



MKS PAMP
GROUP

Daily Asia Wrap - 3rd September 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1527.30/50	18.41/43	929/31	1535/37
HIGH	1527.50/70	18.46/48	937/39	1542/44
LOW	1521.70/90	18.36/38	927/29	1534/36
LAST	1526.70/90	18.44/46	934/36	1539/41

MARKETS/MACRO

A relatively subdued session on Monday as the U.S. took the Labor Day Holiday. Stocks across Europe firmed as participants seemingly ignored the latest round of tariffs between the U.S. and China, instead focusing on a mild uptick to the Markit manufacturing PMI, although still firmly entrenched within contractionary territory. The Stoxx Europe 600 finished the session +0.32% higher at 380.69 points as financial stocks (+0.9%) led gains, while in Germany the Dax firmed just +0.12% to 11,953.78 points as Chancellor Angela Merkel and her coalition partners lost support in regional elections. In London the FTSE 100 ripped +1.04% higher to 7,281.94 points, underpinned by a weaker pound following soft manufacturing data. U.S. stock futures remained heavy throughout the session following the weekend increase in tariffs by both the U.S. and China. In Brexit news, there were reports on Monday that U.K. Prime Minister Boris Johnson is considering seeking an early general election should the government be defeated by MPs apposed to a no-deal Brexit on Tuesday. Currency majors saw the greenback remain in favor (DXY +0.22%), underpinned by weakness to both the euro (EUR/USD -

0.19%) and the pound (GBP/USD -0.76%) following soft Markit manufacturing PMI reads. On the data front, the Markit U.K. manufacturing PMI print softened to 47.4 (exp: 48.4) in August from 48.0 in July, as business optimism fell to a record low and new orders tumbled at the fastest pace in 7-years. While Brexit remains a concern for the U.K., the global economic slowdown remains the major reason for weakness within the sector. Manufacturing conditions within the Eurozone remained heavy during August, seeing the Markit PMI hold at an earlier estimate of 47.0 (July: 46.5) as business confidence fell to the lowest level since 2012 and payroll numbers continue to decline.

PRECIOUS

The precious complex remained range-bound during Asian trade on Tuesday to follow a relatively muted Monday session void of U.S. participants. A firmer greenback has kept a lid on further top-side gains following the initial rally on Monday's open, however the ongoing U.S. – China trade standoff continues to see interest buy into dips. The SGE premium remained heavy toward USD \$10 to weigh upon price action in Asia, seeing gold test toward \$1,520 as the greenback extended early session gains. Afternoon pricing saw the metal push higher as European names filtered in, buoying bullion back toward opening levels. Today is the first look the U.S. get at the precious complex since the weekend tariff hikes came in and equity futures are currently around -0.7% down, likely to drive a move into the precious metals and other safe-haven assets. We see USD \$1,530 - \$1,535 as an initial pivot to a leg higher toward USD \$1,550, while supportive interest remains evident around USD \$1,520. Gold vols have held relatively unchanged this week after easing late last week as the range narrows. Silver continues to see interest and held above USD \$18.30 during Asian hours today after holding around the level on Monday. Offers toward USD \$18.50 have capped top-side gains recently and the metal will be targeting a break through there to test toward USD \$18.60 - \$18.65. With regards to the white metals, Platinum finds resistance toward USD \$940 and will use the level as a pivot point over the near term, while palladium moves within sight of USD \$1,550 and sees interest on dips. Data today includes Markit U.S. manufacturing PMI, ISM U.S. manufacturing, ISM U.S. prices paid and U.S. construction spending.

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