



MKS PAMP  
GROUP

## Daily Asia Wrap - 26th July 2019



Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1414.60/80	16.42/44	867/69	1532/34
HIGH	1417.10/30	16.45/47	868/70	1534/36
LOW	1413.70/90	16.33/35	863/65	1524/26
LAST	1416.50/70	16.37/39	865/67	1526/28

### MARKETS/MACRO

European Central Bank President Mario Draghi has paved the way for renewed monetary stimulus within the region on Thursday, indicating the central bank is willing to cut rates and begin a fresh round of asset purchases should they be required. President Draghi did note however at the post ECB meeting press conference, that further stimulus measures did not have unanimous support and that there was no commitment to a strategy review. While the central bank kept rates on hold at the July meeting, many participants are now eyeing September for a rate cut, with a further cut earmarked for December. The euro saw high volatility around the meeting and subsequent press conference, sold off toward 1.11, before sharply paring declines to touch a 1.1188 session high, however ultimately offered once more to finish mid-range. Currency majors finished marginally softer relative to the dollar (DXY +0.12%) amid whipsaw pricing, largely firmer against the safe-haven yen (USD/JPY +0.46%), while the pound (GBP/USD - 0.23%) pared the majority of previous session gains. Equities in the U.S. traded under pressure on Thursday, weighed down by softer than expected earnings results. The DJIA

finished the session down -0.47% to 27,140.98 points, weakness to energy stocks (-1.16%) led each of the 11 components of the S&P 500 lower to see the bourse off -0.53% at 3,003.67 points, while the Nasdaq Composite gave back -1.00% to 8,238.543 points. On the data front, durable goods orders in the U.S. firmed +2.0% MoM during June (exp: +0.7%) from a -2.3% fall the month prior, while goods ex-transportation gained +1.2% MoM (exp: +0.2%) from +0.5% previously. The closely watched capital goods orders (non-defence, ex-air) advanced +1.9% MoM (exp: +0.2%) from +0.3% previously, the largest monthly gain in almost 18-months. Initial jobless claims in the U.S. fell 10,000 to 206,000 during the week ended July 20 (exp: 218,000). The print marked the lowest figure in more than three-months and saw the four-week moving average ease 5,750 to 213,00. European stocks finished in the red on Thursday despite the ECB's indications of easier monetary policy. A lack of detail on the part of the central bank saw investor's trade cautiously, while disappointing German business sentiment data also weighed upon markets. The Europe Stoxx 600 closed -0.56% down at 389.52 points, the German Dax fell -1.28% to 12,362.10 points, while in London the FTSE 100 slipped -0.17% to 7,489.05 points.

#### **PRECIOUS**

Gold saw a modest bid tone during Asian trade today, attempting to base toward USD \$1,415 following the overnight test underneath the figure. Early session offers saw a USD \$1,413.70 session low printed amid illiquid conditions, while interest out of Tokyo and to a greater extent China saw the metal back toward USD \$1,418 as the on-shore premium held above USD \$12 over London spot. The lack of clarity out of the ECB overnight looks to have spooked a few participants leading into the FOMC meeting, once again seeing bullion offered toward USD \$1,430, while gold ETF's once again saw outflows on Thursday, registering around 186k of redemptions to mark the largest single-session decrease since early May. The XAU:XAG ratio has bounced off the 200 DMA (86.02) and now sits around 86.33. At current levels we may see a further unwinding of positioning as participants look to square gold shorts/silver longs. Interest in gold should remain around USD \$1,410 with extension toward USD \$1,400, while top-side offers at USD \$1,430 continues to cap gains. Silver once again held support around USD \$16.33 (third time) and looks to be basing around this level following the retracement from the overnight fresh cycle high of USD \$16.65. Data today includes U.S. GDP and core PCE.

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