



MKS PAMP
GROUP

Daily Asia Wrap - 20th September 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1498.80/20	17.79/81	937/39	1620/24
HIGH	1505.40/80	17.91/93	943/46	1635/39
LOW	1498.00/40	17.76/78	936/38	1620/24
LAST	1504.50/90	17.90/92	942/44	1633/37

MARKETS/MACRO

It was a benign session across markets yesterday as investors digested the outcome of Wednesday's FOMC rate cut and looked ahead tentatively as US/China trade talks kick off again in Washington. US equity markets closed narrowly mixed with the DOW easing -52.29 pts (-0.19%) to 27,094.79, the S&P500 closing flat at 3,006.79 and the Nasdaq Composite creeping up +5.487 pts (+0.07%) to 8,182.879. Across the Atlantic, European equities traded on more positive footing, the FTSE100 advanced +0.58% to 7,356.42, the DAX tacked on +0.55% to 12,457.70, the CAC40 climbed +0.68% to 5,659.08 and the Euro Stoxx 600 rose +0.61% to 391.80. In FX, Sterling was the outsized mover, catching a nice bid after the EU's Juncker took a more conciliatory tone in an interview with Sky, saying he thinks a Brexit deal is in fact possible and on the subject of the Irish backstop, went on to say; "if the objectives of the backstop are met through alternative arrangements, we don't need the backstop". Cable broke past the key level of 1.2525 while the EURGBP cross broke through its 200dma, catching a bit of systematic buying on the way up as well. AUD was a little softer on the day after a weaker than expected labour market report prompted some of the large domestic retail banks to bring forward rate cut expectations.

The BoE left interest rates unchanged, but noted that if Brexit uncertainty continued, this would likely dampen the domestically generated inflation pressures. The BoE might be late to the party, but it was dovish, cautious about growth and starting to lay the framework for future rate cuts in the statement. Sterling was unmoved, however leapt later in the day when EC President Juncker expressed optimism about a Brexit deal, saying he wasn't wedded to the Irish backstop as long as its objectives were met. Across the pond The Philadelphia Fed index implied some early autumn moderation in manufacturing activity but intensification in pricing pressures. US initial jobless claims for the week ending 14 September, which covers the survey week for non-farm payrolls, fell to 208k. According to ANZ strategists this suggests a non-farm payrolls number of around 140k for September could be on the cards.

PRECIOUS

The precious metals managed a steady recovery yesterday following the sharp downward moves seen following Wednesday's FOMC rate cut. Concerns surrounding global economic growth continue to fester which continues to support the gold and silver, the OECD warning overnight that intensifying trade conflicts are pressuring economic growth. The OECD reduced its forecast for global growth to only 2.9% for 2019 after reducing it only 4 months ago. After initially sliding in early Asian trade yesterday the gold found a base around \$1489-90 area. There was a bit of retail and physical buying seen on the back of the lower prices and the metal made a steady advance up toward \$1496.50 by the time London took the books. After a bit of work in the mid \$1490's gold had another leg higher around the NYK open, although was met with some strong macro and ETF sellers ahead of \$1505 which capped the advance. The remainder of the session was fairly slow oscillating either side of \$1500 and closing at \$1498.50. Gold managed to close right on the uptrend line dating back to may and continues to hold above the 50 dma (\$1483.70). Silver traded as high as \$17.95 in NYK, but was unable to break through \$18.00 and the PGM's were both exceptionally well bid during NYK, Pd punching through \$1600 and trading as high as \$1625 and platinum grinding its way back into the \$940's.

The precious complex continued on with yesterday's momentum and were bid from the onset today. Gold opened at \$1499 and after trading around that level for a few hours clawed its way through \$1500 on the back of some Chinese demand around the SGE open. The yellow metal steadily worked its way higher throughout the session on moderate volumes and is currently trading just off the highs. Silver has run higher throughout the day as have the PGM's, with liquidity in the latter quite low over the course of the day. Ahead today on the data calendar look out for German PPI, Canadian retail sales and EuroZone consumer confidence figures. Enjoy your weekend.

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