



MKS PAMP  
GROUP

## Daily Asia Wrap - 13th September 2019



Range Asian Hours  
(from Globex open)

|      | GOLD       | SILVER   | PLATINUM | PALLADIUM |
|------|------------|----------|----------|-----------|
| OPEN | 1498.40/80 | 18.06/09 | 950/52   | 1617/22   |
| HIGH | 1501.00/40 | 18.08/11 | 951/53   | 1617/22   |
| LOW  | 1495.50/90 | 18.02/05 | 946/48   | 1607/12   |
| LAST | 1497.70/10 | 18.04/07 | 947/49   | 1608/13   |

### MARKETS/MACRO

The European Central Bank cut its benchmark deposit rate by 10 bps to -0.5%, and reintroduced a quantitative easing program which involves buying 20 billion euro worth of bonds on a monthly basis. ECB President Draghi commented "In view of weakening economic outlook and the continued prominence of downside risk, governments with fiscal space should act in an effective and timely manner". The decision sparked volatility in the currencies, with the EUR initially dropping to 1.0935 immediately after the announcement before quickly reversing to trade up to 1.1078. The US dollar index spiked to 99.03 but ultimately was 0.27% lower at 98.36, while USD/JPY traded up to 108.18. The volatility didn't really flow into equities, with US markets closing modestly higher. The Dow added 45.41 points, or 0.17%, to 27,182.45, the S&P 500 rose 8.64 points, or 0.29%, to 3,009.57, while the Nasdaq gained 24.79 points, or 0.30%, to 8,194.47. There were wins for materials (+0.72%) and REITs (+0.56%) while energy (-0.63%) led the laggards. European equities also posted narrow gains, the EuroSTOXX advanced 0.77 points, or 0.20%, to 390.48, the German DAX put on 51.18 points, or 0.41%, to 12,410.25, and the London FTSE 100 crept up 6.64 points, or 0.09%, to 7,344.67. It was a volatile night for fixed income markets, with wild swings in US bond yields. The 2 year yield firmed 4.1 bps to 1.721% while the 10 year yield rose 3.1 bps to 1.777% which was 10 bps higher than its intraday lows. Oil prices were lower, Brent sold off 1.3% to \$60.39 while WTI eased 2.0% to \$55.06. Base metals had a mixed showing, with nickel (0.8%) the best performer. In US economic data, headline CPI rose 0.1%

in August and 1.7% over the previous 12 months, while core CPI rose 0.3% in August at 2.4% for the year which equals a 13 month high. The US federal budget deficit widened to \$1.07 trillion in August. Initial jobless claims fell 15k to 204k in the seven days ending September 7, continuing claims fell 4k to 1.67 million. In Asia today, as I write the Nikkei is at +1.02%, the Shanghai composite is at +0.75%, the Hang Seng is at +0.36%, and the ASX S&P 200 is at +0.08%. Tonight we have retail sales, import prices, consumer sentiment index, and business inventories; with balance of trade, labour cost index, and wage growth out of the Eurozone.

## **PRECIOUS**

Volatile session for the precious following the ECB announcement. Gold dipped to the session low \$1489 in early Asian hours before trading back up to opening levels at \$1497 just as London were coming in. The onshore SGE premium remained around \$10-11. The initial reaction to the ECB announcement saw gold surge to the high of \$1524 during the London AM session. The yellow metal came off the highs on headlines that the US were considering an interim trade deal with China to delay tariffs. Gold ended the session just ahead of the opening levels at \$1499. Silver spiked to a high of \$18.45 but was found testing the \$18 once again in late NY trading. Palladium was the standout, pushing through and holding above the \$1600 level. The Philadelphia gold and silver index eased 1.37%. Very quiet in Asia today with SGE closed. Gold tested \$1500 early with no luck, the yellow metal is sitting at \$1497.70 as I write. Silver is also trading a very tight range, the grey metal is currently at \$18.04. Have a good day ahead.

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