



MKS PAMP
GROUP

Daily Asia Wrap - 20th August 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1497.00/20	16.90/92	850/52	1479/82
HIGH	1499.20/40	16.97/99	856/58	1481/84
LOW	1492.95/15	16.87/89	849/51	1477/80
LAST	1498.10/30	16.94/96	853/55	1478/81

MARKETS/MACRO

U.S. Stocks rallied on Monday on the back of positive trade comments from President Trump and news from the U.S. commerce department noting that they have given Huawei another 90-day reprieve, in which it can continue to do business with American companies. The DJIA advanced +0.96% to 26,135.79 points, the S&P 500 gained +1.21% to 2,923.65 points and the Nasdaq Composite jumped +1.35% to 8,002.813 points. Energy stocks (+2.14%) and technology stocks (+1.56%) led the gains to see each of the S&P 500 components finish in the green. The greenback turned higher in New York following a soft open in Asia, finding late session interest to add +0.17%. The dollar took back ground against the Japanese Yen (USD/JPY +0.22%) and managed to reverse early declines relative to the Euro (EUR/USD -0.12%). The Canadian dollar was a notable under-performer, losing -0.47% against the U.S. dollar. Treasury yields in the U.S. ticked higher to see the two-year add 6bps to 1.547% and the 10-year gained 4bps to 1.608%. Oil futures ended higher on Monday to see WTI add +2.2% to USD \$56.20 per barrel, while Brent crude gained +1.8% to USD \$59.78 per barrel. European markets also posted

firm gains overnight to see the Stoxx Europe 600 add +1.14% to 373.86 points as basic resources added in excess of +2%. The German Dax added +1.32% to 11,715.37 points, following comments from German finance minister Olaf Scholz noting Germany has the fiscal strength to mitigate any future economic crisis, suggesting Berlin could free up around 50 billion euros of stimulus. In London the FTSE 100 popped +1.14% to 7,189.65 points, largely supported by the potential for stimulus measures in Germany. On the data front, Eurozone CPI for July (final) missed estimates, falling -0.5% MoM (exp: -0.4%) to see the annualised figure ease to +1.0% YoY from +1.1% previously.

PRECIOUS

A consolidative session across the precious complex in Asia today, however both gold and silver failed to make top-side headway following Monday's leg lower. The respective psychological levels of USD \$1,500 and USD \$17 put the brakes on an early Shanghai recovery as the metals topped out following the PBOC fix of 7.0454 against the greenback, a print generally in-line with estimates. Broadly speaking gold had a constructive session, able to hold recent support around USD \$1,493 - \$1,495, whereby interest was evident to restrict any further declines. Recent ETF outflows following a positive skew to U.S. - China trade relations is likely to weigh upon pricing over the near-term, bringing hard support around USD \$1,475 - \$1,480 firmly into play. This being said, the trade discussions remain fluid and prone to change, underpinning gold as a safe-haven, which is more than likely to restrict down-side moves. Following the USD \$1,500 psychological pivot, a broad band of resistance through USD \$1,522 - \$1,535 weighs upon a further leg higher. Silver pricing is expected to generally follow gold, with support sitting toward USD \$16.50 - \$16.60, while resistance above the psychological USD \$17 cuts in through USD \$17.30 - \$17.50. A risk-on environment, should equities remain bid, is likely to be supportive to the white metals. Palladium has already benefited in recent sessions and moves toward USD \$1,500, while platinum is still locked with a USD \$840 - \$860 range, with a break either-side likely to dictate near-term direction.

Although the information in this report has been obtained from and is based upon sources MKS believes to be reliable, we do not guarantee its accuracy and it may be incomplete or condensed. All opinions and estimates constitute MKS' judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as investment advice, offer or solicitation for the purchase or sale of an investment. This report does not consider or take into account the investment objectives or financial situation of a particular party.