



MKS PAMP
GROUP

Daily Asia Wrap - 4th May 2020



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1698.30/9.30	14.95/97	758/61	1908/38
HIGH	1700.70/1.70	14.99/01	768/71	1920/50
LOW	1691.80/2.80	14.72/74	751/54	1908/38
LAST	1697.80/8.80	14.93/95	764/67	1920/50

MARKETS/MACRO

Equity markets in the US finished lower on Friday with Apple Inc and Amazon Inc experiencing weakness on the back of quarterly earnings announcements. Amazon predicted that its Q2 profit would be wiped out from Coronavirus related expenditure, while Apple declined to project sales for Q2 for the first time since it started issuing revenue projections in 2003. The DJIA fell -622.03 points (-2.55%) to 23,723.69, the S&P500 declined -81.72 points (-2.81%) to 2,830.71 and the NASDAQ Composite shrugged off -284.60 points (-3.20%) to 8,604.95. Most European markets were closed for the May Day holiday, but those that were open also declined as investors weighed the enormity of the shock to demand in a world of lockdowns due to COVID-19. The FTSE100 slid -2.34% to 5,763.06 as a result. The Greenback finished relatively unchanged on Friday, easing slightly against the JPY, while EUR/USD rallied to 1.10 before tempering gains late in the NY session. Treasury yields were mixed on Friday the 2y yield holding steady at 0.199% and the 10y easing -3 bps to 0.616%.

On the data front US April ISM manufacturing index fell to 41.5 vs 49.1 in March. That was better than expected but the overall index was flattened by a jump in supplier delivery times, which reflects the lockdown, not firmer demand. Employment, new orders and production all fell sharply, by 16, 15 and 20 points respectively. The market will now be looking forward to this weeks US employment

report (due Friday), which is widely expected to print the worst single month drop on record.

PRECIOUS

Gold recovered some of the losses from earlier in the week on Friday as the darkening macroeconomic background prompted further demand for safe-haven assets. The spectre of further monetary stimulus measures from both the ECB and Fed also rose following meetings by the two central banks mid-week, again bolstering the case for gold. On Friday, President Trump's economic advisor Larry Kudlow said that China will be held accountable for the Corona Virus outbreak. President Trump then backed this up threatening the cancellation of the Phase 1 deal signed earlier this year as he turns to tariffs again and warned of a report of China's role in starting the COVID-19 pandemic from its lab in Wuhan. This put some wind in gold's sails during the US session, helping the metal climb from \$1675 all the way back through \$1700 and closing just below there. Interesting to see the CFTC CoT report showing that non-commercials took the opportunity of last week's lower levels to both add length and cut shorts.

All in all, it was an exceptionally quiet session in Asia today with both China and Japan out on holiday. We opened and there was some light initial profit taking from fast money types, capitalizing on the higher prices from last Friday. Scaled down bids on GLOBEX however kept the market from dropping through \$1690 (cash), with some decent sized clips seen in the low to mid \$1690's acting to support. It was only a small range today too with the market looking to absorb another abysmal set of data this week. Things kick off tonight with US durable goods and factory orders, which are expected to cave again considerably. The employment report at the end of the week, which is expected to be the worst single month ever, could lure more investors into safe-haven's such as gold and provide a platform to test the \$1720-1730 resistance zone, which has held well to date. All the best and happy trading.

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