



MKS PAMP
GROUP

Daily Asia Wrap - 2nd August 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1445.50/90	16.33/36	847/50	1431/36
HIGH	1445.50/90	16.34/37	857/60	1443/48
LOW	1430.40/80	16.12/15	847/50	1428/33
LAST	1434.20/60	16.20/23	852/55	1438/43

MARKETS/MACRO

US President Trump announced the US would impose 10% tariffs on \$300 billion of Chinese goods commencing September 1st. The news took a heavy toll on the markets as US equities gave back early gains and bond yields were hammered. The Dow lost 280.85 points, or 1.05%, to 26,583.42, the S&P 500 fell 26.82 points, or 0.90%, to 2,953.56, while the Nasdaq shed 64.30 points, or 0.79%, to 8,111.12. Heavy losses for financials (-2.32%) and energy (-2.28%) led a near broad decline in the markets. European equities were mostly higher, the EuroSTOXX added 1.91 points, or 0.50%, to 387.68, the German DAX rose 64.11 points, or 0.53%, to 12,253.15, and the London FTSE 100 edged lower 1.91 points, or 0.03%, to 7,584.87. In the currencies, the US dollar index traded down to 98.36 despite testing 99 earlier in the day. The EUR traded up to 1.1091 while USD/JPY dropped to 107.28. US treasury yields were sharply lower on the tariff news, the 2 year yield tumbled 14.6 bps to 1.742% while the 10 year yield slid 14.4 bps to 1.900%. Oil prices also collapsed on the news, Brent sold off 5.0% to \$61.07 while WTI dropped 5.7% to \$54.47. Base metals were mostly lower, with zinc (-1.6%) leading the losses. In US economic data, the ISM manufacturing index fell to 51.2% in July from 51.7% in June, with new orders rising to 50.8% from 50% in June. Construction spending fell 1.3% to a seasonally adjusted annual rate of \$1.29 trillion in June. Initial jobless claims rose by 8k to 215k in the seven days ending July 27, continuing claims rose by 22k to 1.69 million. In Asia today, as I write the Nikkei is at -2.65%, the Shanghai composite is at -1.68%, the Hang Seng is at -2.37%, and the ASX S&P

200 is at -0.33%. Tonight we have non-farm payrolls, unemployment rate, average hourly earnings, trade deficit, consumer sentiment index, and factory orders out of the US; with retail sales and PPI out of the Eurozone.

PRECIOUS

Trumps tariff announcement tanked the US dollar and triggered a rush of safe-haven buying which saw gold soar \$45 off the lows in NY. Gold gapped up to \$1415 on the open before drifting lower through Asian hours. The onshore SGE premium eased slightly to \$9-10. The metal tested the \$1400 level just after the open in NY before rallying as the greenback came off. Gold had reached \$1419 by the time Trump made his tariff announcement, as US treasury yields and the dollar tanked on the news the yellow metal surged \$20 in half an hour, then made another push higher to the peak of \$1446 where it finished the day. Silver was sold off through Asian hours before dipping through the \$16 level in the London AM session. One way traffic in NY saw the grey metal climb to a high of \$16.38 and close in front at \$16.32. In the PGMs, palladium was absolutely hammered, losing over \$100 off the opening level to print a low of \$1413. The Philadelphia gold and silver index rose 4.77%. SPDR Gold Trust holdings were up 0.53% to 827.82 metric tonnes. In Asia today, gold opened at \$1445 and has pulled back as the day progresses. The SGE premium is sharply lower at \$4-5 over loco London. The yellow metal printed a low of \$1430.40 and is at \$1434.20 as I write. Silver was sold down to \$16.12 and is currently trading at \$16.20. Have a good day ahead.

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