



MKS PAMP  
GROUP

## Daily Asia Wrap - 26th September 2019



Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1504.10/30	17.90/92	926/28	1643/46
HIGH	1510.70/90	18.05/07	933/35	1650/53
LOW	1503.90/10	17.89/91	925/27	1643/46
LAST	1509.70/90	17.98/00	932/34	1648/51

### MARKETS/MACRO

Positive trade news boosted stocks on Wednesday, while the transcript of President Trump's phone conversation with the Ukrainian President failed to rile markets. President Trump discussed the on-going trade war with China on Wednesday, commenting that a deal could happen sooner than people think, and that China had started to purchase agricultural products from the U.S. such as beef and Pork. The comments came following Trump's criticism of China at the United Nations, in which he said he would not accept a "bad deal". Later in the session, President Trump announced that the U.S. and Japan had outlined initial details of a trade agreement, a deal which is expected to involve up to USD \$7 billion in U.S. agricultural products and around USD \$40 billion in digital trade. The DJIA ended the session +0.61% higher at 26,970.71 points, the S&P 500 firmed +0.62% to 2,984.87 points as technology stocks (+1.24%) pushed higher, while the Nasdaq Composite jumped +1.05% to 8,077.383 points. Currency majors reversed recent gains against the greenback to see the dollar finish the session +0.65% higher. The yen declined -0.6% as the pair remained locked within the

recent range, while the euro slumped -0.67% to move back underneath 1.10 and the pound collapsed -1.15% on further Brexit uncertainty as MP's returned to Parliament. U.S. treasury yields firmed on the back of trade deal optimism, seeing the 10-year jump 10bps to 1.732%, marking the largest single-session rise since September 13. On the data front, U.S. new home sales increased +7.1% MoM during August, buoyed by lower mortgage rates to move to an annualised rate of 713k (exp: 659k) from 666k previously. Sales in the South pushed 6.0% higher, the West surged +16.5%, however both the Northeast (-5.9%) and Midwest (-3.0%) saw falls.

## **PRECIOUS**

A subdued session across the precious complex in Asia today to follow Wednesday's fireworks. Both gold and silver broadly held around their respective USD \$1,500 and \$18.00 psychological levels, however with the Chinese Golden week coming up and SGE margins increasing as a result, we saw little in the way of interest out of the Far East. The on-shore premium held around USD \$9 throughout the session, while the yuan held a relatively tight range with a mild offered bias during the afternoon. Geopolitical developments are still supportive to the precious, however it looks as though fast money over-extended the recent rally. The move lower has seen participants take advantage of the lower entry point as the metal still holds the uptrend, while ETF's continue to see inflows. Interest toward USD \$1,500 see's the figure act as a pivot for near-term price direction, however more important down-side support sits through USD \$1,490 - \$1,485. Silver tested underneath USD \$18.00 on Wednesday and has oscillated either side of the figure during Asian trade today. The recent move higher looks to have been entirely driven by interest out of China and a reduction in OI has been evident following the fall toward USD \$18. With ETF's remaining indifferent to the metal currently, it is difficult to see near-term pricing pull away higher from USD \$18 and it looks increasingly likely down-side support around USD \$17.75 - \$17.50 may be tested. All eyes tonight on impeachment developments, while on the data front we see U.S. GDP, U.S. core PCE, U.S. wholesale inventories, U.S. initial jobless claims, Bloomberg U.S. consumer confidence and U.S. pending home sales.

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