



MKS PAMP
GROUP

Daily Asia Wrap - 22nd August 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1503.00/20	17.12/14	852/54	1466/69
HIGH	1504.20/40	17.13/15	855/57	1471/74
LOW	1499.35/55	17.04/06	847/49	1458/61
LAST	1501.10/30	17.06/08	849/51	1461/64

MARKETS/MACRO

Minutes from the July FOMC meeting showed members were divided on how best to combat the low levels of inflation, with some preferring a 50bp cut over the eventual 25bp cut agreed upon, while others cited the strong labor market and thought no cut was the best option. After ultimately deciding on a 25bp cut, the committee characterised the move as a “mid-cycle adjustment” and noted the importance of being “flexible” amid the current uncertainty in global markets. Stocks in the U.S. reacted little to the FOMC minutes release, holding onto early session gains as sentiment was buoyed by strong results out of the retail sector. The DJIA ended the session +0.93% higher at 26,202.73 points, strength across consumer stocks (+1.83%) led all components of the S&P 500 higher as the bourse added +0.82% to 2,924.43 points, while the Nasdaq Composite firmed +0.90% to 8,020.207 points. G10 currencies held range-bound as the greenback inched modestly higher (DXY +0.1%). The majority of price action was seen against the pound as ‘no-deal’ Brexit headlines saw GBP/USD off -0.38%, while the safe-haven yen also lost ground (USD/JPY +0.35%). In Brexit news, an official in French

President Emmanuel Macron's office said that the government now expects the U.K. to leave the European Union without a withdrawal agreement at the end of October. Treasury yields ticked higher amid the risk on tone, seeing the two-year add 6bp to 1.575% after a late post-FOMC minutes rally, while the 10-year firmed 4bps to 1.59% after touching a 1.545% low post minutes release. On the data front, existing home sales in the U.S. increased +2.5% MoM during July (exp: +2.5%) to an annualised rate of 5.42 million. The headline figure was driven by a +8.3% gain in the West, while the Midwest (+1.6%) and the South (+1.8%) recorded gains and the Northeast fell -2.9%. Stocks across Europe finished higher on Wednesday heading into the FOMC minutes release, led by gains to autos after it was reported that a merger between Renault and Fiat Chrysler remains on the cards. The Stoxx Europe 600 ended the session +1.21% higher at 375.80 points, the German Dax jumped +1.30% to 11,802.85 points and in the U.K. the FTSE 100 shrugged of Brexit headlines to finish +1.11% higher at 7,203.97 points.

PRECIOUS

A session of consolidation for gold during Asian hours today, broadly holding support around USD \$1,500 as participants digested the overnight FOMC minutes release. Price action was generally range-bound throughout the session, however the metal skewed to the downside in search of supportive bids during the afternoon, briefly moving underneath USD \$1,500, while interest around the figure kept pricing buoyant. Fund inflows remain firm as participants look to pick up the metal on pullbacks, however this doesn't rule out a test toward the firm support at USD \$1,475 - \$1,480 should fast money exit long positions on a move through the recent support around USD \$1,492 - \$1,495. The FOMC minutes reiterated the Fed's willingness to act as appropriate and arguably both the domestic and international climates have deteriorated since the July 30 - 31 meeting, underpinning the calls for further cuts over the near-to-medium term. This should provide further broad support across the precious complex over the medium term, with the bull trend likely to remain intact and see gold consolidate for a test toward USD \$1,600. Across the remainder of the precious, silver followed gold lower although remained buoyant above USD \$17, while platinum continues to oscillate around USD \$850 and palladium trades heavily following the recent test toward USD \$1,500.

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