



MKS PAMP
GROUP

Daily Asia Wrap - 24th October 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1491.60/00	17.55/57	915/18	1743/46
HIGH	1493.50/90	17.56/58	923/26	1752/55
LOW	1490.80/20	17.51/53	915/18	1743/46
LAST	1492.90/30	17.56/58	922/25	1752/55

MARKETS/MACRO

Risk finished the session stronger across the board as corporate earnings out from the US continue to dispel concerns that global and domestic growth are taking a sharp turn for the worse. This coupled with progress we have seen between China and the US on trade and Brexit helped the S&P500 close back above the 3000 level. In the end the S&P rose +0.28% to 3,004.52, the Dow Jones inclined +0.17% to 26,833.95 and the Nasdaq Composite added +0.19% to 8,119.79. Across the Atlantic, moves for equities were also generally positive, the FTSE100 up +0.67%, DAX +0.34%, while the CAC40 eased -0.08%. In FX, it was a very quiet session with little to report on. EURUSD opened the day on the lows at 1.1107 but then reversed, grinding higher to 1.1140 in the afternoon. Weaker than expected wholesale trade data out of Canada was the only notable data print but had no impact – USDCAD sold off about 25 pips through the day to a low of 1.3073. Cable mirrored EURUSD, up late in the day to 1.2921 in the absence of any major Brexit headlines. The rest of the G10 were rangebound with light interest and flow.

The ECB's policy meeting will be in focus overnight, but the market doesn't expect much

action following last month's easing package. Last month the ECB cut the deposit rate to -0.5%, extended the term lending program, tiered reserves to mitigate costs on financial participants, and reintroduced open-ended quantitative easing of EUR20 billion a month, but it is clear that the ECB is coming up against the limits of monetary policy effectiveness. This ECB policy meeting will be the last one under the presidency of Mario Draghi, before Christine Lagarde replaces him. Draghi has been credited for preventing a break-up of the euro, but leaves behind a divided Governing Council.

The Brexit battle looks like it will drag on, with EU officials looking ready to grant the UK a three-month extension to the Brexit deadline, to 31 January 2020, although the length of the extension is still under discussion. The UK government will not meet its current timetable of leaving the EU on 31 October, and an extension appears likely. In the meantime, Brexit uncertainty will keep weighing on UK business investment and activity.

PRECIOUS

Gold prices continued to quietly inch higher yesterday in line with softer yields and the continued unknown of Brexit. The metal tracked a small \$2 range throughout much of Asia (\$1488-1490) gaining some upward momentum from retail buyers and ETF demand during the early European hours. The metal trudged up towards \$1495 before dipping off back to \$1490 a few hours later. Flows were modest in line with most other markets, with investors eyeing tonight's ECB and next weeks FOMC to garner a better picture of future direction. There was a pop to the o/n highs right around the NYK open, but again we saw stubborn supply on the move towards \$1500 which has been an ongoing theme over the past weeks. Silver too remains stuck in a range, unsure of which direction to take next. Platinum was the outperformer overnight, playing catch up to its stable mate palladium, which in turn was lower. Platinum smashed through \$900 at the NY open and continued almost in a straight line to just short of \$920, holding the gains for the remainder of the session and closing just off the peak – an impressive intra-day performance from the lagging metal.

A very slow day in Asia today, gold tracking a narrow \$2.50 range thus far on light volumes. There was some small demand from SE Asian names early in the session, but it was enough to ramp the price up a few dollars higher. It eased shortly after only to be gradually bid up following the SGE open to the highs of the day. Not a great deal to report from there, the metal tracking sideways between \$1492-93. Silver was equally docile today, while platinum has not given up any ground and in fact has continued to inch higher throughout the day along with Pd. On the data calendar the ECB rate decision and accompanying address will be closely watched today although little is expected to occur. Also look out for Euro Zone manufacturing, services and composite PMI's, as well as US durable goods orders, jobless claims, new home sales and their own manufacturing, services and composite PMI's. Have a good day ahead.

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