



MKS PAMP
GROUP

Daily Asia Wrap - 16th September 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1502.40/60	17.66/68	951/53	1610/13
HIGH	1511.90/10	17.99/01	957/59	1620/23
LOW	1501.50/70	17.62/64	949/51	1603/06
LAST	1504.50/70	17.87/89	954/56	1620/23

MARKETS/MACRO

Coordinated weekend strikes on key Saudi Arabian oil facilities may see up to 5% of global oil supply disrupted according to preliminary reports. While Yemen's Houthi rebels have taken responsibility for Saturday's attacks, in which up to 10 drones were used to target state owned Saudi Aramco oil facilities, U.S. secretary of State Mike Pompeo indicated the attacks were carried out by Iran. Oil futures ripped higher on Monday in Asia as a result of the potential supply disruption, seeing WTI initially trade as much as +15% higher, while Brent crude surged over +19% higher in early pricing. On Friday U.S. Stocks ended mixed as investor's traded cautiously on warming U.S. – China trade headlines. The DJIA finished the session +0.14% higher at 27,219.52 points, weakness across technology (-0.67%) and consumer stocks (-0.75%) weighed upon the S&P 500 as the bourse eased -0.07% to 3,007.39 points, while the Nasdaq Composite slipped -0.22% to 8,176.713 points. The greenback eased on Friday (DXY -0.31%), notably softer against the pound (GBP/USD +1.34%) on the back of Brexit headlines as Prime Minister Boris Johnson and European Commission President Jean-Claude Juncker

prepare to meet. U.S. treasury yields continued to rise on the back of positive trade headlines, seeing the 10-year yield 11bps higher to 1.89%, while the two-year firmed 9bps to 1.80%. On the data front, retail sales in the U.S. outpaced expectations to increase +0.4% MoM during August (exp: +0.2%) from an upwardly revised +0.8% MoM previously. Consumer confidence meanwhile improved during September according to the latest University of Michigan measure, ticking higher to 92.0 (exp: 90.8) from 89.8 previously.

PRECIOUS

The flight to safety following the weekend strikes in Saudi Arabia sent gold prices soaring in Asian trade today. The metal opened above USD \$1,500, almost +1% higher than Friday's closing level and remained buoyant throughout the session as participants await further developments. There are heightened concerns that the U.S. may look to retaliate following comments from President Trump noting he is waiting to hear from Saudi Arabia as to who they believe was behind the attack and that the U.S. are 'locked and loaded' depending on verification. We saw gold extend to a USD \$1,511.90 high in early Japanese trade, while easing marginally in China as the on-shore premium remained firm above USD \$10. Near-term support for bullion sits around the psychological USD \$1,500, however the fluid nature of the Saudi Arabia situation may see gold test back toward USD \$1,480 - \$1,485 should there be no further escalation. Silver was the main beneficiary of the flight into the precious today, sharply reversing Friday's weakness to test USD \$18, trading close to +3% from Friday's closing level. Interest around USD \$18 will remain the pivot for near-term price action, while supportive demand should continue toward USD \$18.40 - \$18.60. Platinum has remained firm above USD \$950 today, while palladium sees further demand, pushing to a USD \$1,620 high during afternoon trade. Data today includes U.S. Empire State manufacturing, while all eyes will undoubtedly be on developments out of Saudi Arabia and any U.S. related headlines in terms of Iran's role.

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