



MKS PAMP  
GROUP

## Daily Asia Wrap - 7th April 2020



Range Asian Hours  
(from Globex open)

|      | GOLD         | SILVER   | PLATINUM | PALLADIUM |
|------|--------------|----------|----------|-----------|
| OPEN | 1666.50/8.50 | 15.00/05 | 738/43   | 2161/81   |
| HIGH | 1676.00/8.00 | 15.47/52 | 746/51   | 2179/99   |
| LOW  | 1655.50/7.50 | 14.97/02 | 731/35   | 2129/49   |
| LAST | 1664.40/6.40 | 15.27/32 | 744/49   | 2156/76   |

### MARKETS/MACRO

There were big gains to U.S. stocks on Monday as multiple regions began showing signs that the coronavirus pandemic was peaking. The DJIA surged +7.73% to 22,679.99 points as each of the 30 components finished in positive territory, led by a staggering +19.5% gain to Boeing. The S&P 500 saw all but 11-stocks higher as the bourse gained +7.03% to 2,663.68 points, while the Nasdaq Composite finished +7.33% higher to 7,913.24 points. Treasury yields pushed higher on Monday as the move into risk dampened safe-haven demand. The two-year finished the session 5bps higher to 0.266% and the 10-year ended 9bps higher to 0.675%. The greenback saw mixed price action on Monday, firming relative to the Japanese Yen following reports of fresh stimulus announcements and a potential state of emergency declaration from the Japanese government. The Euro held relatively unchanged, while the British pound eased on the news Boris Johnson had been admitted to hospital. On the data front the German construction PMI sunk into contraction territory during March, falling 13.8 points to 42.0. Eurozone investor confidence declined to the lowest level on record, led by the current conditions index, while expectations ticked modestly higher. Stocks in Europe ended higher to see the German Dax gain +5.77% to 10,075.17 points, the Eurostoxx 600 jumped +2.95% to 201.91 points, while in the U.K. the FTSE 100 finished +3.08% to 5,582.39 points.

### PRECIOUS

Gold importantly moved through the key USD \$1,640 - \$1,645 resistance band on Monday and has spend Tuesday's Asian session consolidating gains, albeit within a narrow range. Following an early spike through USD \$1,670, bullion settled into a USD \$1,660 - \$1,670 range throughout the remainder of the session as participants caught their collective breath. ETF inflows remain robust to underpin price action, with close to 11 million ounces recorded this year alone and already surpassing the total 2019 figure. With regards to the Comex EFP, it has once again pushed out following Monday's price action to disjoint further from spot. This should however be only temporary as supply bottle necks dissipate with refineries coming back on-line and freight capacity increasing. We are already seeing Comex inventories spiking higher. CTFC data has shown a reduction in long length in conjunction with a building of shorts in recent weeks, however much of this is likely to have been squeezed out following Monday's move higher. While positioning does still remain stretched, it is unlikely to create material headwinds to further top-side moves. Silver outpaced gold on Monday to push back through USD \$15 and extended to a USD \$15.47 high during Asian hours today. Silver ETF's continue to see strong inflows to underpin price action, while there remains interest in China to push the on-shore premium well above USD \$1 relative London prices. From a physical perspective pent-up Indian demand in the coming weeks should buoy prices further, that in once the country exits lockdown. Expect interest toward USD \$14.80 - \$15.00 to keep prices buoyant. Platinum is seeing resistance though USD \$750 but sees support on the back of supply constraints, while palladium sees limited interest.

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