



MKS PAMP
GROUP

Daily Asia Wrap - 11th September 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1485.80/20	18.00/02	930/32	1560/63
HIGH	1494.60/00	18.23/25	940/42	1567/70
LOW	1485.50/90	17.99/01	929/31	1558/61
LAST	1494.00/40	18.21/23	938/40	1565/68

MARKETS/MACRO

Financial markets remained fairly stable Tuesday, ahead of Thursdays ECB meeting and due to an absence of economic news. US data releases continued to point to some easing in economic momentum, yet not in an alarming way. US equity markets traded narrowly mixed on the day with the Dow closing up +73.92 pts (+0.28%) to 26,909.43, the S&P500 crept up +0.96 of a point (+0.03%) to 2,979.39, while the Nasdaq Composite cooled -3.282 pts (-0.04%) to 8,084.156. European equity markets pushed cautiously higher under the spectre of further easing by the ECB tonight. The Euro Stoxx 600 advanced +0.1% to 386.44, the FTSE100 climbed +0.44% to 7,267.95, the CAC40 tacked on +0.08% to 5,593.21 and the DAX rose +0.35% to 12,268.71. Geopolitics were back in focus for a short time yesterday, as President Trump fired national security advisor John Bolton, casting a more conciliating atmosphere on further dealings with North Korea and Iran in particular. This had a small risk on effect and treasuries eased further as a result. US 10y treasury yields were around +9bps higher as a result to 1.73%, while 2y's also rose +9bps to close just under 1.68%. Crude oil prices were up strongly early in the session as OPEC suggested oil demand was holding up relatively well. Secretary-General Mohammad Barkindo said its estimates for oil demand were conservative and it saw no risk of a global recession which seemed to calm nerves. However, this was all flipped on its head after news broke that US President Trump fired his National Security Advisor. John Bolton was a known hawk on

Iran and had been the driving force behind the US exiting the Iran nuclear deal and subsequent sanctions against the oil producers.

On the data front yesterday US JOLTS (job openings) for July fell to 7.22m, from 7.25m in June. That was the lowest level in five months. However, the quits rate rose to 2.4%, its highest level since April 2001, suggesting that workers are confident in their ability to find a new job. The US NFIB small business optimism index fell -1.6pts to 103.1 in August, but remains above its post-2000 average. Weakening expectations and a softer sales outlook contributed to the drop. On the positive side, hiring improved and the number of firms reporting profit increases rose. A record 57% of small business said that there were few or no qualified applicants for openings. In the UK, the labour market remained reasonably solid in July, despite the Brexit uncertainty. The unemployment rate fell to 3.8% in July, from 3.9%, as the economy created 31k jobs in the May-July period. The participation rate remained at its record high of 76.1%. Headline average earnings rose to 4.0% YoY, from 3.8%, which was the highest level since June 2008.

PRECIOUS

Precious metals remained under pressure yesterday with investor demand easing amid softening geopolitical risks (John Bolton sacking), uncertainty surrounding action by the ECB and rising treasury yields. After gold closed sub-\$1500 on Monday, there was follow through selling seen from Asian traders early yesterday. The metal meandered lower after briefly ticking through \$1500 to trade down towards \$1495 in the opening few hours of the day. Selling accelerated right on the Shanghai open and we traded through \$1490 down to \$1486.80 on light volumes. We oscillated around \$1490 throughout the Asia afternoon and saw a pick up in demand throughout much of the European session, with retail names looking to buy with the metal below \$1500. We traded back through that level very briefly, but it was around that time that news of John Bolton sacking hit the wires which saw risk rally. Bond yields consequently rose and we saw a host of sellers looking for bids to hit including macros, fast money speculators and ETF's. Pressure persisted over NYK and we closed just off the days lows at \$1485.50. For now, gold is holding at the lower end of the upward trend, any break below \$1481.50 (upward trend line support) and then \$1470 (50d ma) would open the door to a deeper correction. Silver performed better than gold on the day trading down to a low of \$17.81 in Asia, but managing to claw back through \$18.00 and close the day out above there. The trendline dating back to July 14th has held in well also and we look to buy into dips towards this – currently \$17.82. Platinum was also softer overnight, while palladium held in well.

It has been a positive start in the precious space so far today, with some retail buyers in again looking for offers in gold and silver in particular. The yellow metal opened more or less on the lows of the day and has steadily ground its way higher throughout. Chinese participants were on the offer yesterday, but the tune had changed today. Gold as I write is trading on the days highs as is silver, which has pushed strongly back through \$18.00 and has traded to a high so far of \$18.23. On the data calendar today look out for: US PPI, Mortgage Applications and wholesale inventories. Best of luck.

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