



MKS PAMP
GROUP

Daily Asia Wrap - 24th September 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1522.10/50	18.59/61	958/60	1652/56
HIGH	1523.40/80	18.73/75	962/64	1663/67
LOW	1519.30/70	18.53/55	951/53	1651/55
LAST	1519.70/10	18.55/57	952/54	1651/55

MARKETS/MACRO

Risk was on the back foot yesterday following some poor economic data out of Europe and the ongoing uncertainty of trade risks. Europe, posted some abysmal manufacturing numbers overnight with almost no silver lining in the details. Germany's manufacturing PMI fell to 41.4 in September from 43.5 a month early – lowest print in 10 years – and the Eurozone net manufacturing PMI retreated to 45.6 from 47.0 – worst in 7 years – after economists had forecast a rise to 47.3. European stock markets were slammed as a result, the DAX relinquishing -1.01% to 12,342.33, the FTSE100 slipping -0.26% to 7,326.08, the CAC40 retreating -1.05% to 5,630.76 and Euro Stoxx 600 zone index diving -0.8% to 389.80. The poor trade numbers provided fresh motivation to re-sell the EUR as well, the currency falling back below 1.10 vs the USD after trading around 1.1025 pre data. EURUSD traded to a low of 1.0966, managing a modest recovery throughout the US hours although it still closed beneath the psychological 1.10 mark.

In the US it was a calmer affair, equities opened lower with the DOW down -100 points just a few minutes into the session. As European traders wound up their day though, the major indices began to recover. In the end we closed narrowly mixed – the DOW up +0.06% to 26,949.99, the S&P500 mostly flat down -0.29 of a point to 2,991.78 and the Nasdaq Composite eased -0.06% to 8,112.461. Earnings

season is just around the corner and will be the primary focus over the next few weeks along with trade developments. Elsewhere, US treasury yields ticked lower again with the 10y sliding -5bps to 1.71% and the 2y down just under -1bp to 1.68%. Crude oil continues to tick back up the longer it takes Saudi Arabia to get production back on line, with their 'end of month' pledge beginning to look increasingly ambitious – WTI closed at \$58.64 a barrel.

PRECIOUS

The precious sector was buoyed overnight by the weak European data and sliding treasury yields. The complex was led by silver (+3.8%) which charged higher in impressive fashion. After the grey metal traded strongly into the NY close last Friday, managing to close just shy of \$18.00, the demand continued during Asia's Monday trade. It held well beneath \$18 over the opening few hours of the morning, but as soon as China came in they were aggressive buyers. We pushed through the psychological \$18.00 level shortly after and saw a number of macro, retail and ETF buyers emerge. Spot ran swiftly up to \$18.35 almost unabated, before settling into a \$18.25-35 range for the remainder of Asia. London traders were surprisingly friendly to the metal once they joined in and we pushed through \$18.40. A third wave of buying came around the NYK open, the metal charged up to an \$18.70 peak and closed just off that at \$18.65. Importantly, the silver has broken back through the uptrend line dating back to mid July which currently cuts in at \$18.39. We have traded below the trend for the prior week, but a move through and hold above this could lead to a potential test of \$19 before the weekend. The XAUXAG ratio shot lower again following the moves, yet is still sitting well above the recent 79.11 low (81.51 overnight close). Gold was dragged along for the ride yesterday, opening more or less on the lows and jolting higher with silver from \$1511 to \$1519.50 during Asia. The metal hit a peak of \$1526.40 during NYK and closed at \$1522. PGM's closed firmer on the day too, with palladium higher on the back of increased tightness and borrowing - particularly out of China.

In contrast to yesterday there was a bit of profit taking around from retail and fast money type accounts today. This however did not stop silver from continuing its strong run initially. The grey metal remained fairly flat after the open between \$18.62-66, but took off following the Tocom open jumping a further \$0.10 to a high of \$18.73. It held there for a period before Chinese traders smashed it lower. As it fell COMEX offers began to mount and the descent sped up, Ag falling to an \$18.55 low fairly rapidly and never really bouncing back. Gold has also dwindled today, opening and immediately edging lower despite the initial rise of silver. We have seen decent support however around \$1520 and so far, holding 3 times. In other markets G10 FX has remained stable, equity markets are in positive territory and crude oil has retraced around -0.5%. Ahead today on the data calendar look out for German IFO prints, US Richmond Fed manufacturing index and US consumer confidence. All the best and good day ahead.

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