



MKS PAMP
GROUP

Daily Asia Wrap - 28th August 2019



Range Asian Hours
(from Globex open)

| | GOLD | SILVER | PLATINUM | PALLADIUM |
|------|------------|----------|----------|-----------|
| OPEN | 1541.00/20 | 18.17/19 | 866/68 | 1479/82 |
| HIGH | 1544.60/80 | 18.34/36 | 872/74 | 1482/85 |
| LOW | 1531.90/10 | 18.06/08 | 865/67 | 1478/81 |
| LAST | 1536.10/30 | 18.18/20 | 869/71 | 1478/81 |

MARKETS/MACRO

Stocks in the U.S. posted declines on Tuesday, with investor's heading for the exits as the spread between the 10-year and two-year treasury yield fell to -5bps, the lowest level since 2007. The DJIA shed -0.47% to 25,777.90 points, weakness across financials (-0.70%) and energy (-0.62%) dragged the S&P lower as the bourse declined -0.32% to 2,869.16 points, while the Nasdaq Composite fell -0.34% to 7,826.945 points. The greenback finished Tuesday's trade flat after retracing early session declines on New York strength. The dollar gave back ground relative to the Japanese yen to lose touch of the 106.00 handle (USD/JPY -0.33%), while the pound ripped higher (GBP/USD +0.55%) as opposition MP's in the U.K. take steps to block a 'no-deal' Brexit. Treasury yields in the U.S. extended recent declines on Tuesday, seeing the two-year down -1.5bps to 1.522%, while the 10-year slumped 6bps to 1.476%, the largest inversion between the two metrics since 2007. On the data front, the Richmond Fed manufacturing index jumped to 1 (exp: -4) during August, from -12 previously, however activity remains muted. Consumer confidence eased during August according to the latest read by the

conference board, seeing the index slide to 135.1 (exp: 129.0) from 135.8 previously. The present situation gauge rose to 177.2 from 170.9 to mark the highest level since November 2000, while the expectations gauge declined to 112.4 from 107.0. The S&P CoreLogic Case-Shiller 20-city house price index printed generally flat during June, inching just +0.047% higher MoM and +2.13% higher annualised.

PRECIOUS

Following the previous session move above USD \$18, silver continued to extend during early Asian trade today. Price action was driven by a further extension of the yield curve inversion on the back of trade headwinds, in conjunction with a play on the XAU/XAG ratio as it collapsed underneath the 200 DMA. Early session demand out of Asia saw the grey metal swiftly above Tuesday's closing levels at USD \$18.19 leading into the Chinese open, while demand out of Shanghai extended gains to a USD \$18.34 high. A retracement in U.S. yields created headwinds to further gains, sending the metal sharply lower as fast money exited to see the metal to a USD \$18.06 low before interest restricted further declines. Silver remains in favour and looks set to test higher should USD \$18 hold over the near-term as the XAU/XAG ratio sinks further. Gold wasn't able to add to Tuesday's gains in Asia today, failing to break above USD \$1,545 as silver pushed higher. The yellow metal moved sharply lower on a break underneath USD \$1,540 and tested through the USD \$1,535 pivot before the broad support around USD \$1,530 kept price action buoyant. The yellow metal has lagged silver in recent sessions and will target a break through USD \$1,550 - \$1,555 for an extension toward USD \$1,600, while supportive interest remains broadly around USD \$1,530 - \$1,535. Data releases today include Eurozone M3 money supply and U.S. mortgage applications.

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