



MKS PAMP  
GROUP

## Daily Asia Wrap - 24th July 2019



Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1416.60/80	16.39/41	856/58	1526/28
HIGH	1422.30/50	16.48/50	859/61	1526/28
LOW	1416.30/50	16.33/35	855/57	1519/21
LAST	1420.50/70	16.45/47	858/60	1520/22

### MARKETS/MACRO

For the fourth time in nine-months, the International Monetary Fund has cut its global growth forecast, now seeing growth of 3.2% for 2019 from 3.3% forecast in April. The fund cited ongoing trade concerns, uncertainty surrounding Brexit and increased tensions in the Middle East as headwinds to global growth.

Stocks in the U.S. posted strong gains on Tuesday, buoyed by news that the U.S. and China will resume trade talks next week, while positive earnings results from Coca-Cola (+6.07%) and United Technologies (+1.50%) also boosted sentiment. The DJIA finished the session (+0.65%) higher at 27,349.19 points, strength across industrials (+1.24%) and materials (+1.96%) underpinned the S&P 500 +0.68% higher to 3,005.47 points, while the Nasdaq Composite firmed +0.58% to 8,251.402 points. The greenback extended gains on Tuesday (DXY +0.4%) on the back of broad-based interest, largely ignoring softer domestic data and instead seeing support following news that U.S. congress had agreed to increase the debt ceiling until the middle of 2021. The euro remained soft heading into this weeks ECB meeting (EUR/USD -0.52%), while the yen

saw whippy pricing to finish down -0.33% against the dollar. Treasury yields meanwhile firmed on Tuesday, seeing the 10-year add around 4bps to 2.08%, while the two-year gained 3bps to 1.837%. On the data front, the Richmond Fed manufacturing index for July sunk to -12 (exp: 5) from 2 previously. The monthly print was the lowest since January 2013, led by falls to manufacturing shipments, new orders and backlogs. Existing home sales in the U.S. fell -1.7% MoM during June (exp: -0.4%) from +2.9% previously. Sales increased +1.5% in the Northeast and +1.6% in the Midwest, while they fell -3.4% in the South and -3.5% in the West. Markets across Europe ended trade higher, underpinned by positive earnings results as investor's turned focus to the upcoming ECB meeting. The Stoxx Europe 600 ended +0.98% higher at 391.54 points, the German Dax spiked +1.64% to 12,490.74, while in London the FTSE 100 gained +0.56% to 7,556.86 points as Boris Johnson was elected leader of the Conservative Party and the Prime Minister of the U.K.

## **PRECIOUS**

A fairly robust session for gold during Asian trade on Wednesday after closing toward the session low on Tuesday. The yellow metal opened around USD \$1,416 and spent the first few hours of the session searching for direction within a narrow range. Tokyo opened to a modest bid tone to see the metal toward USD \$1,420, while further Chinese demand saw the metal through the figure, extending to a USD \$1,422.30 session high as the on-shore premium remained buoyant above USD \$12. The greenback remained firm amid the interest in the yellow metal, while U.S. yields eased modestly. Positioning in gold continues to increase, both on Comex and via ETF inflows (1 million ounces last week), potentially creating some headwinds to further top-side moves over the near term as we head toward the July FOMC meeting and next weeks recommencement of trade talks between the U.S. and China. Supportive interest in the metal continues to be found around USD \$1,415, while USD \$1,400 remains the key support of the recent rally to USD \$1,450. It is worth noting that the yellow metal continues to see firmer pricing in the face of dollar headwinds, a bullish indicator for the metal of the medium term. Silver continues to see positioning across Comex increase, both from additions to longs and from cuts to short positions. ETF inflows of the grey metal also remain robust to further underpin recent price action (3 million ounces last week). Key support for the metal sits around USD \$16.11 and the psychological USD \$16 figure, while resistance remains intact through USD \$16.57 - \$16.60. Asian interest today reversed an early offered tone to the metal, as Chinese interest dragged silver back through the USD \$16.40 pivot to test a further break of USD \$16.50. Pricing for platinum remains constructive with near-term targets extending to \$865, while palladium struggles to consolidate above USD \$1,525. Data releases today include Markit manufacturing / services / composite PMI's from France, Germany, the eurozone and the U.S. MBA mortgage applications and new home sales out of the U.S. are also released.

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