



MKS PAMP
GROUP

Daily Asia Wrap - 9th October 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1506.60/80	17.74/76	889/91	1672/75
HIGH	1509.30/50	17.78/80	892/94	1675/78
LOW	1504.10/30	17.67/69	888/90	1671/74
LAST	1506.00/20	17.75/77	892/94	1671/74

MARKETS/MACRO

An escalation in trade tensions between the U.S. and China drove stocks lower on Tuesday, with doubts over any meaningful agreement at this week's meetings weighing upon sentiment. The headlines overshadowed comments made by Federal Reserve Chairman Jerome Powell on Tuesday afternoon, in which he noted that the Fed intends to expand its balance sheet by purchasing short-term U.S. government debt, however he said this move "should in no way be confused" with large-scale asset purchases or quantitative easing. Further U.S. – China headlines came from Bloomberg, reporting that the Trump administration is moving ahead with discussions aimed at restricting capital flows into China, particularly from U.S. pension funds. The DJIA sunk -1.19% to end the session at 26,164.04 points, while weakness across financials (-2.02%) and healthcare stocks (-1.83%) led all components of the S&P 500 lower as the bourse slumped -1.56% to 2,893.06 points. In currency majors, the greenback reversed early session weakness to finish firmer (DXY +0.15%), however eased against the safe-haven yen (USD/JPY - 0.22%). The euro reversed early gains to settle -0.15% lower (EUR/USD -0.15%), while

the pound sunk on Brexit headlines (GBP/USD -0.64%). Treasury yields tracked lower following Powell's speech, seeing the two-year off 4.2bps to 1.423%, while the 10-year eased 3bps to 1.53%. In data release, U.S. PPI fell -0.3% MoM during September (exp: +0.1%) to mark the steepest decline since January this year, while on an annualised basis prices fell to +1.4% YoY from +1.8% previously. Core prices held flat MoM during September (prev: +0.4%) and +1.7% YoY (prev: +1.9%). In Brexit news, the U.K. and the European Union remain some distance away from reaching an agreement with just three weeks to go before the October 31 deadline. In a statement released from the U.K. Prime Minister's office following a call from German Chancellor Angela Merkel, Downing Street said Ms Merkel told Mr Johnson that a deal was "overwhelmingly unlikely" unless the U.K. agreed to allow Northern Ireland to continue to follow EU customs rules in order to maintain an open border with EU member Ireland. Markets in Europe were sold lower on the back of both U.S. – China trade concerns and Brexit developments. The Stoxx Europe 600 slumped -1.10% to 378.71 points as construction and retail stocks plunged -1.7%, while the German Dax declined -1.05% to 11,970.20 points and in London the FTSE 100 handed back -0.76% to 7,143.15 points.

PRECIOUS

Another uninspiring session across the precious complex during Asian hours today, as metals held tight-ranges while consolidating previous session gains. Gold benefited from an early session bid tone to test toward USD \$1,510 amid thin volumes, however lacked the follow through interest to extend above the previous session high and tailed off into the Chinese open. We saw a brief move underneath USD \$1,505 into Shanghai, although the tone was soon reversed to see the yellow metal back toward opening levels as the on-shore premium ticked modestly higher toward USD \$7.50. Afternoon pricing saw a mild offered skew as the greenback halted an early Chinese session decline, however the metal failed to break out of a USD \$1,505 - \$1,507 range over the remainder of the session. Geopolitical concerns should continue to underpin prices and we see ETF's moving back into the metal following recent outflows. The psychological USD \$1,500 pivot looms as the first key support for gold, however expect to see interest extend as far as USD \$1,485. Near-term resistance sits at USD \$1,510, with hard resistance toward USD \$1,535 the key target for a resumption higher. Silver remains buoyant above USD \$17.50, however is seeing offers toward USD \$17.80 restrict gains currently, while pricing in palladium has tempered following yesterdays volatility as recent producer selling looks to have been absorbed and the metal pushes toward USD \$1,700. Data today includes U.S. wholesale inventories and the FOMC meeting minutes.

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