



MKS PAMP GROUP

Asia Market Update

4th June 2019

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1323.30/50	15.78/80	822/24	1327/31
HIGH	1327.20/40	15.80/82	826/28	1331/35
LOW	1321.60/80	15.72/74	818/20	1324/28
LAST	1325.20/40	15.76/78	821/23	1324/28

MARKETS/MACRO

Stocks in the U.S. finished generally lower on Monday, with declines driven by weakness across technology as trade tensions between the U.S. and China remain high. The DJIA saw late session interest support the bourse into positive territory, finishing +0.02% higher at 24,819.78 points, while heavy trade to technology (-1.76%) weighed upon the S&P 500 as the bourse finished down -0.28% to 2,744.45 points. The Nasdaq Composite meanwhile slumped into correctional territory, falling -1.61% to 7,333.02 points following headlines that both Google and Facebook may be investigated for possible breaches of anti-trust law. Treasury yields continued to soften on Monday, marking a fifth consecutive session of declines as global trade concerns escalate. The 10-year yield fell 5.4bps to 2.085% to book a fresh 21-month closing low, while the two-year sunk 8.9bps to 1.848%. The greenback remained heavy (DXY - 0.42%) on Monday following comments from the Federal Reserve's James Bullard noting that a rate cut could soon be warranted in order to lift inflation. The safe-haven yen saw demand to test underneath 108.00 and finish +0.22% firmer, while the euro added +0.69% to consolidate above 1.1200 and touch a 1.1262 high. On the data front, the ISM U.S. manufacturing PMI for May fell to 52.1 (exp: 53.0) to follow a 52.8 read previously, while the Markit manufacturing PMI eased to 50.5 (exp: 50.6) from a preliminary read of 50.5. Construction spending in the U.S. registered flat MoM (exp: +0.4%) from a positively revised +0.1% (prev: -0.9%). Stocks across Europe firmed on Monday to see the Stoxx Europe finish +0.39% higher at 370.49 points, the German Dax rose +0.56% to 11,792.81 points and in the U.K. the FTSE 100 ended +0.32% higher to 7,184.80 points.

PRECIOUS

The precious complex saw mild profit taking in Asia today following Monday's consolidation above USD \$1,300. The greenback found some respite from recent weakness to recover from an early Asian test of Monday's 107.88 low relative to the Japanese yen, while treasury yields firmed throughout the session to keep a lid of further top-side moves across the precious. Interest into the Shanghai open took gold to a USD \$1,327.40 session high, while the on-shore premium eased marginally from yesterday's levels, sitting toward USD \$10 - \$11 relative to spot. Afternoon pricing had gold attempting to base toward USD \$1,320, with solid interest evident as the dollar skewed modestly offered. Lingering global trade uncertainty weighs upon equity markets to see participants move into safe-haven assets and underpin price action across the precious. This likely to drive gold higher over the near-term, with initial targets extending toward USD \$1,330 and beyond this the February high of USD \$1,346.80, while the short-term key for the metal will be the continued ETF and HF interest. Silver has moved to consolidate above the USD \$14.50 pivot, however is lagging gold over the past few sessions. The grey metal does see a large net-bearish spec position according to the latest commitment of traders report, which may lend itself to a



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sharp short squeeze should uncertainty in global markets remain. In Australia today we saw the Reserve bank trim the official cash rate by 25bps to 1.25% as widely expected. Further data releases today include Eurozone unemployment rate, Eurozone CPI, U.S. factory orders and U.S. durable goods orders.

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