



MKS PAMP  
GROUP

## Daily Asia Wrap - 21st January 2020



Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1560.40/60	18.05/07	1021/23	2495/25
HIGH	1568.60/80	18.15/17	1026/28	2510/40
LOW	1560.00/20	18.04/06	1019/21	2490/20
LAST	1567.20/40	18.15/17	1022/24	2510/40

### MARKETS/MACRO

The U.S. observance of Martin Luther King Jr. Day saw muted trade across markets on Monday as U.S. equities remained closed, while the greenback saw a modest bid relative to majors. Stocks in Europe ended trade mixed on Monday leading into the World Economic Forum in Davos, however still remained buoyant following the recent signing of the 'Phase One' trade deal between the U.S. and China. The Stoxx Europe 600 finished the session -0.14% down to 423.98 points, the German Dax firmed +0.17% to 13,548.94 points, while in London the FTSE 100 declined -0.30% to 7,651.44 points. In Economic news, the International Monetary Fund has cut its forecasts for global growth and warned about the risk of climate change to the global economy. The IMF said that global growth expanded at 2.9% during 2019, 0.1% lower than forecast in October and notably lower than the 3.6% registered in 2018. Lower growth in India saw the 2020 global forecast reduced to 3.3%, while 2021 is expected to see 3.4% growth. The greenback pushed higher (DXY +0.04%) on Monday, however softened late in trade amid thin liquidity. The Euro ended the session flat after failing to recapture the 1.11 handle,

while the pound pushed back above 1.30 relative to the dollar to add +0.17% and the Japanese yen held above 110.00 to end -0.11% down against the dollar. Oil futures pushed to the highest level in more than a week after forces loyal to commander Khalifa Haftar disrupted supplies. Brent ended around 0.4% higher to USD \$65.40 per barrel.

#### **PRECIOUS**

A firmer session across the precious complex in Asia today as both gold and silver extended above recent pivots at USD \$1,560 and USD \$18 respectively. The majority of price action was reserved for the Chinese open / Yuan fixing period as bullion ripped through the recent peaks around USD \$1,560 - \$1,563, extending to a high of USD \$1,568.60 and giving up little in the way of gains throughout the afternoon. It is worth noting that we saw a sharp move in USD/JPY around the Chinese open, breaking down through 110.00 (109.90 low) after trading toward 110.22 in early pricing, while the Nikkei fell close to -1%. The Shanghai Composite sits down over -1.3% currently as heavy outflows hit the market leading into the New Year break later this week. We saw USD/Yuan (both on-shore and off-shore) test toward 6.90, with the latter briefly breaking above the figure, while the on-shore premium for gold sunk under USD \$5. Price action remains constructive as the yellow metal consolidates above USD \$1,560, however we may see some near-term volatility as Chinese participants position themselves into the break. Key support extends through the recent USD \$1,560 pivot toward hard support at USD \$1,550. Much like gold, silver remains buoyant above an important pivot, trading strongly above USD \$18 and once again testing a modest band of resistance through USD \$18.15 - \$18.20. Platinum traded quietly to hold toward USD \$1,020, while palladium looks to consolidate above USD \$2,500. Data today includes U.K. jobs data and German ZEW survey results.

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