



MKS PAMP  
GROUP

## Daily Asia Wrap - 25th September 2019



Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1532.40/60	18.63/65	955/57	1674/77
HIGH	1534.90/10	18.68/70	959/61	1677/80
LOW	1527.50/70	18.46/48	950/52	1667/70
LAST	1530.10/30	18.53/55	952/54	1668/71

### MARKETS/MACRO

A host of political headlines out of the U.S. and U.K. overnight as Boris Johnson's suspension of British Parliament was ruled as unlawful and U.S. House Speaker Nancy Pelosi announced a formal impeachment inquiry against President Donald Trump. Firstly, in the U.K. Britain's Supreme Court unanimously ruled Prime Minister Johnson's five-week suspension of Parliament as unlawful, prompting Speaker John Bercow to instruct the Lower House to convene on Wednesday. The decision immediately prompted calls for Boris Johnson to resign. In the U.S., President Trump's dealings with Ukraine saw House Speaker Nancy Pelosi initiate formal impeachment proceedings against the President, noting that "The actions taken to date by the President have seriously violated the constitution," and that he "must be held accountable – no one is above the law." At the forefront of the impeachment call are allegations that President Trump pressured the President of Ukraine to open a corruption investigation against former Vice President Joe Biden and his son Hunter. In trade related news, President Trump was speaking at the United Nations General Assembly on Tuesday, where he stated that

“Not only has China declined to adopt promised reforms, it has embraced an economic model dependent on massive market barriers, heavy state subsidies, currency manipulation, product dumping, forced technology transfers and the theft of intellectual property and also trade secrets on a grand scale,”. The comments were somewhat at odds with a recent positive tone surrounding the negotiations and caught market participants off guard.

Stocks in the U.S. ended the session sharply lower on Tuesday, initially weaker on the back of comments from President Trump regarding China, with further extension following the impeachment headlines. The DJIA ended -0.53% lower at 26,807.77 points, heavy trade across energy (-1.63%) and communications stocks (-1.34%) weighed upon the S&P 500 as the bourse sunk -0.84% to 2,966.60 points, while the Nasdaq Composite collapsed -1.46% to 7,993.63 points. On the data front, the Conference Board’s measure of U.S. consumer confidence slumped to a 3-month low of 125.1 during September (exp: 133.0), while the August print was revised lower to 134.2 (prev: 135.1). The Richmond Fed manufacturing index slumped to -9 (exp: 1) during September from a read of 1 previously. The headline print was weighed down by a sharp fall to the new orders sub-index to -14 from +2 previously and manufacturing shipments to -14 from +5 in August. Meanwhile house prices in the U.S. stagnated during July, increasing just +0.02% MoM (exp: +0.10%), while on an annualised basis prices increased 2.0% from July 2018, the slowest rate of appreciation since 2012. Currency majors were largely firmer against the greenback on Tuesday (DXY -0.31%) as the dollar slumped in New York on the back of President Trump’s comments at the United Nations and the soft data releases. The move into safety saw the yen firm +0.52%, while the euro added +0.22% and the pound gained +0.51%. Treasury yields in the U.S. turned lower on Tuesday on the back of trade jitters to see the 10-year down 7.2bps to 1.652% to mark the largest single-session fall in a month.

## **PRECIOUS**

A similar story to Tuesday across the precious complex in Asia today, bid toward the Shanghai open before unravelling lower throughout the session. The Trump news in terms of both China and impeachment kept prices buoyed in early session pricing, taking gold toward the New York high and briefly above USD \$1,535. It was however one-way traffic from the Shanghai open onward, as bullion moved back toward USD \$1,530 with the on-shore premium sliding toward USD \$8 and both on-shore and off-shore yuan weakening. Price action was rather counter-intuitive to what we were expecting, however with China on leave for the majority of next week due to Golden week and their National Day we may be seeing a lightening of positioning/de-risking into the break. We remain of the option the risk is to the top-side as we await the transcript from President Trump’s Ukraine call to ascertain the strength of the Impeachment inquiry, while we also be watching the U.K. parliament very closely and any further trade updates and Iran updates. Resistance around USD \$1,535, should it be broken will act as a pivot to a further extension toward USD \$1,550 - \$1,555, while supportive interest through USD \$1,525 - \$1,520 should restrict further declines amid the current geopolitical uncertainty. Silver once again failed an extension higher above USD \$18.70 in Asia today, however price action has been constructive over the past 24 hours following the leg lower to USD \$18.25 and subsequent bounce in New York yesterday. While subject to a higher level of volatility, the metal is likely to remain supported over the near-term and will look toward USD \$18.80 as a key resistance level to break for a pivot through USD \$19 once again. With regards to the white metals, platinum continues to oscillate either side of USD \$950, while palladium tightness continues to underpin gains, pushing the metal into fresh record highs.

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