



MKS PAMP
GROUP

Daily Asia Wrap - 8th July 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1399.00/40	14.99/01	810/12	1567/69
HIGH	1405.60/00	15.05/07	813/15	1568/71
LOW	1392.80/20	14.95/97	807/09	1563/66
LAST	1403.50/90	15.04/06	813/15	1564/67

MARKETS/MACRO

Stocks in the U.S. finished with modest declines on Friday following the firmer than expected NFP print. The DJIA slipped -0.16% to finish at 26,922.12 points, weakness across health care (-0.73%) and real estate (-0.57%) saw the S&P 500 end -0.18%, while the Nasdaq Composite eased -0.10% to 8,161.791 points. The headline nonfarm payroll figure showed the U.S. added a robust 224,000 jobs during June (exp: 160k) to follow a modestly revised 72k during May (prev: 75k). The unemployment rate edged higher to 3.7% (exp: 3.6%) from 3.6% previously, driven by an increase in the number of people entering the labor force, while the U-6 measure of underemployment ticked higher to 7.2% from 7.1% previously. Wages meanwhile increased +0.2% MoM (exp: +0.3%), while on an annualized basis held at +3.1% YoY (exp: +3.2%). The greenback ripped higher post-jobs report (DXY +0.55%), however the chances of a rate cut by the Fed in July still sits toward 100% (market expectations). The euro finished the session down -0.6% to test a break underneath 1.12, while the yen also declined -0.6% as the dollar moved back above 108.00. Treasury yields jumped on the back of the strong payrolls figure, with both the two-year and the 10-year adding around 10bps to 1.863% and 2.039% respectively. Stocks across Europe posted declines on Friday as German factory orders slumped -2.2% MoM during May (exp: -0.2%), down -8.6% relative to May 2018. The German Dax ended the session -0.49% lower at 12,568.53 points, the Stoxx Europe 600 fell -0.72% to 390.11 points, while in London the FTSE 100 shed

-0.66% to 7,553.14 points as major miners were hit by continued weakness in China (notably iron ore futures).

PRECIOUS

Big volatility was seen across the precious metal space on Friday, culminated by the much stronger than anticipated non-farm payrolls released during NYK. Gold was initially well bid in Asia, surging some \$9 from \$1415 to the daily high following the 4th of July holiday in the US. The market was exceptionally thin during this period yet held in rather well (\$1420+) until Japanese and Chinese players entered the picture. Some profit taking from them and macro names quickly pushed the metal lower aided by rising US yields and slightly stronger dollar. Throughout the remainder of Asia and into Europe the yellow metal held in the mid \$1410's with good volume going through in the lead up to the NFP's. The NFP's were released shortly after the US open and caught a great many market participants off guard, coming in at +224k vs a predicted +160k. US rates surged as result (10y from 1.975% to 2.06%) and gold plunged from \$1413.5 to \$1395 in a matter of moments and then after a brief bounce to \$1405 was slammed down to the daily lows at \$1386.60. Some bargain hunting came in in the final few hours and the metal recovered to trade back to \$1400 – closing out the session there -0.5% on the week. ETF holdings and CFTC non-commercial positioning for gold still depicts a market with a fair amount of speculative length in place, despite solid chunks of macro selling seen last week. Should the price drop lower, it may become more difficult for longs to stay put and could fuel a sharper retracement back toward \$1350 area. We are still bullish medium term here, but think perhaps a flush out to the downside or just some work around \$1400 may be required before pushing higher again. Silver was sold off following the NFP's falling from \$15.30 to \$14.90 and recovering to \$15.00 by session close and platinum failed again in the \$830-840 zone, selling off to \$810.

It was a quieter day in Asia today in terms of price action today, gold opening at \$1399 and after pushing to \$1401, sharply fell to the days low of \$1393. When the US treasury market opened yields slowly edged lower which prompted a very gradual recovery for the yellow metal over the course of the morning and into the afternoon. Demand has started to pick up later this afternoon and gold is currently trading towards \$1405. Silver is a touch higher on the day as is platinum, while so far palladium has eased marginally. In other markets, equities are softer at time of writing the Nikkei -1.05%, Hang Seng -1.85%, Shanghai Composite -2.55% and ASX200 -1.1%. The dollar is touch weaker against its G10 counterparts, while both Brent and WTI crude are flat. It is a quiet day ahead in terms of data with German IP and trade balance the only points of note. Have a good day ahead.

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