



Penn State Asset Management Group

PSAMG EoW Product Report

Week of February 17 – February 21, CY2020

Weekly Markets Update

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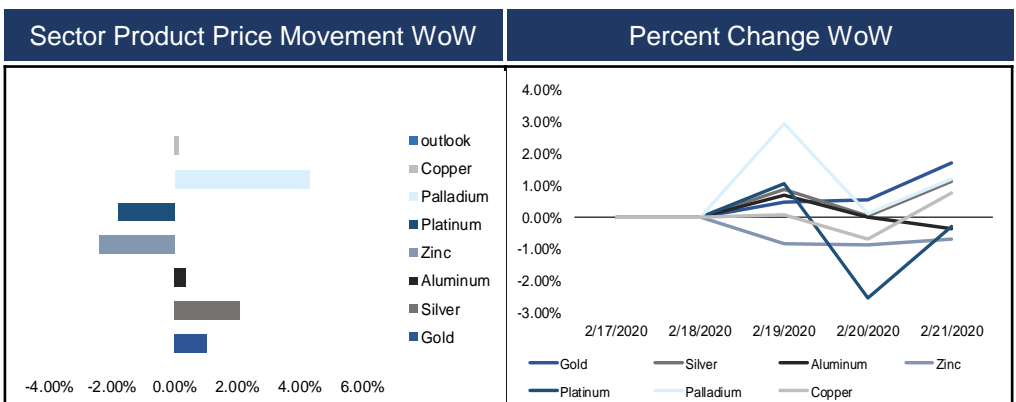
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	EoW Close	EoW Percentage Change
Palladium Futures	2605.40	4.23%
Platinum Futures	976.10	-0.79%
Gold Futures	1644.60	2.79%
Silver Futures	18.53	0.93%
Copper Futures	260.80	0.15%
Aluminum Futures	1698.75	0.37%
Zinc Futures	2104.75	-2.41%

Market Data as of Friday, February 21, 5:00 pm EST

Metals Price Movement





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Palladium & Platinum

EU leaders appeared no closer to reaching a deal on the bloc's next joint budget on Friday. Deep divisions between richer and poorer nations over the size of the budget and what to spend it on were left unresolved after the long discussion. Danish Prime Minister Mette Frederiksen stated, "I am willing to stay and I'm prepared to stay the whole weekend but no, I don't think we are going to reach an agreement." The budget stalemate may have caused the 0.79% decrease in platinum this week considering the metals high usage rate in European automobiles. Palladium prices rallied Tuesday despite shutdowns at car plants in China, the world's largest consumer of the precious metal. The Chinese automotive market has been disrupted this year as factories halted operations in response to the outbreak of the coronavirus. Volkswagen AG has postponed resuming production in some of its Chinese plants until next week due to the transportation restrictions of workers and automotive parts. Meanwhile, palladium's price continued to rally as its supply was stalled by the production of miners.

Gold & Silver

U.S. business activity falling to its lowest level in more than six years may show the impact of the coronavirus on the U.S. economy. The recently released data in the U.S. services and manufacturing sectors indicates a contraction for the first time since February CY2016. The IHS Markit U.S. Services PMI dropped to 49.40 in February CY2020 from 53.40 in the previous month, well below expectations of 53.00. New export orders also decreased from the impact of the coronavirus outbreak. The U.S. Manufacturing PMI fell to 50.80 in February CY2020 from 51.50 in January CY2020 in response to a decrease in production from weakening demand conditions and delays in deliveries. The hit on U.S. business activity resulted in an increase in safe-haven assets like gold and silver amid investors' concerns of the coronavirus on the global economy. Gold futures rose 2.79% to \$1644.60/oz. to seven-year highs as gold continues to increase 8.20% so far this year. Investors also showed interest in silver as prices rallied 0.93% to \$18.52/oz. The rally was fueled by signs of disruption in global supply chains from the continuous spread of the coronavirus around the world. A decline in global bond yields has supported gold and silver because lower yields make the precious metals more attractive to yield-seeking investors. Stocks around the world also fell Friday as the S&P 500, Dow Jones Industrial Average, and Nasdaq Composite all suffered at least 1.20% declines for the week.

Base Metals

On Tuesday, February 18, CY2020, China granted tariff exemptions on duties of 25.00% on U.S. copper scrap and 50.00% on aluminum scrap. However, China's exemptions on import duties for U.S. copper and aluminum is not expected to increase shipments of the material as metal demand dropped because of the effects of the coronavirus outbreak. Copper futures ended the week increasing 0.15% to \$260.80/oz. and Aluminum futures ended the week increasing 0.37%

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