



MKS PAMP  
GROUP

## Daily Asia Wrap - 2nd July 2019



Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1383.30/50	15.14/16	832/34	1546/49
HIGH	1392.40/60	15.19/21	835/37	1549/52
LOW	1383.20/40	15.13/15	830/32	1544/47
LAST	1391.00/20	15.18/20	835/37	1547/50

### MARKETS/MACRO

Trade developments at the weekend G20 meeting buoyed equities in the U.S. on Monday, propelling the S&P 500 to both a fresh intra-session all-time record high and a closing all-time record high. The bourse saw strength across technology (+1.45%) and financials (+1.14%) to finish +0.77% higher at 2,964.33 points, while the DJIA added +0.44% to 26,717.43 points and the Nasdaq Composite outpaced to finish +1.06% higher at 8,091.164 points. On the data front, the Markit U.S. manufacturing PMI (final) firmed to 50.6 (exp: 50.1) from a 50.5 read during May. Supporting the headline figure was an increase in new business, however the rate of job creation eased further to mark the lowest level since August 2016. The ISM U.S. manufacturing gauge outpaced expectations to print 51.7 (exp: 51.0) as employment underpinned the headline figure. The greenback firmed (DXY +0.55%) on the weekend trade news and positive data releases, notably booking gains against the yen (USD/JPY +0.48%) and the euro (EUR/USD -0.65%). Treasury yields saw volatile moves on Monday, retracing from early session highs into U.S. trade, only to firm once again in New York. The 10-year finished

around 2bp higher at 2.025%, while the two-year added 3bps to 1.78%.

## **PRECIOUS**

While the U.S. and China have agreed to a ceasefire of sorts, news hit the wires this morning of a potential increase in the goods the U.S. may target with tariffs out of Europe. The U.S. Trade Representatives office said it was adding 89 tariff sub-categories to its initial list in response to public comments but gave no further explanation. The headlines gave gold a boost in early Asian trade, adding USD \$6 to test a break above USD \$1,390, before trailing off towards the Chinese open. Shanghai were firmly on the bid across the opening 30min as USD/CNH turned lower and the on-shore premium pushed toward USD \$13 over London gold. The greenback reversed the early session declines in China following the CNY fixing, however this did little to stymie interest and bullion moved through USD \$1,390 in late afternoon flows. Supportive price action should be evident toward USD \$1,380 - \$1,375, the extension through to USD \$1,360 likely to provide entry levels for fresh bullish positioning. It is worth noting that we are again seeing inflows into ETF's following the decline below USD \$1,400, and you could argue the bullish set-up has yet to be properly tested. Data releases today include German retail sales, U.K. house prices and Eurozone PPI.

---

*Although the information in this report has been obtained from and is based upon sources MKS believes to be reliable, we do not guarantee its accuracy and it may be incomplete or condensed. All opinions and estimates constitute MKS' judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as investment advice, offer or solicitation for the purchase or sale of an investment. This report does not consider or take into account the investment objectives or financial situation of a particular party.*