



MKS PAMP  
GROUP

## Daily Asia Wrap - 6th December 2019



Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1475.50/90	16.95/97	897/99	1873/76
HIGH	1476.30/70	16.96/98	899/01	1874/77
LOW	1474.70/10	16.93/95	895/97	1868/71
LAST	1474.70/10	16.93/95	896/98	1871/74

### MARKETS/MACRO

A modest session overnight, risk assets ending the day modestly higher as markets price back a bit of trade optimism following the more positive soundbites in the last 24 hours. At the Ministry of Commerce press conference yesterday, Chinese officials did reiterate that the US and China were still close to a deal, without any new information to the contrary, though overnight newswires did report that the US and China remain at odds over Chinese agricultural imports. US equities inched higher, the Dow rising +0.1% to 27,677.79, the S&P 500 ticked up +0.15% to 3,117.43 and the NASDAQ Composite crept up +0.05% to 8,570.703. In Europe, equities cooled with the FTSE100 leading the sell-off down -0.70% to 7,137.85, the DAX off -0.65% to 13,054.80, the EuroStoxx 600 relinquishing -0.13% to 402.66 and CAC40 bucking the trend and adding a modest +0.03% to 5,801.55. Crude oil prices rose as deeper production cuts by OPEC were discussed. The Joint Ministerial Monitoring Committee of OPEC+ recommended that the group reduce output by 500kb/d in 2020. Russian Energy Minister, Alexander Novak, said that all countries would be required to comply 100% with the output caps, although no decision has been made on the distribution of the additional output reduction. The committee's recommendation will now be voted on by the members later today in Vienna. Elsewhere, the yield on the US 10y note was 4bp higher at 1.80%; earlier, bunds were 2bp higher at -29.8 bps. Stock markets were flat to down.

Today's non-farm payrolls report will be important in assessing momentum in the US economy, as the strength in the labour market has been fundamental to it holding up well this year in the face of manufacturing weakness and trade uncertainty. The median expectation is looking for a rise of +184k, up from +128k in October. This is one of the highest estimates this year preceding a payrolls report. For what it's worth, November non-manufacturing jobs and initial claims over the survey week point to a stronger number than October. However, the ADP report was considerably weaker. None have a particularly strong track record though.

## PRECIOUS

Gold remained steady overnight as traders kept a close eye on trade negotiations between the US and China – with little new information surfacing. It was also quiet due to today's upcoming NFP report, which will be closely scrutinised in order to gauge the health of the US economy. Gold held in fairly well yesterday, despite some aggressive fast money supply sitting north of \$1475. The support mainly came from private banks looking for decent sized clips and Chinese banks, coming out of hiding, after the premium on SGE pushed back through the \$5 USD/oz mark. The next important topside target remains \$1485, where we expect to see some strong selling. Chinese investors were again aggressive silver buyers yesterday, helping to push the SGE premium from +\$1.15 USD/oz over spot to \$1.25USD/oz. Palladium had another textbook session (of late), opening in line with the previous close, popping higher into the China open and then being sold aggressively \$10-20 lower, then printing a fresh all-time high during NYK. \$1900 remains in the cross-hairs.

A slow day today with little to report in terms of market moves or volumes, typical in Asia during a pre-NFP session. Gold opened around \$1475.50 and didn't traverse too far from there for the rest of the day. Silver flatlined and the PGM's remained mostly flat also, palladium gently dipping off this afternoon on light volume. Ahead today the focus will of course be US employment data, however we also have German Industrial production, Italian retail sales and US wholesale inventories and Uni of Michigan sentiment. Have a good weekend.

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