



MKS PAMP
GROUP

Daily Asia Wrap - 2nd April 2020



Range Asian Hours (from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1590.50/2.50	13.94/98	718/22	2213/53
HIGH	1595.60/7.60	14.22/26	732/36	2292/32
LOW	1582.50/4.50	13.89/93	714/19	2202/42
LAST	1590.20/2.20	14.12/16	730/34	2290/30

MARKETS/MACRO

Stock in the U.S. started April on the backfoot after President Trump flagged a “very, very painful” upcoming two-weeks during Tuesday’s post-market coronavirus briefing. Wednesday’s declines come on the back of the worst quarterly performance for equities since 2008, while the DJIA logged the worst first quarter performance in history. The DJIA finished Wednesday -4.44% lower at 20,943.51 points to mark the largest decline since March 20, while the S&P 500 collapsed -4.41% to 2,470.50 points as real estate and utilities both cratered -6%. Meanwhile the small cap Russell 2000 out-paced the broader market to end -7.03% lower to end at 1,071.99 points. The Greenback ended trade firmer on Wednesday, posting gains relative to the Euro following fears out of Greece that the Eurozone could face another sovereign debt crisis. Treasury yields finished mixed as the two-year inched 1bp higher to 0.232%, while the 10-year declined 6.1bps to 0.63%. On the data front, U.S. ADP employment fell by 27,000 during March, and while well within the expected 180,000 decline forecasted, the report is based upon the total number of payroll records for employees who were active on a company’s payroll through the 12th of the month, not fully reflecting the impact of the most recent impact of the coronavirus. Falls were led by small employers, shedding 90,000 jobs, while mid-sized gained 7,000 employees and large companies added 56,000. U.S. manufacturers felt the impacts of the coronavirus during March according to the latest ISM data, as the manufacturing index sunk to 49.1 from 50.1 previously. Weighing upon the index were declines to new orders and

employment, as both fell to the lowest levels since 2009.

PRECIOUS

A muted session in Asia today as gold followed the usual pattern of weakness around China, before pushing modestly higher in afternoon pricing. The Comex EFP continues to put the brakes on arbitrage operations out of Shanghai as the on-shore premium remains toward USD -\$20, however interest in silver has picked up modestly to move back above USD \$1 premium after softening toward USD \$0.50 earlier this week. While struggling underneath the USD \$1,600 handle, declines to the yellow metal remain limited for the time being, as extensions toward USD \$1,570 - \$1,580 find good supportive interest. With confidence in the futures market returning following the extreme moves in EFP's recently we expect bullion to pivot back above USD \$1,600 as global equities continue to show signs of weakness. Top-side targets for the metal extend through to USD \$1,640 - \$1,650, with a band of resistance through here capping recent rallies. A decisive move through this resistance band is likely to see USD \$1,700 back in play in short time. Silver has traded with resilience in recent sessions and looks likely to consolidate back above USD \$14, however will need a decisive move through USD \$14.40 - \$14.50 to begin a broader recovery. Turning to the white metals, and while auto data out of the U.S. and Europe paint a bleak picture, Chinese data is beginning to show green shoots and should be supportive to palladium and to a lesser extent platinum.

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