



MKS PAMP
GROUP

Daily Asia Wrap - 28th January 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1580.60/80	18.08/10	985/87	2270/95
HIGH	1583.10/30	18.11/13	992/94	2295/20
LOW	1580.10/30	18.07/09	985/87	2270/95
LAST	1581.20/40	18.08/10	990/92	2290/15

MARKETS/MACRO

Concerns over the impacts of the coronavirus saw further risk-off plays on Monday, weighing heavily upon global stocks and sending yields sharply lower. The DJIA ended trade on Monday -1.57% down to 28,535.80 points, declines across technology (-2.36%) and energy (-2.76%) saw the S&P 500 -1.57% lower to 3,243.63 points, while the tech-laden Nasdaq Composite sunk -1.89% to 9,139.309 points. The falls to the DJIA and the S&P 500 marked the largest daily drops since October 2, while the Nasdaq Composite had its worst session since August 23. The VIX gauge meanwhile spiked +25.21% to 18.23. With the current death toll increasing to 81 and more than 2,700 people reportedly infected, a number of Chinese companies are offering longer New Year holidays in an attempt to slow the spread of the virus. The holiday period has been extended to February 2 as more than 56 million people in almost 20 cities continue to be affected by travel restrictions. The greenback firmed modestly against majors on Monday (DXY +0.08%), largely gaining relative to commodity sensitive currencies such as the Australian Dollar (AUD/USD -0.93%), while the safe-haven Japanese Yen

strengthened(USD/JPY -0.34%). Treasury yields in the U.S. were dragged lower in the flight to safety, seeing the two-year fall -5.17bps to 1.445%, while the 10-year finished the session -7.7bps lower to 1.609%. Oil futures remained heavy on the back of economic growth concerns, seeing WTI fall 2.4% to USD \$52.75 per barrel, while Brent crude slumped -2.7% to USD \$58.90 per barrel. Stocks in Europe plummeted on coronavirus fears, with China-exposed resources stocks leading the laggards. The Stoxx Europe 600 finished -2.26% lower at 414.07 points, the German Dax sunk -2.74% to 13,204.77 points as business sentiment deteriorated during January, while in London the FTSE 100 collapsed -2.29% to 7,412.05 points. On the data front, U.S. new home sales declined -0.4% MoM during December (exp: +1.5%) from a negatively revised -1.1% fall in November (prev: +1.3%). The Dallas Fed manufacturing activity index improved during January to -0.2 (exp: -2.0) from -3.2 previously.

PRECIOUS

A narrow, range-bound session across the precious complex during Asian trade today, with gold looking to consolidate Monday's gains. A reasonably illiquid session once again due to a number of centres taking leave for Chinese New Year, pinning bullion toward USD \$1,580, however price action remaining supportive on heightened coronavirus concerns. Headlines noting the death toll within the Wuhan area had risen to 100, with a further 1,291 new confirmed cases gave gold a boost briefly through USD \$1,583 and sent USD/JPY to the session low of 108.82. Afternoon pricing however tempered somewhat to see the metal settle toward USD \$1,580 and the greenback make a modest, broad-based recovery. While ETF's are recording inflows for gold and silver and vols continue to firm, it is worth considering the Feb-Apr roll that is currently ongoing and has the potential to keep a lid on price action over the coming sessions. Supportive interest sits through USD \$1,575 - \$1,570, while resistance builds through USD \$1,585 - \$1,590. Silver pricing, although remaining above the important USD \$18 is tempering lower after touching USD \$18.33 in New York on Monday and looks likely to test the figure. Platinum held USD \$985 today and has managed to firm modestly, while palladium moves back toward USD \$2,300. Data today includes U.S. durable goods orders, S&P CoreLogic U.S. house prices, Conference Board U.S. consumer confidence and the Richmond Fed manufacturing index.

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