



MKS PAMP  
GROUP

## Daily Asia Wrap - 11th October 2019



Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1493.80/20	17.50/52	898/00	1698/02
HIGH	1497.00/40	17.57/59	901/03	1701/05
LOW	1490.70/10	17.40/42	895/97	1695/99
LAST	1494.70/10	17.51/53	899/01	1701/05

### MARKETS/MACRO

It was another positive night for markets yesterday, albeit a little volatile, as global trade tensions eased. Brexit negotiations are back on track and news that Trump will meet Chinese Vice Premier Liu today was welcomed. Talks occurred overnight between Liu and top US trade negotiators, Steven Mnuchin and Robert Lighthizer, which is the first time the two sides have met since July. US equities continued their upward trajectory as a result, the Dow Jones Industrial Average climbing +150.66 pts (+0.57%) to 26,496.67, the S&P500 advancing +18.73 pts (+0.64%) to 2,938.13 and the Nasdaq Composite up +47.04 pts (+0.6%) to 7,950.781. European indices were all in the green as well, with Brexit talks progressing and appearing to bolster investors confidence. The Euro Stoxx 600 rose +0.65% to 382.76, the FTSE100 ticked up +0.28% to 7,186.36, the DAX gained +0.58% to 12,164.20 and the CAC40 outperformed up +1.27% to 5,569.05. Elsewhere, the yield on the 10-year US Treasury note lifted 8bps to 1.65%, while WTI oil prices lifted +2.3% to USD\$53.70/barrel on news supply may be restricted.

Irish PM Leo Varadkar said a Brexit deal is possible following a three-hour meeting with UK PM Boris Johnson. This is a stark change in tone from earlier comments from the EU. A press statement said their discussions concentrated on the challenges of customs and consent, but did not specify what

concessions had been made regarding Northern Ireland in order to get to this position. Varadkar says the talks were at a 'very sensitive stage' but were 'very positive and promising'. Negotiations between the EU and the UK will continue tomorrow between the UK Brexit Secretary Stephen Barclay, and the top EU Brexit negotiator Michele Barnier. The positive outcomes caused the GBP to surge 2% last night as a result, the most in a single day for 7 months.

US President Trump said talks with China had went 'very well' and will continue Friday where he is scheduled to meet Vice Premier Liu He. This of course was contrary to earlier reports that suggested the Chinese delegation may depart Washington early after little progress had been made at deputy level talks. Officials from both sides tried to pare down expectations for a partial trade deal that could bring about a temporary trade truce – which now looks like the best case scenario at present given the upcoming tariff deadlines on the 15<sup>th</sup>.

## **PRECIOUS**

A lot of choppy price action for the metals on Thursday on the back of a number of conflicting headlines. Markets were paying attention to details as meaningful as whether the Chinese delegation was amending the duration of their hotel stay or not, as a proxy to assess how well negotiations were going, then hawkish comments from the Fed's Kaplan, later countered with Kashkari's dovish take on the US downturn. Better than expected jobless claims also added to the intra-day volatility. In Asia, gold was sharply bid in the morning, following headlines that lower level trade talks had been unsuccessful and that delegates were believed to be leaving Washington, which proved to be unsubstantiated. It didn't matter though gold jumped sharply from \$1506 to the days high of \$1517. From there though some strong selling was seen into the China open and gold retreated back toward \$1506-1508 area where it remained into the European day. During NYK hours Kaplan's hawkish tone, as well as Trump's comments that talks were going 'well' and that delegates were very nice pressured the gold. After a brief spike above \$1510 the metal was smacked lower to \$1503 area then again through \$1500 to the days low of \$1492.10. ETF holders were reportedly on the offer and short term traders had stops a plenty on the break of \$1500-02. We closed not too far off the lows around \$1493.50. Silver followed gold for the most part, really ripping lower during NYK and managing to traverse \$17.50 for about an hour before recovering and closing just above that level. The PGM's traded more like risk assets on the day and rallied strongly post the positive trade headlines in NYK. Platinum managed to trade back through \$900 – although couldn't hold onto it into the close as profit taking won out – while palladium broke and held \$1700, printing a fresh all time high (\$1701.30).

A much quieter affair in Asia today with gold trading a ~\$6 range and little surfacing by way of headlines. There was some light selling seen on the Shanghai open by specs although it petered out rather quickly. The market then ran back through \$1495 up to the highs and has traded a slow going \$1495-97 range since. Silver had a decent sell-off leading into the SGE open pushing through the o/n low and trading briefly to \$17.42. It sharply recovered from there in line with the yellow metal and still sits just above \$17.50. Palladium has drifted sideways around \$1700, trading just above there as I write and platinum is currently either side on \$900, chopping around there all day. Market focus today will be on any outcome from Trump and Vice Premier Liu meeting and we also have German CPI, Canadian employment data and US University of Michigan sentiment. Enjoy your weekend.

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