



MKS PAMP
GROUP

Daily Asia Wrap - 6th September 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1518.30/50	18.63/65	959/61	1562/65
HIGH	1520.50/70	18.73/75	960/62	1563/66
LOW	1512.70/90	18.43/45	942/44	1547/50
LAST	1517.50/70	18.54/56	944/46	1550/53

MARKETS/MACRO

A strong session for equities on Thursday as sentiment was buoyed by news that the U.S. and China have scheduled a fresh round of trade talks for October. The DJIA ripped +1.41% higher to 26,728.15 points, strength across technology (+2.13%) and financials (+1.90%) propelled the S&P 500 +1.30% higher to 2,976.00 points, while the Nasdaq Composite surged +1.75% to 8,116.828 points. Currency majors were mixed to see the greenback end unchanged on the session, firming relative to the Japanese yen (USD/JPY +0.54%), while the pound continued to post gains (GBP/USD +0.60%). Treasury yields pushed higher to see the two-year add 5bps to 1.532%, while the 10-year gained 5.4bps to 1.564%. On the data front, ADP employment out of the U.S. showed 195k jobs added during August (exp: 195k) from a downwardly revised 142k during July (prev: 156k). Initial jobless claims increased 1,000 to 217,000 during the week ended August 31 (exp: 215,000), while the four-week moving average inched 1,500 higher to 216,250. The ISM U.S. non-manufacturing index for August ticked higher to 56.4 (exp: 54.0), while the Markit U.S. services PMI eased to 50.7 from a previous read of 50.9. Factory orders in

the U.S. increased +1.4% MoM during July (exp: +1.0%) from a +0.5% print the month prior, while durable goods orders gained +2.0% during July, however ex transportation orders declined -0.4% and capital goods orders (ex-air and non-defence) added +0.2% (prev: +0.4%).

PRECIOUS

A relatively subdued session across the precious complex during Asian hours on Friday, as participants await the U.S. jobs data release later today. Gold saw some early session demand to briefly move above USD \$1,520, however the bid tone was soon reversed once China opened, seeing the metal decline to a USD \$1,512.70 low before supportive interest restricted further weakness. A downgrade to Hong Kong from AA+ to AA by Fitch and comments from Japan's Kuroda noting that lowering the negative rate is always an option had gold firmer into the afternoon, edging the metal back toward opening levels. While Thursday's test toward USD \$1,500 tested recent length, a number of participants took the opportunity to increasing positioning with the bull trend remaining firmly intact. Expect demand toward USD \$1,500 to keep price action buoyant around the psychological figure, while a test lower may extend through USD \$1,480 toward USD \$1,465. Silver extended declines in Asia today to test underneath USD \$18.50, moving through the New York low print to retrace the gains made in recent sessions. ETF holdings reduced on the back of Thursday's price action and it will be interesting to see how CFTC holdings handled the leg lower. Current levels toward USD \$18.50 sit as a pivot for near-term price action, with support toward USD \$18.00 the key to a resumption of the recent strength. After testing USD \$1,000 on Thursday, platinum retraced back toward USD \$940 in Asia today, while palladium turned offered on the Tokyo open and has tested a break of USD \$1,550 in afternoon pricing. All eyes today on the U.S. jobs data, while we also see German industrial production and Eurozone GDP.

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