



MKS PAMP
GROUP

Daily Asia Wrap - 31st July 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1431.80/00	16.57/59	871/73	1515/17
HIGH	1431.90/10	16.58/60	879/81	1528/30
LOW	1427.70/90	16.47/49	871/73	1515/17
LAST	1431.20/40	16.52/54	878/80	1526/28

MARKETS/MACRO

Stocks in the U.S. eased on Tuesday, as mixed earnings results and uncertainty over a trade deal with China saw investor confidence soften. The DJIA finished the session -0.09% down at 27,198.02 points, heavy trade to technology (-0.70%) and consumer stocks (-0.69%) offset gains to energy stocks (+1.09%) as the S&P 500 slipped -0.26% to 3,013.18 points, while the tech-laden Nasdaq Composite fell -0.24% to 8,273.613 points. The greenback finished the session little changed against majors leading into Wednesday's FOMC decision. Both the British pound (-0.55%) and the Australian dollar (-0.41%) remained heavy, while the Japanese yen (+0.16%) firmed modestly. Treasury yields saw mixed price action, however finished the session mildly lower to see the two-year down 1bp to 1.843% and the 10-year off 1bp to 2.056%. In data releases, U.S. personal income increased in-line with expectations, firming +0.4% during June to follow a +0.4% increase previously. Personal spending rose modestly, adding +0.3% during June (exp: +0.3%) to follow an upwardly revised +0.5% increase during May. The closely watched PCE (core) index gained +0.2% MoM, lifting the annual rate to +1.6% YoY from

+1.5% previously. Pending home sales in the U.S. outpaced expectations during June, increasing +2.8% MoM (exp: +0.5%) from a +1.1% increase the month prior. The Conference Board reported consumer confidence in the U.S. spiked to 135.7 (exp: 125.0) during July, an increase of 11.4 points from the June read of 124.3 to mark the highest print since November. Stocks in Europe turned sharply offered on Tuesday on the back of heightened concerns over trade negotiations between the U.S. and China. Heavy trade across autos and financials saw the Stoxx Europe 600 down -1.47% to 385.11 points, mixed CPI data and soft earnings results added further weight to the German Dax as the bourse tanked -2.18% to 12,147.24 points, while in London, further pound weakness helped to restrict declines as the FTSE 100 finished off -0.52% to 7,646.77 points.

PRECIOUS

Mixed pricing across the precious complex during Asian hours today, as participants looked ahead to the upcoming FOMC meeting later today. Tuesday's price action saw gold move through and importantly finish above the USD \$1,430 resistance level, however the metal eased back underneath the figure in early Chinese trade today as the greenback took a leg higher. Afternoon pricing saw the metal pivot back above USD \$1,430, targeting the overnight USD \$1,433.30 high as the dollar turned offered. Aside from the FOMC meeting there remains a number of ongoing risk events to provide price direction to bullion, namely the increasing likelihood of a no-deal Brexit and a lack of progress between the U.S. and China in trade negotiations. While USD \$1,430 remains a key pivot, supportive interest sits broadly between USD \$1,415 - \$1,410, with extension to USD \$1,400. Should the FOMC surprise either via a 50bp rate cut or a more dovish tone than expected, the key top-side target for bullion remains at USD \$1,450. Silver once again tested and failed a consolidated break through USD \$16.60 on Tuesday, the fourth time the level has been tested over the past 2-weeks. Asian trade saw the grey metal extend further back from the figure, rotating underneath USD \$16.50 whereby underlying interest restricted further declines. Support for the metal sits around USD \$16.30, with extension toward USD \$16.15 - \$16.00. All eyes tonight undoubtedly on the FOMC decision and associated press conference. The market has set its sights squarely on a 25bp cut to the benchmark band, while recent positive data releases have tempered the chances of a 50bp cut, rather moving focus to the post decision commentary. Further data releases include U.K. house prices, German employment data, Eurozone employment data, Eurozone GDP, Eurozone CPI, U.S. mortgage applications, U.S. ADP employment and the MNI Chicago PMI.

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