



MKS PAMP  
GROUP

## Daily Asia Wrap - 12th September 2019



Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1496.40/60	18.10/12	943/45	1574/77
HIGH	1498.90/10	18.16/18	949/51	1587/90
LOW	1489.50/70	18.01/03	942/44	1572/75
LAST	1494.50/70	18.10/12	947/49	1587/90

### MARKETS/MACRO

A tempering of trade tensions between the U.S. and China underpinned a bid tone across U.S. stocks on Wednesday, propelling the major bourses to solid gains. In trade headlines, China announced that they would waive import tariffs on 16 U.S. products from 17 September, with the exemptions lasting for one year. China's State Tariff Commission, which made Wednesday's announcement, said it will continue to review exception requests and announce new lists in the future. The DJIA finished the session +0.85% higher at 27,137.04 points, gains across technology (+1.01%) and health care (+1.01%) led all components with the exception of real estate (-0.32%) higher to see the S&P 500 add +0.72% to 3,000.93 points, while the Nasdaq Composite jumped +1.06% to 8,169.68 points. The gains saw the DJIA to its sixth consecutive win and just 0.8% off its record close, while the S&P 500 has notched five positive finishes in the last six sessions to also sit 0.8% away from its record close. On the data front, U.S. PPI inched +0.1% MoM higher during August (exp: 0.0%), while core PPI jumped +0.3% MoM (exp: +0.2%) from -0.1% previously. On an annualised basis, PPI added +1.8% YoY (exp: +1.7%)

and core increased +2.3% YoY (exp: +2.2%). Wholesale inventories gained +0.2% MoM during July to print in-line with expectations. The greenback finished the session firmer (DXY +0.28%), largely strengthening against the euro (EUR/USD -0.3%) heading into Thursday's ECB meeting, while the safe-haven yen also lost ground (USD/JPY +0.29%) as trade tensions between the U.S. and China eased somewhat. Treasury yields continued to firm on Wednesday, albeit only marginally. The two-year added 1bps to finish at 1.68% and the 10-year gained 1.6bps to end the session at 1.743%.

#### **PRECIOUS**

There was mixed price action across the precious during Asian trade today, with trade headlines out of China and a leg lower to the yuan dictating directional flows. An on-shore fix of 7.0846 saw spot plummet back underneath 7.10 (7.0786 low), also taking USD/CNH from opening levels near 7.11 to a 7.0731 session low. The move in the yuan saw Chinese interest in Gold to lift the metal off a pre-Shanghai test through USD \$1490.00, stabilising price action around USD \$1,495 throughout the afternoon. Asia saw headlines out of China that they were considering U.S. farm imports as a gesture of goodwill before upcoming talks, however there were little in the way of details and gold actually pushed modestly higher following the news. The risk-on tone on the back of positive trade news has done little to dent interest in gold, however with that being said, the metal still trades sub USD \$1,500 as ETF out-flows look to have dried up for the time being following recent declines to holdings. The key psychological level of USD \$1,500 looms as the first resistance level and pivot for near-term price direction, while hard support should remain evident through USD \$1,485 - \$1,475. Silver tested a move through USD \$18 in Asia today, however remains sticky around the figure following the sharp but brief test underneath in New York yesterday. The psychological USD \$18 is a major pivot for the metal and is likely to determine near-term price direction. The white metals have been the main beneficiaries of the trade headlines today, with platinum moving toward USD \$950, while palladium moves toward a test of the previous session high around USD \$1587. All eyes tonight on the ECB announcement, while we also see German CPI, the all-important U.S. CPI, U.S. initial jobless claims and Bloomberg U.S. consumer confidence.

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