



MKS PAMP  
GROUP

## Daily Asia Wrap - 27th March 2020



Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
<b>OPEN</b>	1634.80/6.30	14.37/40	736/46	2320/70
<b>HIGH</b>	1639.60/1.10	14.61/64	741/51	2327/77
<b>LOW</b>	1621.50/3.00	14.25/28	733/43	2290/40
<b>LAST</b>	1624.80/6.30	14.58/61	740/50	2307/57

### MARKETS/MACRO

US equities were buoyed by the passing of the USD \$2 trillion fiscal package and comments from Powell that the Fed could leverage the rescue lending package 10 times if needed: “we won’t run out of ammunition” he said. As a result US equity indices had another strong session with the S&P500 gaining +154.51 pts (+6.24%) to 2,630.07, the Dow rising 1,351.62 pts (+6.38%) to 22,552.17 and NASDAQ Composite advancing +413.24 pts (+5.6%) to 7,797.54. European equity indices also pushed higher to a more limited degree with the growing death toll and contraction rate of COVID-19 continuing to accelerate throughout the continent. The DAX climbed +1.28% to 10,000.96, the CAC40 advanced +2.51% to 4,543.58, the FTSE100 rose +2.24% to 5,815.73 and Euro Stoxx 600 ticked up 2.55% to 321.38. Meanwhile, over in Europe, EU leaders are still struggling to agree on a common approach to tackle the growing socio-economic crisis. As such, the situation is rapidly threatening to become a political crisis driven by a perception of insufficient EU solidarity in member states that are being hit hard by the virus. In the fx space, volumes continue to be roughly 40-50% higher than average, with flows skewed towards dollar selling, continuing a trend of dollar liquidations we’ve seen over the past few sessions.

The US equity bounce has now reached 15–19% in the main indexes, on both technical volatility and optimism that the USD2trn fiscal package will save the day. Are we past the worst? Economically we are just getting started, clearly, but equity markets dance to a different beat and the most vigorous forced selling appears to be over now the Fed has brought out the big guns. On NBC overnight, Powell reaffirmed that there is nothing wrong with the economy's fundamentals and he expects the economy to bounce back once after shutdowns end. He also indicated that the Fed could leverage the USD \$454bn that Treasury is making available to support lending to corporates by up to 10 times.

This week saw a record rise in US initial jobless claims, up 3m to 3.28m (+1.64m expected). It was not really a surprise given the widespread lockdowns in a number of key US centres. Treasury Secretary Mnuchin dismissed the data saying it was “not relevant because of the economic support being made available”. It is now possible to take home more on unemployment claims than it is working for the median wage (USD950 per week) in the US, one newspaper reported.

### **PRECIOUS**

Gold opened on a softer note yesterday after the strong previous days session. Some initial profit taking drove the price lower in Asia, although news of the US stimulus package approval helped to drive prices back through \$1625/oz. Lockdowns and flight cancellations continue to affect physical gold movement around the globe as well as leading to a sharp spike in COMEX gold ffp's as investors are concerned that deliveries into the exchange may not be made and there is not enough of the specified gold bars for the US futures market. That said the ongoing supply of stimulus and support from central banks and government surrounding COVID-19 should see the metal remain bid on dips. Other more industrial metals, such as platinum and palladium, came under renewed pressure yesterday with prices retreating after a strong recovery over the previous 2 days following the lockdown of PGM mines in South Africa.

It was a calmer session to round out the week for gold today, with gold edging slowly lower first up this morning. Similar to yesterday we saw some early profit taking in moderate sized clips from fast money type traders and private banks, which eased the metal back ~\$15 or so from the open by the time China opened for business. There wasn't the usual liquidation from them that we have seen and spot gold caught a bid and has since sat rather quietly around \$1625. Silver has traded a touch more wildly, being sold off late in NYK to be bid back up in Asia so far. We have tried to push through \$14.60 (spot) a few times but it seems like there are decent offers on COMEX around that level for now. Palladium opened, shot higher in thin conditions and then just as sharply reversed to sit currently just above the open. Wish you all a fantastic, safe and healthy weekend.

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