



MKS PAMP
GROUP

Daily Asia Wrap - 22nd October 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1485.00/20	17.57/59	888/90	1760/63
HIGH	1486.30/50	17.61/63	890/92	1769/72
LOW	1480.90/10	17.45/47	886/88	1760/63
LAST	1485.00/20	17.55/57	887/89	1768/71

MARKETS/MACRO

Stocks in the U.S. firmed on Monday as President Trump indicated talks with China over trade were advancing as the parties' head toward a meeting next month in Chile. The DJIA finished the session +0.21% higher at 26,827.64 points, gains across energy (+1.86%) and technology (+1.07%) supported the S&P 500 +0.69% higher to 3,006.72 points, while the tech-laden Nasdaq Composite outperformed to finish +0.91% higher at 8,162.988 points. There was little data of note to drive direction, rather pricing was headline driven as we head into an important period of earnings results. The greenback handed back early session gains to finish flat on Monday as the sterling firmed (+0.22%) on Brexit optimism even as Prime Minister Johnson failed to trigger a second vote on his Brexit deal. The safe-haven yen did however hand back -0.13% to the dollar, while the euro tailed off from early European highs to book a -0.08% fall. Treasury yields moved higher with the risk tone, seeing the two-year add 6bps to 1.623% and the 10-year gain 7bps to finish around 1.80%. Markets in Europe finished higher on Monday as trade optimism and German data buoyed sentiment. The German Dax jumped +0.91% to

12,747.96 points, the Stoxx Europe 600 firmed +0.61% to 394.22 points and in London the FTSE 100 ended +0.18% higher at 7,163.64 points. German producer prices ticked up +0.1% MoM in September to outpace expectations of a -0.1% decline, while on an annualised basis prices eased -0.1% YoY (exp: -0.2%).

PRECIOUS

Gold struggled to find interest during Asian trade today as optimism over trade between the U.S. and China weighed upon the metal and supported risk. The majority of price action was however limited to a one-hour period leading into the Shanghai open, whereby bullion tested toward support around USD \$1,480 in what was relatively light flows as Japan took leave. The recent price action has seen vols lower on the back of selling across the curve, with 1m toward 12.4, while 1y eases underneath 14. Although the geopolitical and trade headwinds prevail, we are seeing bullion struggle to build further top-side momentum, however we may see price action pick-up as U.S. earnings season begins. Supportive interest remains evident broadly through USD \$1,480 - \$1,475, while resistance around USD \$1,495 - \$1,500 is weighing upon any top-side moves. Silver had a brief dip through USD \$17.50 today, however found interest underneath the level to test back through USD \$17.60, while the white metals were relatively range-bound to follow yesterday's selloff in New York. Stocks across the region traded higher today following the overnight gains to Wall Street and positive trade rhetoric. The Hang Seng currently trades around +0.25% higher, while the Shanghai Composite sits at +0.34% and the Japanese Nikkei is closed. In political news, Canadian Prime Minister Justin Trudeau has won a second term, in a narrow victory that will see him likely form a minority government. Data releases today include the U.S. monthly budget statement, the Richmond Fed manufacturing index and U.S. existing home sales.

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