/m, adding to evidence of a post-election bounce in activity. The data will ease pressure on the BoE to cut, but the key is whether the firmer tone to data will hold in the months ahead.
- Despite the run of poor output data in Europe recently, consumer confidence rose 1.5pts to -6.6 in February. This was the highest level since September last year and is above average. The dichotomy between domestic demand and industrial weakness continues.

PRECIOUS

- Safe haven demand for gold strengthened as fears of COVID-19 impacting economic growth lingered.
- The yellow metal held between \$1605-1610 throughout Asia yesterday, rallying through \$1615 late in the London session. NYK traders kept the market well bid throughout their day, gold hitting a peak of \$1622.50.
- Swiss trade data on Thursday had gold exports rising to 87.7t in January, against 82.1t in December. Exports to India and China fell by 13% m/m and 59% m/m respectively, but to Hong Kong exports increased fourfold to 23.6t.
- Silver remained fairly flat throughout the session, range-bound between \$18.25-45.
- Platinum after looking reasonably very early in Asia was aggressively sold once Tocom opened. The liquidation didn't let up for the rest of the day, sliding back through US\$1000/oz and never recovering from there. A disappointing day with many dealers expecting it should be playing catch up to Pd.
- Palladium was exceptionally volatile once again moving in \$10 increments on very thin volumes. It closed the session a little lower on the day.

PRE-ASIA COMMENTS

- Metals pushing slightly higher since market open in Asia.
- Turnover light so far.
- Data scheduled for release today includes:
 - US and Euro Zone Markit Manufacturing, Services and Composite PMI's.
 - Euro zone CPI
 - Canadian Retail Sales
 - US existing home sales.

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