



MKS PAMP
GROUP

Daily Asia Wrap - 5th December 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1474.60/80	16.86/88	895/97	1871/74
HIGH	1478.25/45	16.93/95	901/03	1872/75
LOW	1473.90/10	16.84/86	895/97	1870/73
LAST	1477.20/40	16.93/95	900/02	1871/75

MARKETS/MACRO

A return to risk on Wednesday following reports from Bloomberg that the U.S. and China were getting close to reaching a trade deal. The news saw major bourses in the U.S. snap a three-session losing streak as trade sensitive stocks outperformed. The DJIA ended the session +0.53% higher at 27,649.78 points, strength across financials (+0.99%) and energy (+1.57%) underpinned the S&P 500 to a +0.63% gain to 3,112.76 points, while the Nasdaq Composite firmed +0.54% to 8,466.672 points. The Greenback reversed early session declines in New York on Wednesday, pushing higher on the back of a risk-on tone to claw back a portion of the recent weakness against the safe-haven yen (USD/JPY +0.23%), and test toward a break of 109.00. The dollar however finished the session with a modest decline (DXY -0.12%), largely weighed down by a firmer pound (GBP/USD +0.85%) following an opinion poll suggesting a conservative victory. Treasury yields rose on Wednesday on the back of positive U.S. – China trade sentiment. The two-year ended the session 3.6bps higher at 1.576%, while the 10-year firmed +6.1bps to end around 1.772%. On the data front, U.S. ADP employment underwhelmed

during November, adding just 67k jobs (exp: 135k) from 121k during October. The headline print was the softest in six-months and the second lowest since 2010. The goods producing sector was the major laggard, sliding -18k, while the services sector added 85k jobs. The Markit U.S. services PMI signalled firmer expansion during November, increasing to 51.6 (exp: 51.6) to print in-line with the flash estimate, however higher than October's 50.6. While well below the long run average, the figure marked a four-month high and was largely driven by a rebound in new business. Conversely the ISM non-manufacturing print softened to 53.9 during November (exp: 54.5) from 54.7 during October, weighed down by weakness across new orders as the sub-index fell to the lowest level since 2012.

PRECIOUS

We saw modest interest across the precious complex during Asian hours today, as participants looked to take advantage of the weakness exhibited in Europe and to a greater extent the U.S. on Wednesday. While the -0.2% decline for gold on Wednesday was relatively sedate compared to both silver and platinum, the yellow metal still benefited from bargain hunters today in what was generally one-way traffic. The metal operated within in a relatively narrow range throughout the majority of the session, oscillating either side of USD \$1,475, however finding bids on any moves underneath the level as the on-shore premium in China firmed toward USD \$5. Afternoon pricing saw a break to the lethargy, with bullion testing above USD \$1,478 as the greenback tracked lower. The metal remains extremely sensitive to trade related headlines, with price action being driven by a combination of fast money and ETF flows. Resistance through USD \$1,482.38 (50 DMA) to USD \$1,486.87 (100 DMA) remains the key sticking point to further top-side gains, while follow through interest on a break of this band should see the metal test toward USD \$1,500. While silver lost touch with the USD \$17 handle in New York on Wednesday to hand back nearly -2% on the session, the grey metal continued to see demand toward USD \$16.80 during Asian pricing today. Steady interest amid a firmer premium in Shanghai saw silver pivot above USD \$16.90 in early Chinese trade, extending to a USD \$16.93 session high as Europe filtered in. The near-term key for the metal will be navigating layered offers through to USD \$17, with a number of trend-lines cutting in around current levels. With regards to the white metals, Platinum has regained the USD \$900 handle following Wednesday's weakness, while palladium has tested a fresh all-time high late today, even amid waning regional demand (we are seeing Chinese selling above USD \$1,850). Data today includes German factory orders, Eurozone GDP, U.S. initial jobless claims, U.S. trade balance, U.S. factory orders, U.S. durable goods orders and U.S. capital orders.

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