



MKS PAMP GROUP

Daily Asia Wrap

6th June 2019

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1331.30/50	14.81/83	805/07	1331/35
HIGH	1333.70/90	14.84/86	807/09	1337/41
LOW	1327.10/30	14.78/80	805/07	1330/34
LAST	1332.20/40	14.82/84	806/08	1336/40

MARKETS/MACRO

Stocks in the U.S. continued to firm on Wednesday as rising expectations of a rate cut in the U.S. offset investor concerns over on-going trade wars. The DJIA rose +0.82% to 25,539.57 points, gains to technology (+1.38%) and consumer stocks (+1.12%) underpinned the S&P 500 +0.82% higher to 2,826.15 points, while the Nasdaq Composite added +0.64% to 7,575.477 points. The greenback recovered from ADP driven declines to finish higher on Wednesday, with the better than expected ISM print boosting the buck. The DXY index finished +0.23% higher, reversing an earlier euro bid that saw EUR/USD above 1.13, while also firming against the yen (USD/JPY +0.3%). On the data front, U.S. ADP employment increased by just 27,000 during May (exp: 185,000) to follow a 271,000 increase in April and mark the smallest monthly gain since March 2010. The services sector added 71,000 jobs as education and health (+33,000) and professional and business (+22,000) firmed, while the goods producing sector lost 43,000 jobs as construction payrolls fell 36,000. Markit's U.S. services PMI for May was unmoved from an earlier estimate at 50.9, holding the lowest read since March 2016, while the ISM non-manufacturing print for May surprised to the top-side, increasing to 56.9 (exp 55.4) from 55.5 previously. European stocks ended marginally higher on Wednesday, paring gains late in trade following news that the European commission had threatened Italy with disciplinary measures over the countries rising public debt. The Stoxx Europe 600 finished +0.38% higher at 374.08 points, the German Dax edged +0.08% higher to 11,980.81 points and in London the FTSE 100 also inched +0.08% higher to end at 7,220.22 points.

PRECIOUS

Gold prices held relatively firm during Asian trade today, consolidating above USD \$1,330 following Wednesday's breakout above the figure. A firmer dollar saw gold retrace much of the move toward USD



\$1,343.75 in New York on Wednesday, while price action today was more consolidative as the buck traded with a mildly offered skew. We saw early session offers test underneath USD \$1,330 leading into the Chinese open, however interest out of China remained constructive at an onshore premium toward USD \$12 to underpin a mild bid to spot. Similar to yesterday's pricing, the yellow metal saw renewed interest during the afternoon heading into European trade, edging toward USD \$1,333. While USD \$1,330 remains a near-term pivot for the metal, deeper support sits around USD \$1,325 - \$1,320 and may be tested should recent fast money logs (at a high average) be tested. There still remains producer hedging interest on rallies, somewhat offset by continued ETF and HF demand. Resistance at USD \$1,346.80 (Feb high) remains the key for a further extension of this rally. In gold news, Bloomberg reported on Wednesday that Venezuela had defaulted on a gold swap agreement with Deutsche Bank, valued at approximately USD \$750 million. The agreement that was set to expire in 2021 involved 20 tonnes of gold as collateral, which is expected to be taken by Deutsch Bank. Data today includes German factory orders, Eurozone GDP, the all-important ECB meeting, U.S. trade balance, U.S. initial jobless claims and U.S. Bloomberg consumer confidence.

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