



MKS PAMP
GROUP

Daily Asia Wrap - 5th August 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1440.50/70	16.21/23	845/47	1407/10
HIGH	1457.50/70	16.52/54	853/55	1417/20
LOW	1436.90/10	16.15/17	843/45	1397/00
LAST	1457.20/40	16.51/53	853/55	1417/20

MARKETS/MACRO

Stocks in the U.S. remained under pressure on Friday as investors considered the latest U.S. – China trade headlines and the likely impacts upon global growth. The S&P 500 booked a fifth consecutive decline to end -0.73% lower at 2,932.05 points, marking the worst week for the bourse since late 2018, while the DJIA finished down -0.37% to 26,485.01 points after trading over -1% lower in early pricing. The tech-laden Nasdaq Composite meanwhile sunk -1.32% to 8,404.073 points, with a number of tech companies seen to be vulnerable to any potential increases in tariffs on Chinese goods. Jobs data out of the U.S. showed 164k new payrolls were added during July (exp: 165k), while June saw a downwards revision to 193k from 224k previously and May's figure softened further to 62k from 72k previously. The unemployment rate held unchanged at 3.7%, while wage growth increased +0.3% MoM (exp: +0.2%) and +3.2% YoY (exp: 3.1%). The greenback lost further ground on Friday (DXY -0.35%), moving underneath 107.00 relative to the yen (USD/JPY -0.7%), while treasury yields were dragged lower to see the 10-year down 7bps to a 1.84% low.

PRECIOUS

There were high levels of volatility across the precious complex today, largely driven by renewed trade war fears as the PBOC set its daily reference rate at a weaker level than 6.90 for the first time this year. Subsequent price action saw both USD/CNY and USD/CNH rip through 7.00, with both holding around +1.4% higher (Yuan -1.4%) following the early move as participants speculated the weakness was in retaliation to the threats of further tariffs out of Washington. The fact that the PBOC did not defend the 7.00 handle was viewed as a clear signal that China is willing to go toe-to-toe with the U.S. on trade, resulting in a firm risk off session across Asia to see regional equities sharply lower. The greenback moved lower against the safe-haven yen to break underneath 106.00 (USD/JPY -0.51%), while treasury yields extended recent declines to see the 10-year trade to a 1.7447% low. Following muted early session pricing, gold firmed on the currency moves, pushing above USD \$1450 post-Yuan fix, however was unable to capture the figure as offers saw the metal back toward USD \$1,445. The retracement didn't last long however, as interest soon underpinned further gains back through USD \$1,450, whereby the metal remained throughout the afternoon. The on-shore premium in China remained buoyant above USD \$12, while volumes through Globex registered an astounding 150k lots in Asia. From a technical perspective, the strength above USD \$1,450 should now allow for a further extension of the recent strength, with initial targets extending to USD \$1,500. Silver ripped higher with gold to push through USD \$1,16.50, however thus far remains capped by recent tops around USD \$16.60. A move broadly through USD \$16.60 - \$16.70 should see extension through to USD \$17. Price action across the white metals was also firmer, with palladium holding the USD \$1,400 support level and extending higher, while platinum moved above the USD \$850 pivot. Data today includes Markit PMI prints out of Germany, the Eurozone, the U.K. and the U.S. We also see the ISM U.S. non-manufacturing index.

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