



MKS PAMP  
GROUP

## Daily Asia Wrap - 27th August 2019



Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1527.00/20	17.66/68	856/58	1479/82
HIGH	1534.20/40	17.77/79	859/61	1480/83
LOW	1525.40/60	17.62/64	855/57	1476/79
LAST	1533.10/30	17.75/77	859/61	1477/80

### MARKETS/MACRO

Stocks in the U.S. rebounded on Monday on optimism that the U.S. and China may soon return to the negotiating table. At a press conference in following the G7 meeting in France, President Trump said that he believes China wants to make a trade deal “very badly” and said the U.S. had gotten two “very good calls” from Beijing. The DJIA finished the session +1.05% higher at 25,898.83 points, strength across technology (+1.39%) and consumer stocks (+1.13%) supported the S&P 500 +1.10% higher to 2,878.38 points, while the Nasdaq Composite jumped +1.32% to 7,853.734 points. Currency majors saw volatile pricing on Monday, with weekend trade headlines driving a flight to safety during Asian hours, before the dollar regained the ascendancy. The yen found favor on the Asian open to take USD/JPY to a 104.476 low, however the pair moved steadily higher over the remainder of the session, finishing above 106.00 for a +0.75% gain. The DXY index ended the session +0.54% higher, also firmer against the euro (EUR/USD - 0.38%) and the pound (GBP/USD -0.43%). Treasury yields in the U.S. finished higher on Monday, reversing early session weakness as optimism over trade negotiations between

the U.S. and China grew. The two-year ended 3bps higher at 1.558%, while the 10-year added 2bps to 1.545% after touching an early Asian low of 1.44%, the softest print since 2016. On the data front, durable goods orders in the U.S. increased +2.1% MoM (exp: +1.2%) during July, marking the second consecutive monthly gain. The positive result was however led by the transportation component, as aircraft orders surged 47.8% to see the orders (ex-transport) print fall -0.4% MoM (exp: flat). The closely watched orders for non-defense (ex-air) capital goods increased +0.4% MoM (exp: flat) during July, from a downwardly revised +0.9% during June (prev: +1.5%). The Chicago Fed National activity index slowed during July, falling to -0.36 (exp: flat), while the three-month moving average eased to -0.19 from -0.15 previously. The Dallas Fed manufacturing index ticked up to +2.7 (exp: -4.0) from -6.3 previously.

#### **PRECIOUS**

Muted price action across the precious complex during Asian trade today, as a lack of headlines kept participants on the sidelines for the time being. Gold spent the majority of the session attempting to consolidate above USD \$1,530, however offers sitting broadly around the level kept the metal in check for most of the session as regional equities found favour amid a mild risk-on environment. The greenback skewed modestly lower to underpin a mild bid tone and keep price action buoyant within a narrow range, as gold continued to find interest on dips toward USD \$1,525, while late afternoon demand out of London took gold above USD \$1,530 following their holiday yesterday. Price action remains headline driven and is likely to dictate a move outside of the recent USD \$1,525 - \$1,535 range over the near-term. Silver pricing remained firm today after the grey metal held onto the majority of Monday's early session gains. Supportive interest toward USD \$17.60 restricted any declines during Asian trade, while a late afternoon run higher saw the previous session high briefly broken as London filtered in on the bid. Data releases today include German GDP, U.S> house prices and the Richmond Fed manufacturing index.

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