



MKS PAMP
GROUP

Europe/US Market Update - 16th October 2019



Europe/US Markets (from Globex open)

15-Oct-19	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
OPEN	1491.20	1491.70	17.6200	17.6400	889.00	892.00	1713.50	1716.50
HIGH	1498.50	1499.00	17.7150	17.7350	901.50	904.50	1741.00	1744.00
LOW	1477.30	1477.80	17.3500	17.3700	883.00	886.00	1713.00	1716.00
CLOSE	1480.70	1481.20	17.4050	17.4250	884.50	887.50	1734.00	1737.00
EFP	3.90	4.00	0.0200	0.0300	4.00	5.00	-38.00	-30.00
Active Contract	GCZ9 Comdty		SI29 Comdty		PLF0 Comdty		PAZ9 Comdty	

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MACRO

- Risk traded strongly overnight on reports that British and EU officials are close to agreeing on a draft Brexit deal. This euphoria however may be a little unfounded, as any draft would still face the obstacle of moving through the UK parliament.
- Q3 earnings season kicked off on a positive note and saw all major US indices rally. The Dow rose +237.44 pts (+0.89%) to 27,024.80, the S&P advanced +29.53 pts (+1.0%) to 2,995.68 and the Nasdaq Composite led the way rallying +100.06 pts (+1.24%) to 8,148.71.
- In Europe, positive Brexit news outweighed the IMF downgrading its global growth outlook and ongoing soft data out of Germany. The DAX climbed +1.15%, CAC40 jumped +1.04%, EuroStoxx 600 added +1.11%, while the FTSE100 was fairly flat at -0.03%, held back by the surging GBP.
- US 10y treasury yields pushed higher up +4bps to 1.77%, while the bund rose +3.9 bps to -0.42%.
- In FX, GBP surged on the Brexit headlines up +1.45% to close at 1.2782, slightly lower as I write last is 1.2761. EURUSD sold off to 1.0991, while the DXY traded to a high of 98.65.
- Euro area ZEW expectations for October slid -1.1pts to -23.5, but remained above the August

low of -43.6.

- Germany's ZEW current conditions deteriorated markedly at the start of Q4, falling -5.4 pts to -25.3, a new low for the cycle. The index is now down a whopping -70 pts from Dec 2018. No surprise therefore that the German Govt. has cut its 2020 GDP forecast to 1.0%, but still expects growth of +0.5% this year.
- UK August labour market data was a touch weaker than expected. Unemployment rate rose to 3.9% from 3.8%, employment fell -56k in the past 3 months and average earnings growth eased -0.1% to 3.8% YoY.
- The IMF cut 2019 global growth forecast to a new post crisis low of 3.0%. In 2020 it cut its growth estimate to 3.4% from 3.5%. In the US the IMF sees growth slumping to 2.4% in 2019 and 2.1% in 2020, while in China it sees growth slowing to 6.1% in 2019 and 5.8% in 2020.
- The IMF cut Euro area growth to 1.2% from 1.3% in July.

PRECIOUS

- Gold was under pressure yesterday due to rallying equities, rising global bond yields, sturdy US earnings and positive reports from the Brexit negotiations that a draft deal is near.
- The yellow metal traded a narrow range throughout Asia of \$1491-96 on light volumes and interest. We briefly broke through \$1490 during the European hours, although the soft ZEW and lowered IMF growth expectations helped to buoy the metal up to the daily peak.
- Once the Brexit headlines began, risk assets began to run higher and specs were quick to sell the gold and silver.
- Platinum eased after breaking \$900 during the European afternoon to settle around \$885.
- Palladium bucked the trend in the precious, surging to a fresh all-time high of \$1741, before settling either side of \$1735 into the close. A survey conducted at the annual LBMA conference in Shenzhen suggested the price could push even high is 2020, with a mean forecasted price of USD \$1924/oz.

PRE-ASIA COMMENTS

- Metals still looking soft this morning, gold currently hovering just above \$1480 pre-China.
- NZ CPI slightly higher than expected at +1.5% YoY(+1.4% expected, +1.7% prior).
- On the data calendar today: UK CPI and PPI, Euro Zone CPI, Canada CPI and US retail sales, MBA mortgage applications, NAHB housing market index and the Fed Reserves beige book.

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