



MKS PAMP GROUP Asia Market Update

6th May 2019

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1280.60/80	14.92/94	870/72	1366/71
HIGH	1285.30/50	14.97/99	870/72	1366/71
LOW	1280.60/80	14.84/86	856/58	1345/50
LAST	1281.90/10	14.85/87	861/63	1350/55

MARKETS/MACRO

North Korea fired multiple projectiles on Saturday morning according to South Korea's Defence Ministry, with reports suggesting they were short-range weapons. President Trump said over the weekend that the U.S. would increase existing tariffs from 10% to 25% on USD \$200 billion worth of Chinese goods this coming Friday, while a further USD \$325 billion of untaxed goods could face duties shortly. With a Chinese delegation including Vice-Premier Liu He scheduled to arrive this week in Washington to resume trade negotiations, Trump's weekend tweets have now put the talks in jeopardy as Chinese officials consider cancelling the upcoming trip.

U.S. jobs data released on Friday outpaced expectations, as the April Nonfarm payrolls print surged to 263k (exp: 190k) to follow a modestly downwardly revised 189k (prev: 196k) during March. The unemployment rate fell to a fresh 49-year low of 3.6% (exp: 3.6%) from 3.8% previously, however the decline was likely driven in part by a fall to the participation rate, declining to 62.8% from 63.0% previously. Average hourly earnings increased +0.2% MoM (exp: +0.3%) from an upwardly revised +0.2% print the month prior (prev: +0.1%), seeing the annualised figure hold at +3.2% YoY. Wholesale inventories in the U.S. registered flat during March (exp: +0.2%) to follow a +0.1% increase previously. The April Markit U.S. services PMI sunk to 53.0 from 55.3 during March to mark the softest read since March 2017. Meanwhile the ISM non-manufacturing index slowed to 55.5 during April from a 56.1 read in March. Equity markets in the U.S. posted firm gains on Friday following the strong headline jobs data. The DJIA gained +0.75% to 26,504.95 points, strength across industrials (+1.24%) and consumer discretionary stocks (+1.40%) helped support the S&P 500 +0.96% higher to 2,945.64 points, while the Nasdaq Composite jumped +1.58% to 8,163.996 points. The greenback turned offered on Friday following the U.S. payrolls release, as participants turned focus past the headline figure to instead consider the implications of the fall in participation and earnings miss. The DXY index finished down -0.39% on the session, losing notable ground relative to the euro (EUR/USD +0.28%) and the safe-haven yen (USD/JPY -0.38%).

PRECIOUS

Weekend trade developments between the U.S. and China drove markets during Asian trade today, supporting gold higher in early flows as regional equities turned lower and the dollar remained soft. Gold popped on the open to mark the session high of USD \$1,285.30 within the first hour of trade, however saw offers come into the market leading into Chinese hours. While the dollar remained heavy, there was strong interest in USD/CNH to see the pair over +1% higher and briefly above 6.80 after ending trade on Friday around 6.7350. The onshore premium in Shanghai tempered somewhat toward USD \$11 to elicit little reaction across spot gold, with the metal buoyant above USD \$1,281 but unable to make further



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headway higher. Risks associated with U.S. – China trade headlines should see gold remain in favour over the near-term, with interest evident towards USD \$1,280 and broad extension to USD \$1,275. Top-side targets remained pegged around USD \$1,294, where the 50 DMA and 100 DMA converge. The Shanghai composite led regional equities lower today, sitting around -5.7% down as London filtered in, while the Hang Seng has fallen more than -3%. Silver caught the early bid tone to test toward USD \$15, however retraced this move to slide underneath opening levels in Shanghai, while both platinum and palladium were offered early and currently sit -1% down on the session.

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