



MKS PAMP  
GROUP

## Europe/US Market Update - 2nd September 2019



### Europe/US Markets (from Globex open)

30-Aug-19	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
OPEN	1529.80	1530.30	18.3475	18.3675	923.00	926.00	1486.50	1489.50
HIGH	1533.20	1533.70	18.4775	18.4975	940.50	943.50	1547.00	1550.00
LOW	1517.10	1517.60	18.1700	18.1900	922.00	925.00	1485.00	1488.00
CLOSE	1520.50	1521.00	18.3400	18.3600	931.50	934.50	1533.00	1536.00
EFP	9.05	9.15	-0.0350	-0.0250	2.00	3.00	-13.00	-5.00
LBMA Prices	AM	PM			AM	PM	AM	PM
	1526.55	1528.40	18.385		935.00	939.00	1500.00	1542.00
Active Contract	GCZ9 Comdty		SIU9 Comdty		PLV9 Comdty		PAU9 Comdty	

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### MACRO

- Financial markets took data flow in their stride on Friday, with things a little quieter on the trade war front.
- US equities were narrowly mixed - the Dow +0.16% to 26,403.28, S&P 500 +0.06% to 2,926.46 and Nasdaq Composite dipped -0.13% to 7,962.88.
- European equities rounded out the week on positive footing - FTSE100 +0.32% to 7,207.18, DAX +0.85% to 11,939.28, CAC40 +0.56% to 5,480.48 and Euro Stoxx 600 +0.73% to 379.48.
- US 10y yields closed fairly flat at 1.497%, while US 2y's dipped -2bps to 1.504%.
- The USD strengthened on the day, the DXY advancing +0.4% to 98.80, EURUSD -0.6% to 1.0988, GBPUSD -0.2% to 1.2160 and JPY firmer with USDJPY -0.21% to 106.32.
- A range of US economic data reaffirmed the profile of moderate below target inflation and ongoing robust consumption growth. Personal spending rose +0.6% m/m in July, indicating a brisk start to Q3. Meanwhile, inflation remained below target but passed its low earlier this

year. The July PCE deflator rose 0.2% m/m at both the headline and core measures. That left the annual rates at 1.4% and 1.6% respectively.

- Euro area core inflation was 0.9% y/y in August, having been stuck near 1% since 2013. The headline rate was in line at 1.0% y/y. Meanwhile, the labour market remained robust, with the unemployment rate unchanged at 7.5% in July, close to pre-GFC lows.
- China official PMI activity data showed signs of stability in August. The non-manufacturing PMI ticked up slightly to 53.8 but the manufacturing sector read remains in contractionary territory, dipping to 49.5.

#### **PRECIOUS**

- Gold was choppy yet range-bound Friday, dipping initially once China entered, hitting a high during early London and then trading lower later in NYK as the dollar began to run higher.
- Palladium was the star performer on the day, with chatter around the market that supply constraints could again be on the agenda, with Indonesia deciding to expedite a ban on Nickel Ore exports (of which palladium is a by-product).
- The metal punched through \$1500 during the European hours and hovered around there for a time. Once the US opened for business however it was all one-way traffic moving as high as \$1547, before easing into the close to \$1535 (+4.0% intra-day).
- Platinum also showed strength on the day although not to the same extent as its counterpart, up +1.85% on the day to \$933.
- Silver continues to hold \$18.00, but given the large reversal of the XAU/XAG ratio of late, it will be interesting to see whether the metal can continue to punch higher.

#### **PRE-ASIA COMMENTS**

- US tariffs were confirmed by President Trump to kick in over this Sunday with China retaliating accordingly.
- Gold opened much higher at \$1528.00/9.00 and continued strengthening to \$1534.00 in the opening few minutes of trade after closing at \$1521 on Friday.
- Silver followed suit aggressively rallying on the open to trade above \$18.50, after closing at \$18.35.
- Since the open and as I write both have pulled back to \$1524.50 and \$18.33 respectively.
- On the data front we have Eurozone and a host of other European manufacturing PMI's.

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