



MKS PAMP
GROUP

Europe/US Market Update - 28th August 2019



Europe/US Markets (from Globex open)

27-Aug-19	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
OPEN	1531.80	1532.30	17.7200	17.7400	859.00	862.00	1478.00	1481.00
HIGH	1544.70	1545.20	18.2125	18.2325	869.50	872.50	1489.00	1492.00
LOW	1528.50	1529.00	17.6950	17.7150	855.50	858.50	1477.50	1480.50
CLOSE	1542.60	1543.10	18.1850	18.2050	865.50	868.50	1480.00	1483.00
EFP	9.50	9.60	-0.0350	-0.0250	2.00	3.00	-13.00	-5.00
LBMA Prices	AM	PM	17.725		AM	PM	AM	PM
	1531.85	1532.95			856.00	861.00	1478.00	1484.00
Active Contract	GCZ9 Comdty		SIU9 Comdty		PLV9 Comdty		PAU9 Comdty	

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MACRO

- Equity markets retreated on fears a recession is looming as the yield curve inversion (2y x 10y) deepened and there was no positive news flow on the trade front.
- The Dow gave up -120.93 pts (-0.47%) to 25,777.90, the S&P500 lost -9.22 pts (-0.32%) to 2,869.16 and the Nasdaq Composite relinquished -26.79 pts (-0.34%) to 7,826.95.
- European equities closed on more positive footing: Euro Stoxx 600 advanced +2.34 pts (+0.63%) to 373.62, DAX closed up +71.98 pts (+0.62%) to 11,730.02, CAC40 rallied 36 pts (+0.67%) to 5,387.09, while the FTSE100 wallowed down -0.5 pts (-0.02%) to 7,089.58.
- The US 10y yield fell to 1.47%, while the 2y yield closed down slightly at 1.52%, the inversion which often represents a coming recession spooking investors. Meanwhile the US 30y yield traded to an all time low of 1.97% as Chinese officials questioned statements by President Donald Trump about trade discussions between the two countries, calling President Trump's credibility into question.

- Oil markets rallied, with the WTI up 3.73% to \$55.64/bbl, after President Trump made it clear he is not ready to discuss removing sanctions on Iran which would free up the oil supply.
- US consumer confidence waned in August to 135.1 pts but still beat expectations. Consumers were optimistic about the present situation with this part of the index lifting to its highest levels since late 2000, but this was offset by weaker expectations on the outlook for economic conditions.
- Germany's economy shrank -0.1% in Q2, as official GDP data confirmed market expectations. Household and government spending lifted by +0.1% and +0.5% on the previous quarter but trade data was weak. Exports fell -1.3% while imports eased -0.3%. There is now an increased risk of a further contraction in Q3 which would trigger a technical recession. Despite its economic woes Germany still posted a budget surplus of EUR 45.3bn.
- Loan approval rates in the UK for July were at their highest level in 2.5 years. Approvals in July were up 10.6% y/y leading to speculation that consumers want to secure homes before Brexit. It remains to be seen if this trend will persist when a wider Bank of England survey is released on Friday.

PRECIOUS

- Confusion regarding the US-China trade talks saw investors continue to pile into safe-haven assets, helping gold to close at a fresh 6 year high (\$1542.75) Tuesday.
- It was a much calmer start to the day in Asia when compared to Monday. Gold opened at \$1527.50 and tracked sideways over the first few hours. It briefly ticked down to the session lows right on the Shanghai open (\$1526.00), but bounced back swiftly to resume a \$1527.00-1528.50 range into the Asia afternoon.
- It ticked through \$1530.00 in late Asia and held between \$1530-1535 throughout much of Europe, although as the 2y10y inversion began to deepen, more buyers were prevalent and the metal continued through \$1540 and closed above that level.
- Silver was the out-performer on the day rallying +3.0% from \$17.65 to close at \$18.19. Aggressive stops were triggered through Monday's high of \$17.75 to shoot the metal through \$18.00. A second bout of stops were tripped in the \$18.00-05 area prompted the white metal to trade as high as \$18.21. Volumes were huge for silver futures with private banks notable buyers on the day.
- PGM's had a calmer session than their counterparts, platinum quietly pushing higher throughout the session to the tune of about \$10, while palladium flitted between \$1475-1485 and closed the session unchanged at \$1480.

PRE-ASIA COMMENTS

- Gold pushed higher initially this morning but ran into some decent intra-day resistance around \$1545 which capped proceedings.
- Silver continued the positive vibes this morning extending the overnight gains and testing \$18.35. Both gold and silver have reversed sharply however since, as US yields have been well bid. Last gold is \$1534, while silver has retreated to \$18.10 on heavy volumes.
- Data releases today include: Italian consumer confidence, German consumer confidence and US MBA mortgage applications.

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