



MKS PAMP  
GROUP

## Daily Asia Wrap - 23rd October 2019



Range Asian Hours  
(from Globex open)

|      | GOLD       | SILVER   | PLATINUM | PALLADIUM |
|------|------------|----------|----------|-----------|
| OPEN | 1488.30/50 | 17.55/57 | 891/93   | 1755/58   |
| HIGH | 1491.30/50 | 17.57/59 | 893/95   | 1758/61   |
| LOW  | 1487.70/90 | 17.50/52 | 889/91   | 1749/52   |
| LAST | 1491.00/20 | 17.55/57 | 893/95   | 1758/61   |

### MARKETS/MACRO

Stocks in the U.S. finished in the red on Tuesday as optimism over U.S. – China trade discussions was outweighed by Brexit concerns and mixed corporate earnings. The DJIA finished the session -0.15% lower at 26,788.10 points, heavy trade to technology stocks (-1.37%) dragged the S&P 500 lower as the bourse finished down -0.36% at 2,995.99 points, while the Nasdaq Composite sunk -0.72% to 8,104.297 points. The greenback finished firmer amid whippy trade on Tuesday (DXY +0.22%), receiving a boost late in pricing against the pound on the back of Brexit headlines (GBP/USD -0.74%), while softer against the yen (USD/JPY -0.20%). On the data front, the Richmond Fed manufacturing index rebounded strongly during October, jumping to 8 (exp: -7) from -9 previously as employment and wage growth underpinned the headline print. Existing home sales in the U.S. retracted during September, falling -2.2% MoM (exp: -0.7%) from a +1.5% increase the month prior. The decline was largely attributed to constrained inventory and despite the fall sales were +3.9% higher compared to a year ago. With regards to U.S. – China trade talks, President Trump commented that “the deal with

China is coming along very well. They have to make a deal because their supply chain is going down the tubes.” U.S. trade Rep. Robert Lighthizer said that the administration aims to wrap up phase one of its talks before the Asia-Pacific Economic Cooperation meetings in Chile starting November 16. In political news, U.K. Prime Minister Boris Johnson had a mixed day as U.K. Parliament voted to advance his Brexit deal, however rejected his rapid timetable to have the Brexit legislation approved.

#### **PRECIOUS**

A tight range-bound session across the precious complex in Asia today as market participants considered the positive U.S. – China developments against a backdrop of Brexit uncertainty. Gold held firm within the middle of the recent USD \$1,480 - \$1,500 band, skewed modestly to the top-side, however lacking any significant price drivers. Japan returned from leave mildly on the offer to see the session low of USD \$1,487.70 printed, although the tone soon changed once China opened, underpinning pricing back toward USD \$1,490 while holding an on-shore premium toward USD \$5 amid muted interest. As trade relations between the U.S. and China continue to be viewed in a positive light, it is difficult to see bullion pushing back above USD \$1,500 over the near term without a risk event such as Brexit or a significant earnings miss spooking participants. Vols continue to soften, notably at the front end as 1m tests 12 and 1y eases underneath 14. That being said, gold has held resiliently underneath USD \$1,500 recently and while length has lightened somewhat, there still remains firm interest across the precious in general. Once again, we look to broad support around USD \$1,475 - \$1,480 to hold, while offers through USD \$1,495 – \$1,500 keep top-side gains in check for now. Data today includes U.S. MBA mortgage applications, the U.S. monthly budget statement, U.S. FHFA house price index and eurozone consumer confidence.

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