



MKS PAMP
GROUP

Daily Asia Wrap - 4th July 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1420.30/50	15.33/35	839/41	1573/75
HIGH	1421.50/70	15.33/35	840/42	1573/75
LOW	1414.90/10	15.27/29	834/36	1559/61
LAST	1415.50/70	15.28/30	838/40	1560/63

MARKETS/MACRO

Stocks in the U.S. finished firmer in a shortened session on Wednesday as mixed employment reports created conflicting pictures of the labour market headed into Friday's Nonfarm Payrolls print. The DJIA ended the session +0.67% higher at 26,966.00 points to mark a fresh record close, while gains across consumer stocks (+1.36%) and real estate (+1.47%) helped underpin the S&P 500 to a +0.77% gain at 2,995.82 points, a third consecutive record close for the bourse. The Nasdaq Composite meanwhile added +0.75% to 8,170.23 points, also booking a fresh record closing level. The greenback ended modestly higher (DXY +0.1%) on Wednesday, seeing headline driven volatility following the nomination of Christine Lagarde to replace Mario Draghi as ECB head, while President Trump nominated both Christopher Waller and Judy Sheldon for posts on the Federal Reserve's Board of Governors. Treasury yields continued to slide on Wednesday on the potential dovish appointments to European and U.S. central banks. The 10-year fell 2.6bps to 1.952%, the lowest level since November 2016, while the two-year held relatively unchanged at 1.76% after bouncing off a 1.727% intra-session low.

On the data front, ADP reported an increase of 102k private payrolls during June (exp: 140k), following an upwardly revised 41k during May (prev: 27k). Large business added 65k jobs, midsized hired 60k, while small business shed -23k. The services sector gained 117k, however the goods producing sector fell -15k as construction declined by -18k. Initial jobless claims in the U.S printed 221k during the week ended June 29 (exp: 223k), taking the four-week moving average 500 higher to 222,250. IHS Markit reported business activity across the U.S. services sector expanded at a more pronounced pace than expected during June. The final read printed 51.5 (exp: 50.7) from 50.6 during May. The ISM June read of the services sector meanwhile didn't paint such a rosy picture, as the headline figure sunk to 55.1 (exp: 56.0) from 56.9 during May, marking the slowest pace in two-years. Factory orders in the U.S. declined -0.7% MoM during May (exp: -0.6%) from a negatively revised -1.2% (prev: -0.8%). Durable goods orders (final) for May slipped -1.3% MoM to match earlier estimates, while ex-transportation orders inched +0.4% higher (prev: +0.3%) and capital goods shipments nondefence ex-air firmed +0.6% (prev: +0.7%).

PRECIOUS

A mixed session for gold during Asian trade today, albeit within a relatively narrow range. Thin early session liquidity saw price action skew sharply to the downside as bullion slipped underneath USD \$1,420 and extended declines toward USD \$1,415 before finding supportive interest. The metal ran back up toward USD \$1,420 heading into the Tocom open, however was once again offered leading into Shanghai. Early Chinese interest and a leg lower to the greenback saw bullion back toward USD \$1,420 as the on-shore premium held around USD \$12, keeping gold buoyant around USD \$1,419. Without any real catalyst we saw gold once again test lower as European names filtered in, possibly a liquidity play, testing previous supports around USD \$1,415. Supportive interest should be broadly evident through USD \$1,415 - \$1,400, while top-side resistance sits just underneath USD \$1,440. We aren't expecting any major breakouts today on account of the U.S. being away for the fourth of July holiday, however as we saw in early European trade, the lack of liquidity could entice some participants to hunt stops.

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