



MKS PAMP GROUP

Daily Asia Wrap

5th June 2019

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1325.30/50	14.81/83	820/22	1347/51
HIGH	1334.20/40	14.86/88	826/28	1347/51
LOW	1324.60/80	14.78/80	819/21	1338/42
LAST	1334.20/40	14.86/88	826/28	1341/45

MARKETS/MACRO

Federal Reserve Chairman Jerome Powell indicated on Tuesday that the ongoing global trade disputes are being closely monitored by the central bank, noting policy makers would “act as appropriate” to sustain the expansion of the domestic economy. “We do not know how or when these issues will be resolved. We are closely monitoring the implications of these developments for the U.S. economic outlook and, as always, we will act as appropriate to sustain the expansion, with a strong labor market and inflation near our symmetric 2% objective,” Powell noted in a speech. Stocks in the U.S. ripped higher on Tuesday, with major bourses posting the best single session gains since January 4. The DJIA ended the session +2.06% higher at 25,332.18 points, strength across technology (+3.26%) and financials (+2.71%) saw the S&P 500 to a +2.14% gain at 2,803.27 points, while the Nasdaq Composite jumped +2.65% higher to 7,527.117 points. Currency majors saw a relatively quiet session on Tuesday, as the greenback skewed modestly lower (DXY -0.1%). The dollar added +0.07% against the yen, however saw weakness across both the euro (EUR/USD +0.11%) and the pound (GBP/USD +0.29%). Treasury yields firmed on Tuesday as comments out of the Fed saw participants move back into equity markets. The two-year gained 2.4bps to 1.872% and the 10-year added 3.4bps to 2.119%. On the data front, U.S. factory orders softened during April, posting a -0.8% MoM fall (exp: -1.0%) to follow a downwardly revised +1.3% increase in March (prev: +1.9%). The headline figure was weighed down by weakness across transportation (-5.9%) and computers and electronic orders (-0.5%), while factory orders ex-transportation edged +0.3% MoM higher. Durable good orders meanwhile fell -2.1% MoM during April, while registering a flat read ex-transportation. The closely watched capital goods orders (non-defense ex air) declined -1.0% MoM.



PRECIOUS

A session of two distinct parts during Asian hours today, as tight range-bound trade gave way to late session strength to see gold move to a fresh cycle high above USD \$1,330. While the greenback traded with an offered skew throughout the session, it wasn't until late in Asia that bids flooded the market, initially running into offers around USD \$1,330, before ripping through the figure to print a USD \$1,334.20 high. With equities in the U.S. posting strong gains on Tuesday, it was impressive to see gold hold onto recent gains, with ETF's again a major driver to see over 200k of inflows. We are however beginning to see a ramping up of producer selling, notably in XAU/AUD as the pair trade above AUD \$1,900, potentially stalling short-term gains as XAU/USD looks toward the Feb high OF USD \$1,346.80. We look to supportive interest around USD \$1,330 with extension toward USD \$1,325, while top-side targets sit around USD \$1,335 for an ultimate test of USD \$1,346.80. Data today includes Markit services/composite PMI prints out of Germany, France, Eurozone and the U.K., while out of the U.S. we see MBA mortgage applications, ADP employment, Markit services/composite PMI prints, ISM non-manufacturing and the U.S. Fed Beige Book.

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