



MKS PAMP
GROUP

Daily Asia Wrap - 6th August 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1463.50/70	16.39/41	855/57	1419/22
HIGH	1474.90/10	16.49/51	859/61	1435/38
LOW	1456.90/10	16.35/37	853/55	1419/22
LAST	1463.20/40	16.41/43	855/57	1427/30

MARKETS/MACRO

A ratcheting up of trade tensions sent global stocks into a tailspin on Monday, as President Trump accused China of currency manipulation as both on-shore and off-shore Yuan weakened through 7.00 against the greenback. The major U.S. bourses booked the largest single-session declines of 2019, however managed to finish off the session lows. The DJIA slumped -2.90% to 25,717.74 points, weakness across technology (-4.07%) and financials (-3.25%) led all components of the S&P 500 lower as the bourse fell -2.98% to 2,844.74 points, while the tech-laden Nasdaq Composite cratered -3.47% to 7,726.039 points. The VIX index meanwhile surged 39.64% to 24.59. The greenback remained under pressure on Monday (DXY -0.63%), notably weaker against safe-haven currencies such as the Japanese yen (USD/JPY -0.58%), however price action was generally limited to Asian hours as the G10 space held rangebound throughout European/U.S. hours. Treasury yields were once again lower on the back of the flight to safety, seeing the two-year down 14bps to 1.575%, while the 10-year also slumped 14bps to 1.71%. On the data front, the ISM U.S. non-manufacturing index declined to 53.7 during July (exp: 55.5)

from 55.1 previously. The July print marked the slowest reading since August as new orders, production and prices all declined. Conversely the Markit U.S. services PMI indicated a more robust start to the second half of 2019, as the headline figure increased to 53.0 (exp: 52.2) from 51.5 in June.

PRECIOUS

There was further volatility across the precious complex during Asian trade today, as gold ripped higher amid illiquid early pricing to print a USD \$1,474.90 high. The greenback turned sharply offered on the Asian open to underpin the firmer precious pricing, however the bid tone was soon exhausted once Tokyo opened to move back below USD \$1,470. All eyes were firmly on the yuan fix following yesterday's shock, however the PBOC set the rate underneath 7.00, firming the yuan at 6.9683 to drag USD/China lower. The fixing rate looked to have caught a few participants by surprise with spot trading firmly above 7.00, sending USD/China lower and taking gold with it. The yellow metal was sold toward USD \$1,460 whereby supportive interest was found, however a sharp move higher to USD/JPY during afternoon pricing saw the level breached to take spot to a USD \$1,456.90 low as the pair triggered stops through 106.50 (high print of 107.09). The ongoing trade dispute between the U.S. and China remains supportive to gold pricing and in addition is pressuring government yields lower to enhance the yellow metals appeal. Broad interest should remain underneath USD \$1,460, with hard support at USD \$1,450. The early Asian top around USD \$1,475 looms as the first level of resistance on the way toward USD \$1,500.

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