



MKS PAMP  
GROUP

## Daily Asia Wrap - 18th September 2019



Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1501.40/60	18.00/02	941/43	1600/03
HIGH	1503.60/80	18.03/05	943/45	1605/08
LOW	1500.50/40	17.87/89	938/40	1592/95
LAST	1502.10/30	17.90/92	943/45	1605/08

### MARKETS/MACRO

An easing of Middle East tensions saw stocks in the U.S. firm on Tuesday, however investors approached markets with cautious optimism heading into the FOMC meeting. The DJIA rose +0.13% to finish at 27,110.80 points, strong performances across utilities (+0.89%) and real estate stocks (+1.40%) offset a reversal in energy stocks (-1.52%), underpinning the S&P 500 to a +0.26% gain at 3,005.70 points, while the Nasdaq Composite firmed +0.40% to 8,186.016 points. In currency majors, the greenback reversed the majority of Tuesday's gains during New York trade as participants positioned themselves ahead of the Fed rate announcement. The Japanese yen was generally unchanged (USD/JPY -0.04%), while the euro recovered from a break underneath 1.10 to add +0.67% and the pound jumped +0.54%. Treasury yields in the U.S. declined into the FOMC meeting to see the two-year ease 3bps to 1.728% and the 10-year fall 4bps to 1.80%. On the data front, industrial production in the U.S. rebounded during August to increase +0.6% MoM (exp: +0.2%) from a -0.1% fall in July. Stronger mining output supported the headline figure, jumping +1.4% from a -1.5% fall the month

prior. Meanwhile capacity utilisation increased to 77.9% during August from 77.5% previously, marking the highest rate since March. Oil futures reversed a portion of Monday's gains following headlines that Saudi production may be back to capacity sooner than expected. WTI declined nearly -5.3% to finish around USD \$59 per barrel, while Brent crude fell -5.9% to USD \$64.15 per barrel.

#### **PRECIOUS**

Gold and silver diverged somewhat during a relatively muted Asian session today. Participants were keeping their powder dry heading into the FOMC rates decision, holding the precious complex range-bound amid light volumes. After reclaiming the USD \$1,500 handle in New York on Tuesday, gold held above the figure throughout Asian trade today, albeit within a tight USD \$3 range. Modest Chinese interest pushed the metal a few dollars higher in early Shanghai trade, however the on-shore premium remained toward USD \$10, failing to entice participants into the market and seeing spot edge sideways into the afternoon. Following the break of USD \$1,500, the figure is likely to act as a pivot for near-term price direction. Resistance cuts in around USD \$1,507 and extends initially through to USD \$1,515, while supportive interest remains evident broadly around USD \$1,485 with extension to USD \$1,475. Silver broke the psychological USD \$18.00 on Tuesday and while closing above the figure was offered in China today as the on-shore premium tracked lower to sit around USD \$1.25 relative to London spot. The early Shanghai weakness saw the metal extend underneath USD \$18.00, while late afternoon offers pushed the metal to a USD \$17.87 low as Europe filtered in. The metal remains heavy and is struggling to remain within the upward trend channel, needing to push toward USD \$18.20 to reinstate strength, while further declines will target USD \$17.40 with extension toward USD \$17.00. All eyes today on the FOMC rates decision and associated press conference, while we also see U.K. CPI / RPI / PPI, Eurozone CPI, U.S. MBA mortgage application, U.S. housing starts and U.S. building permits.

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