



MKS PAMP  
GROUP

## Daily Asia Wrap - 29th January 2020



Range Asian Hours  
(from Globex open)

|      | GOLD       | SILVER   | PLATINUM | PALLADIUM |
|------|------------|----------|----------|-----------|
| OPEN | 1566.30/50 | 17.47/49 | 989/91   | 2280/05   |
| HIGH | 1569.90/10 | 17.53/55 | 989/91   | 2305/30   |
| LOW  | 1563.50/70 | 17.35/37 | 986/88   | 2272/97   |
| LAST | 1565.50/70 | 17.40/42 | 988/90   | 2305/30   |

### MARKETS/MACRO

Stocks in the U.S. rebounded on Tuesday following previous session declines, with gains led by the technology and financial sectors as generally upbeat data buoyed sentiment. The DJIA ended the session +0.66% higher at 28,722.85, the S&P 500 gained +1.01% to 3,276.24 points, while the tech-laden Nasdaq Composite jumped +1.43% to 9,269.68 points. Each component of the S&P 500 finished in positive territory, led by gains to technology stocks (+1.87%), communications stocks (+1.18%) and financial stocks (+1.13%). On the data front, headline durable goods orders in the U.S. surprised to the upside, increasing +2.4% MoM during December (exp: +0.3%) from a negatively revised -3.1% in November (prev: -2.1%). The headline figure was buoyed by a 90% increase in orders for military goods such as ships and planes, while orders ex-transportation declined -0.1% MoM (exp: +0.3%) and capital goods orders (nondefense ex-air) slumped -0.9% MoM (exp: +0.2%). Consumer confidence in the U.S. improved during January according to the latest Conference Board report, increasing to 131.6 (exp: 128.0) from 128.2 previously. The headline figure was the highest since August, driven primarily by a

positive assessment of the labour market and increased optimism about future job prospects. Meanwhile the Richmond Fed manufacturing Index spiked to 20 during January (prev: -3) to mark the highest print since April 2018. Currency majors had a restrained session as the Greenback finished flat following late declines. The safe-haven Japanese Yen suffered from the risk-on tone as USD/JPY firmed +0.25% to move back above 109.00, while the Euro finished flat and the British Pound eased -0.22%. Treasury yields saw modest gains to reverse recent declines as the two-year gained 3.7bps to 1.465% and the 10-year added 5bps to 1.659%. Stocks in Europe finished higher to recover from recent coronavirus driven declines. The Stoxx Europe 600 finished the session +0.84% higher to 417.56 points as all sectors finished within positive territory, while the German Dax added +0.90% to 13,323.69 points and in London the FTSE 100 jumped +0.93% to 7,480.69 points.

#### **PRECIOUS**

Tuesday's weakness extended into Asian hours today as gold plumbed to a fresh weekly low on a move back into risk. There were further coronavirus headlines noting an increase in deaths to 132 and an increase in the instance of infection to 5,974, now surpassing the 5,327 confirmed cases of SARS in China during 2002-03. Unlike previous sessions, the headlines did little to spur interest in the metal, rather the greenback pushed higher as safe-haven assets such as the Japanese Yen were offered (USD/JPY +0.1%) and U.S. yields edged higher. The February/April futures roll in undoubtedly weighing upon price action currently, however the general risk-on mood is adding further downwards pressure to price action. The move through USD \$1,575 – \$1,570 now opens up a near-term extension toward USD \$1,555 - \$1,550, however expectations are that resting bids should restrict further declines through USD \$1,550. The -3.5% fall to silver on Tuesday extended further in Asian trade today, with the metal losing touch with the USD \$17.50 handle and printing a fresh 2020 low of USD \$17.35. Having now moved underneath the 50 DMA (USD \$17.48) and the 100 DMA (USD \$17.54), supportive interest doesn't materialise until around the psychological USD \$17 level, indicating the potential for further near-term weakness. Meanwhile platinum has held relatively unchanged today and palladium has halted the recent slide to edge back above USD \$2,300. In addition to coronavirus and Trump impeachment headlines, all eyes will be on the FOMC rates decision and accompanying press commentary. Further data today includes U.K. house prices, U.S. MBA mortgage applications, U.S. wholesale inventories and U.S. pending home sales.

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