



MKS PAMP
GROUP

Daily Asia Wrap - 17th April 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1717.00/19.00	15.51/54	788/91	2175/05
HIGH	1717.80/19.80	15.52/55	791/94	2205/35
LOW	1702.10/04.10	15.31/34	776/79	2165/95
LAST	1705.30/07.30	15.33/36	777/80	2195/25

MARKETS/MACRO

Risk managed to end the session on a higher note last night while equity futures are pointing sharply higher this morning after Gilead Sciences, Inc.'s drug Remdesivir showed promising results for Covid-19 patients - according to a report published in a US medical journal. This comes as President Trump unveiled guidelines for gradually allowing states to lift social distancing measures in as little as four weeks. Meanwhile, a host of other countries and individual states have extended lockdowns through to at least mid-May. Clusters of COVID-19 infections continue to emerge in some Asian countries – Singapore reporting its highest daily increase 2 days in a row while Japan has expanded its state of emergency declaration nationwide, proving that even for countries that were relatively ahead of the curve initially, there is likely a staggered and delicate path back to normalcy. Stocks bounced in what was a choppy session, the Dow Jones Industrial Average inching up +33.33pts (+0.14%) to 23,537.68, the S&P500 advancing 16.19 pts (+0.58%) to 2,799.55 and NASDAQ Composite leading the charge up +139.19 pts (+1.66%) to 8,532.36. European equities also ticked along and closed in generally positive territory, the FTSE100 up +0.55% to 5,628.43, the DAX climbing +0.21% to

10,301.54 and the EuroStoxx 600 gaining +0.58% to 324.92, while the CAC40 slipped -0.08% to 4,350.16. In a volatile session US treasury yields closed on mixed footing the 2y yield rising +0.6 bps to 0.207%, while the 10y yield eased -2.4 bps to 0.616%. WTI crude oil closed under USD\$20/bbl, while Brent was down as projections of weaker demand weigh on sentiment, OPEC setting the tone after it released its monthly market outlook. It expects demand to fall to its lowest level in more than three decades, while the call on its crude should fall to ~20mb/d. Current production, assuming last weekend's supply agreement are complied with, sits at around 23.4mb/d from OPEC's 13 member nations.

Data out of the US remains grim, US initial jobless claims printing another shocking number at 5.2 million – although that is down from last week suggesting the worst may be behind us. That takes total jobless claims since the beginning of the lockdown to over 20 million in the US – a simply shocking number. Still in the US, March housing starts fell -22.3% m/m, against expectations of a -18.7% drop (-3.4% in February) and building permits sank -6.8%. April's Philly Fed Index slumped to a 40-year low of -56.6 from 12.7, with an expectation of -32.0.

PRECIOUS

The stronger USD helped to weigh on investor appetite towards gold overnight, the metal spiking above \$1735 during early NYK before tumbling thereafter towards \$1710. Strong underlying demand from retail and physical sources helped to steady the ship however and the metal remains above \$1700, despite some signs of a stall in the rally. That said macro's and fast money now appear to be positioning to the downside, suggesting a bumpy road ahead for the metal. ETF flows yesterday remained healthy, representing an 18th straight day of inflows, with total holdings reaching 2,914 tons according to Bloomberg data. Silver continues plod along, yet continues to underperform gold with ETF holdings still accruing. Meanwhile, platinum and palladium prices have come under renewed pressure as South Africa announced that miners could return to work and ramp up output to half the normal capacity.

Gold started on the back foot this morning immediately tanking to the days low following the COMEX open, then recovering in the few proceeding hours to push back toward the NYK closing levels (\$1716 area). China, as per the last few sessions were on the offer at the SGE open and spot prices proceeded to grind back lower toward \$1705. Flows have been modest thus far, with some light physical buying seen around \$1705 which has kept the metal buoyant. Not sure what to think here – short term I would not be surprised to see some form of correction in gold maybe toward \$1670-75 area, although over the short-medium term I am still favourable. Have a great weekend.

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