



MKS PAMP
GROUP

Daily Asia Wrap - 5th March 2020



Range Asian Hours
(from Globex open)

| | GOLD | SILVER | PLATINUM | PALLADIUM |
|------|------------|----------|----------|-----------|
| OPEN | 1637.00/20 | 17.22/24 | 875/77 | 2530/60 |
| HIGH | 1640.80/00 | 17.25/27 | 876/78 | 2540/70 |
| LOW | 1635.20/40 | 17.15/17 | 870/72 | 2510/40 |
| LAST | 1640.30/50 | 17.21/23 | 875/77 | 2520/50 |

MARKETS/MACRO

U.S. equity markets surged on Wednesday as participants largely ignored the evolving coronavirus situation and instead turned focus to the Federal Reserve rate cut (and potential future cuts), in addition to the strong performance from former Vice President Joe Biden during Super Tuesday. The DJIA posted its second highest points gain on record to finish +4.53% higher at 27,090.886 points, the S&P 500 soared +4.22% higher to 3,130.12 points, while the Nasdaq Composite ripped +3.85% higher to 9,018.09 points. Wednesday's move pulled each of the three major bourses out of correction territory and comes as the Federal Reserve announced an emergency 50bps rate cut on Tuesday, two weeks before their scheduled meeting on 17-18 March at which many believe an additional cut will be made. The greenback regained its footing following the Fed induced declines on Tuesday, firming +0.25% and clawing back recent declines relative to both the Japanese Yen (USD/JPY +0.45%) and the Euro (EUR/USD -0.35%). Treasury yields remained soft as investors considered the chances of further rate cuts. The two-year yields declined 2.5bps to 0.673%, while the 10-year held relatively

unchanged underneath 1.00%. On the data front, private payrolls in the U.S. jumped 183k during February according to the latest ADP data. The gain outpaced expectations centred around 170k, however was tempered somewhat by a negative revision to January's print from 291k to 209k. The Institute for supply management reported U.S. non-manufacturing activity firmed during February, pushing the index to 57.3 (exp: 54.8) from 55.5 previously, marking the highest level since February 2019.

PRECIOUS

Subdued trade across the precious complex in Asia today, with gold largely consolidating recent gains toward USD \$1,640 as regional equities followed the U.S. lead higher and the greenback softened. Thin early session flows saw gold ease to the session low of USD \$1,635.20, before sagging treasury yields underpinned the metal heading toward the Chinese open. The on-shore premium continued to trade around flat, providing little support to spot prices, seeing the yellow metal hold either side of USD \$1,640 throughout the afternoon. While ETF demand continues to increase, the metal remains hamstrung by physical interest, notably within China, weighing upon price action and making near-term gains that much more difficult. Lower global rates however look set to continue as does the safe-haven interest in bullion on the back of the developing impact of the coronavirus. Supportive demand remains firm around USD \$1,630 with extension toward USD \$1,620, while layered offers through USD \$1,645 - \$1,655 currently weigh upon further top-side gains. Silver oscillated either side of USD \$17.20, finding interest toward USD \$17.15, while the white metals held range-bound after recovering from the Chinese auto sales print yesterday. Data today includes U.S. initial jobless claims, Bloomberg U.S. consumer confidence, U.S. factory orders and U.S. durable goods orders.

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