



MKS PAMP
GROUP

Daily Asia Wrap - 26th May 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1726.30/7.30	17.09/12	846/49	1960/10
HIGH	1734.90/5.90	17.43/46	849/52	2005/55
LOW	1725.40/6.40	17.05/08	835/38	1960/10
LAST	1732.10/3.10	17.38/41	841/44	2000/50

MARKETS/MACRO

The holiday in both the US and UK made for a quiet start to the week across markets, yet the week could end up an interesting one, as investors weigh the reopening of some economies against escalating US-China tension. China's Foreign Minister, Wang Yi, warned that a 'new cold war' could be brewing and that the US should give up its wishful thinking of changing China. This, after the US Department of Commerce expanded its entities list, restricting 33 Chinese entities to US technology and other items which were said to have ties to the military or human rights violations. Tensions between the world's two largest economies will not be resolved easily, with trade, Hong Kong and the US holding China to account regarding the origin of the pandemic, potential catalysts for escalation. Despite this, US equity index futures are higher at the time of writing, but volumes light. Meanwhile, those European equity markets that were open enjoyed a strong bounce, the DAX rallying +2.87% to 11,391.28, the CAC40 rising +2.15% to 4,539.91 and the Euro Stoxx 600 climbing +1.47% to 345.18. FX markets remained fairly subdued with levels ending the session largely where they left off on Friday. There was some fresh CTA supply of Euros above 1.09 while asset managers remain biased to be long Yen, helping to keep the pair fairly capped around recent levels. The latest

CFTC data supports these observations, with the most recent release showing a lengthening of NZD, AUD, CAD & GBP shorts, and a rise in CHF and JPY longs. Elsewhere, The yield on the 10y bund was -0.7bps lower at -0.499%. WTI was up +1.4% as supply cuts deepened amid suggestions that demand was continuing to recover.

A quiet night in terms of data, Germany's IFO Business Climate survey partially rebounding to 79.5 in May (April: 74.2) but remains in contractionary territory. The expectations component drove the improvement, lifting from 69.4 to 80.1, while current conditions slipped slightly to 78.9 from 79.4.

PRECIOUS

Not a great deal to report yesterday as the US, UK and a number of other regional hubs were out for holidays. It was a tight trading range for metals throughout Asia, gold and silver slipping somewhat throughout, with a little more price action seen during the US timezone. The moves however in NY were nothing significant, volumes at a fraction of the usual and whippy as a result. Silver on Friday dipped back through \$17.00 late in the Asia day, although again respected the 200 dma support and pushed its way from a \$16.92 low to close back above \$17.00. It is the third time in 3 sessions that dips below \$17.00 have been paid into and ultimately closing with 17 handle. There was a bit of consumer buying for Pd around yesterday which helped it push back above \$2000, which spilled over into a limited Pt bid also.

Gold and silver opened and were well bid this morning, with private bank and leveraged names on the bid. The yellow metal opened in the mid \$1720's and managed to slowly grind upward following the SGE open, pushing through \$1730. Chinese buyers began to seek bids when the SGE discount opened at around -\$18.00 for onshore traders. We are holding above \$1730 for now where we have consolidated for the past few hours. Silver followed a similar trajectory to gold and was well bid from the Shanghai open, dipping toward \$17.00 right after the open it has been one way traffic from there, the white metal trying above \$17.40 a few times and consolidating just beneath there for now. Best of luck everyone and good day ahead.

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