



MKS PAMP  
GROUP

## Daily Asia Wrap - 12th March 2020



Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1636.90/10	16.74/76	864/66	2305/25
HIGH	1650.00/20	16.89/91	868/70	2315/35
LOW	1631.10/30	16.45/47	858/60	2180/00
LAST	1636.30/50	16.56/58	860/62	2200/20

### MARKETS/MACRO

The World Health Organisation declared the global coronavirus outbreak as a pandemic on Wednesday, expressing increasing concern over the rapid spread of the disease and “alarming levels of inaction”. Stocks in the U.S. cratered on Wednesday, pushing the DJIA into a bear market after closing more than -20% down on last month’s record close. The bourse finished the session -5.86% or nearly 1,500 points lower to 23,553.22 points, due in part to a -18.15% move to Boeing stock, the worst day on Wall Street for the company since 1974. The S&P 500 tanked -4.89% to 2,741.38 points and the Nasdaq Composite collapsed -4.70% to 7,952.051 points, both around -19% from recent record closing highs to eye off a move into a bear market. Industrial stocks (-5.95%) led the rout, while energy (-5.46%) and financial (-5.52%) stocks were hit hard. The U.S. dollar recovered from early session declines to end modestly higher on Wednesday (DXY +0.1%). The greenback struggled relative to the safe-haven Japanese Yen (USD/JPY - 1.15%), however firmed against the Euro (EUR/USD -0.21%) and the British pound (GBP/USD -0.63%) following a 50bp cut by the BOE in addition to announcing

emergency liquidity measures. U.S. treasury yields firmed for the second consecutive session on Wednesday, even as equities cratered lower. The two-year yield ended the session toward 0.52% after opening well below 0.50%, while the 10-year spiked +7.5bps to end just underneath 0.88%.

## **PRECIOUS**

The overnight weakness across global equities weighed upon bullion during Asian hours today, pushing gold toward USD \$1,630 as investors feared further margin calls would stymie interest across the precious. Selling contagion looks to have gripped markets and gold was not immune, failing to act as a safe-haven and instead trading with risk assets, offered throughout the session after a brief test toward USD \$1,650 heading into the Chinese open. The on-shore premium in China tempered marginally back toward USD \$7 after trading in excess of USD \$10 during Wednesday's session, however did little to underpin the spot market as bullion broke down through the recent pivot around USD \$1,640. Afternoon pricing saw interest toward USD \$1,630 restrict further gains, however the metals continues to look vulnerable to near-term weakness, potentially testing through to the psychologically important USD \$1,600. While medium-term house view is for higher prices, we may see near-term resistance toward USD \$1,650 - \$1670 cap rallies during the interim. Silver struggles underneath USD \$17, with the USD \$16.50 pivot the near-term key, while the white metals follow industrials lower even amid South African supply constraints. All eyes tonight on the ECB, while out of the U.S. there is PPI and initial jobless claims.

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