



MKS PAMP
GROUP

Daily Asia Wrap - 20th January 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1557.40/60	18.02/04	1023/25	2460/90
HIGH	1559.80/00	18.06/08	1027/29	2520/50
LOW	1556.30/50	18.00/02	1022/24	2448/78
LAST	1559.50/70	18.05/07	1026/28	2505/35

MARKETS/MACRO

Stocks in the U.S. finished at fresh record highs on Friday, buoyed by positive data releases and heightened trade optimism. The DJIA ended the session +0.17% higher at 29,348.10 points, the S&P 500 added +0.39% to 3,329.62 points, while the Nasdaq Composite gained +0.34% to 9,388.944 points. Each of the major bourses posted both fresh record intraday and closing record highs, marking the third consecutive record close for the DJIA and the S&P 500. Gains were led by communications stocks (+0.90%) and technology stocks (+0.71%), while energy (-0.66%) was the main laggard. In currency majors, the greenback ended the session firmer (DXY +0.34%) after making notable gains relative to the Euro (EUR/USD -0.44%) and the pound (GBP/USD -0.50%). The safe-haven yen held relatively unchanged to sit above 110.00 following a brief test toward the figure in early New York hours. Treasury yields saw whippy pricing on Friday, finishing modestly higher on the session. The two-year added 0.2bps to 1.561%, while the 10-year ended 0.4bps higher at 1.823%. On the data front, U.S. housing starts ripped higher during December, surging +16.9% MoM (exp: +1.1%) to an annualised 1.608m.

The print marked the highest level in 13 years as single-family home starts jumped +11.2% (highest since 2007), while multi-family starts soared +29.8% (highest since 1986). U.S. building permits softened -3.9% MoM during December (exp: -1.5%) to an annualised 1.416m. Industrial production in the U.S. softened -0.3% MoM during December (exp: -0.2%), the third decline in the past four months. Meanwhile capacity utilisation sunk to 77% from 77.4%, the second lowest reading in 27 months. The University of Michigan's consumer sentiment gauge (preliminary) eased modestly during January to 99.1 from 99.3 previously. Current conditions edged higher to 115.8 (exp: 115.3) from 115.5 previously, while expectations softened to 88.3 (exp: 89.0) from 88.9 previously. Stocks in Europe ended higher on Friday to see the Stoxx Europe 600 firm +0.96% to 424.56 points, the German Dax added +0.72% to 13,526.13 points, while in London the FTSE 100 gained +0.85% to 7,674.56 points.

PRECIOUS

A firm, albeit range-bound session across the precious complex on Monday, as gold attempted a move above the recent resistance around USD \$1,560, while silver consolidated gains above USD \$18. Early session pricing had the yellow metal easing back toward USD \$1,555, however resting interest restricted any further declines, before Chinese demand underpinned a modest bid tone toward USD \$1,560 as the on-shore premium held around USD \$7 relative to spot bullion. The greenback held generally unmoved against majors, with the exception of the Yuan as both the on-shore and off-shore renminbi remained in favor. Gold price action continues to be constructive even amid risk developments such positive U.S. data, positive trade headlines, etc. Near-term supportive price action through USD \$1,540 - \$1,550 should provide hard support, while participants will be looking for consolidation above the USD \$1,560 pivot to extend upon recent strength. Silver thus far has managed to hold USD \$18 and further consolidation above the figure will likely draw in more supportive interest for an extension toward initial targets through USD \$18.50 - \$18.80. Platinum is benefiting from firmer palladium pricing as the metal holds above USD \$1,000, while palladium has moved back above USD \$2,500 today after adding +18% last week alone. Data today is light on account of the U.S. observance of Martin Luther King Jr. Day.

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