



MKS PAMP
GROUP

Daily Asia Wrap - 16th January 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1555.40/60	17.98/00	1020/22	2250/55
HIGH	1558.10/30	18.05/07	1028/30	2278/83
LOW	1555.00/20	17.92/94	1018/20	2248/53
LAST	1556.50/70	17.96/98	1018/20	2278/83

MARKETS/MACRO

There were fresh record closes for both the DJIA and S&P 500 on Wednesday as the U.S. and China signed a “Phase One” trade agreement. As part of the deal, China has pledged to purchase an additional USD \$200 billion of U.S. farm products and other goods and services over two years, in addition to enforcing intellectual property theft laws. The U.S. will be cutting the tariffs imposed in September on USD \$120 billion of Chinese goods, while the remainder stay in place. The DJIA ended the session +0.31% higher at 29,030.22 points, the S&P 500 added +0.19% to 3,289.29 points, while the Nasdaq Composite gained +0.08% to 9,258.695 points. Each of the three major bourses reached record intraday highs, however eased late in trade as profit takers wrestled back control. On the data front, U.S. PPI increased +0.1% MoM during December (exp: +0.2%) from a flat read the month prior. The monthly print saw the annualised figure to +1.3%, while core PPI inched +0.1% higher MoM to +1.5% YoY. The Empire State manufacturing print increased to 4.8 (exp: 3.6) from 3.3 previously, largely supported by an increase in new orders, while shipments and unfilled orders declined. The greenback

eased on Wednesday (DXY -0.2%) in a quiet session that saw the Japanese Yen hold underneath 110.00, while the Euro consolidated gains above 1.11 to finish +0.21% higher. Treasury yields continued to slide as the two-year eased 1.1bps to 1.557% and the 10-year slipped 2.8bps to 1.781%.

PRECIOUS

A session of consolidation during Asian trade today as the precious complex looked to build upon Wednesday's gains. Gold continued to trade favourably throughout the session, albeit held within a narrow range and suffering from a lack of price directional drivers. Regional equity markets were modestly lower on the session, while currency majors saw little volatility aside from an early session stop loss run higher in the pound. Gold found interest on any dips, with resting bids toward USD \$1,555 restricting any further declines, however a lack of follow through interest saw the metal top out around USD \$1,558. Chinese demand saw the on-shore premium remain above USD \$6 for the majority of the session as USD/Yuan slid lower, however over-all interest was restrained. The yellow metal is holding toward the top of the recent USD \$1,530 - \$1,560 price band, with supportive interest slowing building. Silver pivoted around the USD \$18 handle with no real conviction, while platinum consolidated Wednesday's move above USD \$1,000. Palladium remains unstoppable to touch a fresh all-time high of USD \$2,278, while we are beginning to see a disparity between London/Zurich metal open-up as supplies tighten further. Data today includes German CPI, U.S. import prices, U.S. retail sales, U.S. Initial jobless claims, Bloomberg U.S. consumer confidence, the U.S. NAHB housing market index and the Philadelphia Fed business outlook.

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