



MKS PAMP
GROUP

Daily Asia Wrap - 2nd September 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1529.50/70	18.38/40	933/35	1533/35
HIGH	1534.70/90	18.55/57	939/41	1542/44
LOW	1522.90/10	18.30/32	933/35	1533/35
LAST	1524.10/30	18.33/35	938/40	1542/44

MARKETS/MACRO

Stocks in the U.S. finished generally higher on Friday, capping off a firmer week, however lower on the month for the first time since May. Upbeat U.S. – China trade headlines underpinned gains, seeing the DJIA +0.16% higher to 26,403.28 points, strength across industrials (+0.44%) and materials (+0.67%) supported the S&P 500 +0.06% higher to 2,926.46 points, while the Nasdaq Composite lagged to finish -0.13% lower at 7,962.882 points. On a weekly basis the DJIA added +3%, the S&P 500 gained +2.8% and the Nasdaq Composite firmed +2.7%. Over August the DJIA slumped -1.7%, the S&P 500 fell -1.8% and the Nasdaq Composite cratered -2.6%. The greenback ripped higher in New York on Friday (DXY +0.40%), however gave back some of the previous session gains relative to the Japanese yen (USD/JPY -0.24%). The dollar made notable gains against the euro (EUR/USD -0.63%), while also firming against the pound (GBP/USD -0.17%). Treasury yields finished mixed on Friday, softening late in trade after seeing early session strength. The two-year yield declined 2bps to 1.506%, tumbling nearly 39bps over August to mark the largest monthly decline since November 2008, while the 10-year

finished unchanged at 1.495%, down 53bps for the month, the largest monthly fall since August 2011. On the data front, personal spending in the U.S. jumped +0.6% MoM during July (exp: +0.5%) to follow a +0.3% increase during June. This pace is unlikely to continue however, as personal income flattened to just +0.1% MoM during July (exp: +0.3%) from +0.5% the month prior. The closely watched core PCE price index improved +0.2% MoM to match June's increase and see the annualised figure unchanged at +1.6% YoY.

PRECIOUS

The September 1st tariff hikes by both the U.S. and China underpinned a strong bid tone across the precious complex during early Asian trade on Monday. Gold ripped higher amid early illiquid conditions, extending to a USD \$1,534.70 high to briefly test above Friday's high-water mark. The knee-jerk reaction was however short-lived as Chinese interest saw the metal offered on the back of lower on-shore premiums in Shanghai, sending spot underneath USD \$1,530 to print a USD \$1,522.90 low, with interest evident toward the previous session closing level. At current levels, both CFTC and ETF positions remain bullish and are likely to continue to be so over the near-term should price action remain firm broadly around USD \$1,500 - \$1,480. Near-term supportive interest sits around USD \$1,515 - \$1,520, while resistance cuts in toward USD \$1,535 with extension toward USD \$1,550. Silver saw early session interest to break above USD \$18.50 and print a USD \$18.55 session high during Asian trade today. Much like gold, the grey metal soon pared gains once Shanghai opened, as the Chinese premium eased modestly. Interest toward Friday's closing level kept price action buoyant throughout the afternoon, while support should become more evident underneath USD \$18.20, with extension toward USD \$18.06 - \$18.00. Platinum continues to see interest following last weeks +9% move, however has seen offers around USD \$940 restrict top-side gains today, while palladium looks to consolidate Friday's +4% move and targets USD \$1550. The U.S. Labour Day holiday is expected to keep ranges relatively tight today, while data releases include Markit manufacturing PMI prints out of Italy, France, Germany, the Eurozone and the U.K.

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