



MKS PAMP
GROUP

Daily Asia Wrap - 14th August 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1501.50/70	16.96/98	854/56	1456/59
HIGH	1503.90/10	17.00/02	855/57	1456/59
LOW	1494.20/40	16.86/88	847/49	1442/45
LAST	1500.10/30	16.95/97	851/53	1446/49

MARKETS/MACRO

Tensions in Hong Kong remained heightened on Tuesday as protesters clogged the airport's departures area once again, forcing the cancellation of more than 100 flights. The central government in Beijing has characterised the protest movement as something approaching "terrorism" and has assembled paramilitary officers in Shenzhen for exercises.

A delay to the expected September tariffs on Chinese goods by the U.S. sent equities soaring on Tuesday, as risk assets rallied across the board. The move was reportedly driven by concerns over the impacts the tariffs would have on businesses and consumers leading into the holiday shopping season. The reprieve sees the tariffs delayed until December 15 on goods such as smartphones, laptops and video games, while tariffs on items such as tools and apparel will still go ahead on September 1. In U.S. stocks, the DJIA pushed +1.44% higher to 26,279.91 points, gains across technology stocks (+2.47%) and consumer stocks (+1.67%) helped underpin the S&P 500 to a +1.50%

gain at 2,926.32 points, while the Nasdaq Composite ripped +1.95% higher to 8,016.36 points. The greenback ripped higher against majors following the tariff headlines (DXY +0.36%), posting notable gains relative to the yen (USD/JPY +1.38%) as investors moved back into risk. Treasury yields moved higher to see the 10-year add 5bps to touch 1.70%, while the two-year gained 8bps to 1.668%. On the data front, consumer prices in the U.S. increased +0.3% MoM during July (exp: +0.3%) to take the annualised print to +1.8% YoY (exp: +1.7%) from +1.6% previously. The core rate (excluding food and energy) meanwhile increased +0.3% MoM (exp: +0.2%) and +2.2% YoY (exp: +2.1%). The cost of gasoline firmed to see energy prices +1.3% higher, while the cost of computers surged +2.8% to mark the largest increase since records began in 2005. Stocks in Europe firmed on Tuesday, ripping higher on the U.S. tariff headlines late in trade to reverse earlier declines. The Stoxx Europe 600 finished +0.54% higher at 372.40 points, the German Dax added +0.60% to 11,750.13 points as the bourse shrugged off ZEW survey results showing economic sentiment in August dropped to the lowest level since December 2011. In London the FTSE 100 firmed +0.33% to 7,250.90 points, largely supported by the U.S. trade headlines.

PRECIOUS

A relatively subdued session across the precious complex during Asian trade today when compared to Tuesday's pricing, as gold spent the majority of the session attempting to recapture and consolidate above the USD \$1,500 level. The yellow metal opened above USD \$1,500, however was sold underneath the level in early Chinese trade post the PBOC fix (7.0312), a print marginally stronger than expected. The metal softened toward USD \$1,494, however interest around the level restricted any further declines and the metal was once again bid back though USD \$1,500. Afternoon headlines noting that China will stick to the September trade talks saw gold once again briefly under pressure to move below USD \$1,500, however the weakness was short lived and bullion was able to reclaim the figure into European hours. While the tariff headlines saw a number of investors heading for the exit on Tuesday, the down-side move in gold was well supported as there remains a high level of uncertainty surrounding trade relations between the U.S. and China, in addition to on-going geopolitical concerns and slowing global growth. Macro names used the pull-back to add further length, while there has been heightened interest from Chinese banks. The key supportive level for gold sits at the previous session low of USD \$1,480, with extension toward USD \$1,475. A top-side move through USD \$1,510 should see further interest in the metal with targets extending through USD \$1,420 and \$1,435.

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