



MKS PAMP
GROUP

Daily Asia Wrap - 1st July 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1396.40/60	15.19/21	834/36	1538/41
HIGH	1396.40/60	15.19/21	836/38	1540/43
LOW	1384.00/20	15.12/14	830/32	1536/39
LAST	1384.00/20	15.16/18	833/35	1538/41

MARKETS/MACRO

Trade negotiations between the U.S. and China continued in Osaka at the weekend G20 summit, however there was little progress made as the respective leaders agreed to put a freeze on any further tariffs for the time being and continue dialogue. Progress of sorts was made with regards to the Huawei ban, with President Trump declaring that U.S. technology companies could again sell to Huawei, however security issues continue to be a sticking point. Stocks in the U.S. firmed on Friday following positive data releases, while month/quarter/year end flows remained evident. The DJIA added +0.28% to 26,599.96 points, strength across financials (+1.4%) and energy (+1.19%) saw the S&P 500 add +0.58% to 2,941.76 points, while the Nasdaq Composite finished +0.48% higher at 8,006.244 points. The greenback ended relatively unchanged after recovering from Asian weakness, while treasury yields were mixed as the 10-year slipped 1bp to 2.01% and the two-year rallied late, adding 1bp to 1.75%. On the data front, U.S. personal income improved +0.5% MoM during May (exp: +0.3%) and personal spending added +0.4% MoM (exp: +0.5%) from an upwardly revised +0.6% (prev: +0.3%) the month prior.

The PCE deflator print saw a +0.2% MoM increase (exp: +0.2%), while on an annualised basis eased to +1.5% YoY from +1.6% previously. The University of Michigan gauge of consumer confidence (final) improved to 98.2 during June compared to a flash read of 97.9. European stocks outpaced to see the Europe Stoxx 600 gain +0.70% to 384.87 points, the German Dax booked a +1.04% gain to 12,398.80 points and in London the FTSE 100 added +0.31% to 7,425.63 points.

PRECIOUS

A very soft open for gold on Monday in Asia, with the risk premium wiped off the metal following the weekend G20 developments. The yellow metal kicked off the week underneath USD \$1,400, pricing around USD \$1,396 on the open, before tumbling to test USD \$1,385 within the first few minutes of trade. Whippy price action saw bullion between USD \$1,397 - \$1,385 leading into the Chinese open, before settling in to a narrow range above USD \$1,390 throughout the afternoon, however seeing top-side moves capped by a firmer greenback. The on-shore premium in China sunk to underneath USD \$10 and failed to illicit much in the way of direction across the spot market, rather a leg higher to the dollar in late afternoon trade saw the yellow metal once again test into the mid USD \$1,380's. While the chances of policy action by the Fed in July has eased somewhat, without any meaningful changes to the global trade landscape following the weekend G20 meeting participants are still looking to bullion as a safe-haven amid continued uncertainty. Recent COTR data confirms as much, showing a further increase in gold length to the highest level since October 2016. Supportive price action should be evident toward USD \$1,375, the extension through to USD \$1,360 likely to provide entry levels for fresh bullish positioning. Data releases today include German employment, Eurozone M3 money supply, Eurozone employment, Markit U.K. manufacturing PMI, Markit U.S. manufacturing PMI, ISM U.S. manufacturing PMI and prices paid and U.S. construction spending.

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