



MKS PAMP
GROUP

Daily Asia Wrap - 17th July 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1406.30/50	15.57/59	840/42	1528/30
HIGH	1407.00/20	15.66/68	842/44	1528/30
LOW	1403.50/70	15.51/53	837/39	1524/26
LAST	1404.10/30	15.62/64	837/39	1524/26

MARKETS/MACRO

Federal Reserve Chair Jerome Powell reiterated his pledge to “act as appropriate” in order to keep the U.S. economic expansion going. In a speech delivered in Paris on Tuesday, Powell repeated recent comments that trade negotiations and global growth concerns continue to create uncertainty, with the potential to create “a more prolonged shortfall” in inflation below the Fed’s 2 percent target. Powell also made reference to the implications of actions from other central banks on U.S. policy, “We have seen how monetary policy in one country can influence economic and financial conditions in others through financial markets, trade, and confidence channels. Pursuing our domestic mandates in this new world requires that we understand the anticipated effects of these interconnections and incorporate them into our policy decision making,”

Stocks in the U.S. finished with modest declines on Tuesday, as comments from Donald Trump regarding trade negotiations with China spooked some investors. Trump seemed to show frustration with the lack of progress being made with China, noting that an

agreement “had a long way to go,” and reiterating that U.S. authorities have scope to extend tariffs on Chinese imports. The DJIA ended the session off -0.09% to 27,335.63 points, heavy trade to energy (-1.13%) and technology (-0.91%) weighed upon the S&P 500 as the bourse declined -0.34% to 3,004.04 points, while the tech-laden Nasdaq Composite fell -0.43% to 8,222.797 points. The greenback outpaced majors on Tuesday following a solid retail sales print out of the U.S. The DXY ended +0.5% higher after making solid gains relative to the British pound (GBP/USD -0.9%) over concerns of a no-deal Brexit intensified, while the safe-haven yen declined -0.3%. Treasury yields tailed off late in trade however ended higher on the session. The two-year ticked 2.7bps higher to 1.848% and the 10-year firmed 2.1bps to 2.10%. U.S. retail sales ticked higher during June, improving +0.4% MoM (exp: +0.2%) to follow a +0.4% gain previously. Core retail sales (excluding auto and gas) popped +0.7% MoM higher (exp: +0.3%) from +0.5% during May.

PRECIOUS

A relatively sedate session across the precious complex during Asian trade today, as the dollar held generally unmoved and regional equities eased modestly. Early session offers saw the yellow metal ease to the session low USD \$1,403.50 amid thin liquidity, before finding footing on a mild bid tone out of Tokyo. Interest in Shanghai saw the metal push through opening levels and print a USD \$1,407 high as the on-shore premium held toward USD \$12 relative to spot gold. Gold remains locked within the USD \$1,400 - \$1,420 range, while more broadly we look for a move outside of USD \$1,380 - \$1,440 for medium-term direction. Silver was the talk of the town on Tuesday, breaking through USD \$15.50 as ETF's accumulated over 1.8m ounces. Recent ETF inflows have generated constructive price action and the grey metal looks likely to test toward USD \$16, with targets extending through to USD \$16.10 (downtrend resistance) and USD \$16.20 (previous high prints). The metal was unable to test the previous session high during Asian trade today and ran into offers underneath USD \$15.70, however pricing remains buoyant and recent Chinese selling has abated somewhat. Data releases today include U.K. CPI / RPI / PPI, Eurozone CPI, U.S. MBA mortgage applications, U.S. housing starts, U.S. building permits and the U.S. beige book release.

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