



MKS PAMP
GROUP

Daily Asia Wrap - 25th February 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1658.00/20	18.64/66	966/68	2640/50
HIGH	1658.40/60	18.64/66	968/70	2670/80
LOW	1642.90/10	18.46/48	962/64	2640/50
LAST	1650.00/20	18.51/53	965/67	2645/55

MARKETS/MACRO

It was a sea of red across equity markets on Monday as investors attempted to quantify the impact of coronavirus developments in Europe and South Korea. On Wall Street the DJIA collapsed a staggering 1,031.61 points or -3.56% lower to 27,960.80 points, marking the third largest points decline in the bourses 124-year history as each of the 30 components ended lower. The S&P 500 finished the session off -3.35% at 3,225.89 points, as each of the bourses 11 sectors ended in the red, led by a -4.7% fall to energy stocks. The Nasdaq Composite meanwhile cratered -3.71% to 9,221.281 points, with tech companies with exposure to China taking the greatest hits. The VIX volatility index meanwhile surged an incredible 46.55% to 25.03. In currency majors, the greenback retreated sharply in New York from early session gains, finishing -0.1% lower as investors flocked to the safe-haven Japanese Yen (USD/JPY -0.8%). Treasury yields cratered on the flight to safety, seeing the two-year collapse 10bps to 1.247%, while the 10-year cratered 11.8bps to 1.363%. On the data front, the Chicago Fed National activity index improved to -0.25 during January (exp: -0.18) from -0.51 previously, while the

Dallas Fed manufacturing activity index inched higher to 1.2 during February from -0.2 previously.

PRECIOUS

The late session declines across the precious complex on Monday translated into softer prices during Asian trade today. Unsubstantiated claims that the Bank of International Settlement had been given authorisation to sell gold seemed to be the driver for the late Monday declines, while any moves back toward USD \$1,660 were well sold in Asian trade today. The yellow metal moved underneath the psychological support level of USD \$1,650 pre-China, while seeing some modest interest out of Shanghai to underpin a bid tone across the morning and drag gold back through the USD \$1,650 pivot. The greenback opened firmer, however lost ground throughout the session, notably softer relative to the Yuan to underpin price action out of the far East. Regional equities traded mixed, with the Nikkei the main decliner, tanking -3.3% on the day, while the Hang Seng saw a modest relief rally to finish in the green. The coronavirus seems to have been put to one side currently, with focus turning back to the U.S. as equity futures stage a recovery and yields firm. This sets the seen for a potential further pullback to gold, with targets extending toward USD \$1,630 and the all-important psychological USD \$1,600 figure below this.

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