



MKS PAMP GROUP Asia Market Update

7th May 2019

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1281.30/50	14.89/91	874/76	1338/40
HIGH	1283.30/50	14.92/94	884/86	1347/49
LOW	1281.30/50	14.88/90	872/74	1337/39
LAST	1282.90/10	14.90/92	881/83	1343/45

MARKETS/MACRO

U.S. stocks sunk overnight in the wake of an increase in trade tensions between the U.S. and China. President Trump's weekend tweets threatening an increase in tariffs on Chinese goods saw markets open sharply lower, however the major bourses were able to recover throughout the session to limit declines. After trading as many as 471 points lower, the DJIA was able to pare the majority of declines and end down 66.47 points or -0.25% at 26,438.48 points, while weakness across industrials (-0.97%) and materials (-1.39%) weighed upon the S&P 500 as the bourse declined -0.45% to 2,932.47 points. The greenback failed to make headway into the post-NFP declines on Monday, ending relatively unchanged after paring gains late. The buck gave up ground against the euro (EUR/USD +0.35%), while firming against the pound (GBP/USD -0.47%) and ending unchanged against the safe-haven yen. Treasury yields in the U.S. declined on Monday following an escalation of trade tensions. The 10-year yields fell 3bps to 2.499% and the two-year yield slipped 2.7bps to 2.310%. Markets in Europe traded heavily on Monday as the weekend trade headlines saw investors flee to safety. The Europe Stoxx 600 booked a -0.88% fall to 386.95 points, while the German Dax sunk -1.01% to 12,286.88 points. It was a holiday in the U.K.

PRECIOUS

Gold saw relatively muted trade during Asian hours today, edging higher with a modest bid skew as the session progressed, albeit held within the recent range. An early session move above USD \$1,281 came courtesy of comments from U.S. trade representative Robert Lighthizer, accusing Beijing of reneging on commitments it made in earlier talks and reiterating that the Trump administration intends to increase tariffs on USD \$200 billion of Chinese goods this Friday. The continued escalation in tensions between the two parties has seen the greenback offered throughout today's session to underpin the buoyant gold price action, however the metal has failed to break higher in a meaningful way and will need to test toward USD \$1,294 where both the 100 DMA and 50 DMA converge for interest to move back into the market. Supportive interest in the metal remains evident toward USD \$1,275, with extension to USD \$1,270. Silver remains quiet and sees USD \$15 as a key resistance, while palladium has firmed and looks to move back above USD \$1,350 and platinum has outperformed and targets USD \$900. In central bank news today, the Reserve Bank of Australia surprisingly kept interest rates unchanged, however noted the board will be playing close attention to developments in the labour market in upcoming meetings. The news saw AUD/USD move from 0.7000 pre-release to around 0.7050. Further data releases today include German factory orders, U.K. house prices and U.S. JOLTS job openings.



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