



MKS PAMP GROUP Europe / US Market Update

19th June 2019

Range Europe / US Markets
(from Globex open)

18-Jun-19	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
OPEN	1341.85	1342.35	14.850	14.870	792.00	794.00	1463.90	1496.90
HIGH	1354.25	1354.75	15.080	15.100	805.00	807.00	1485.00	1491.00
LOW	1339.40	1339.90	14.850	14.870	792.00	794.00	1461.00	1467.00
CLOSE	1345.95	1346.45	15.000	15.020	802.60	804.60	1477.00	1483.00
EFP	3.40	3.60	-0.0250	-0.0150	-1.50	-0.50	-12.00	-2.00
LBMA Prices	AM	PM	14.895		AM	PM	AM	PM
	1344.55	1341.35			798.00	801.00	1483.00	1491.00
Active Contract	GCQ9 Comdty		SIN9 Comdty		PLN9 Comdty		PAU9 Comdty	

MACRO

- It was a strong day for most asset classes Tuesday with ECB President Mario Draghi signalling the ECB is ready to act in the near future, while President Trump confirmed he and Chinese President Xi will have an 'extended meeting' over trade at the G20 summit (June 28-29).
- US equities took the above news in a positive light, the Dow Jones advancing 353.01 points (+1.35%) to 26,465.54, the S&P500 jumped +28.08 points (+0.97%) to 2,917.75 and the Nasdaq Composite rallied +108.86 points (+1.39%) to 7,935.883.
- In Europe, investors took Draghi's determined statement that the ECB will ease policy further if it feels its inflation target under threat very well. Equities rebounded strongly.
- Euro Stoxx 600 leapt +6.32 points (+1.67%) to 384.78, DAX rallied +2.03% to 12,331.75, FTSE100 rose +1.17% to 7,443.04 and CAC40 surged +2.2% to 5,509.73.
- Easing trade tensions and more dovish rhetoric from policy makers saw crude rally strongly following a few days of downswings. WTI Crude rallied 4.1% to \$54.08 bbl, while Brent leapt +2.25% to \$62.30 bbl.
- The US 10y yield slid -1.7bps, while the 10y German bund plunged -7.6 bps following Draghi's speech.
- The dollar index ended the day modestly higher (+0.1%) at 97.63.
- German ZEW current conditions eased fractionally to 7.8 in June vs 8.2 a month earlier, although the expectations component collapsed to -21.1 (-2.1 prior, -5.6 expected). This takes the expectations component to the cyclical lows seen last Q4, with trade woes weighing.
- A mixed picture in US housing data, with housing starts falling -0.9% MoM in May (+0.3% expected), although the April figure was revised up to +6.8% (+5.7% prior). Housing demand has shown some signs of benefiting from lower interest rates recently but concern over



higher tariffs on building imports from China has dampened sentiment amongst home builders.

PRECIOUS

- It was a volatile, action packed session for gold on the back of Draghi's dovish statement, trade-war headlines, FOMC chief Powell's uncertain future (Trump administration reportedly looking for legal ways to remove him) and a Japanese earthquake to top it off.
- Gold after remaining flat through Asia began to push higher during the London morning (~\$5) with only light gamma selling seen on the incline. Once Draghi hit the wires the metal gained further upward momentum punching vigorously back through \$1350 to the days highs.
- Trump's trade war tweet that he would be meeting President Xi at the G20 summit brought the yellow metal crashing back toward \$1340 and erasing the days gains in less than 20 minutes.
- Strong ETF buying at the lows steadied the ship, until the Powell headlines surfaced and gold was sharply thrust back through \$1350. The metal ultimately settled around \$1346.
- Silver followed gold, with only light flows seen through Comex and ETF's, just managing to cling onto the \$15 handle at the close.
- Palladium was business as usual with a very tidy upwards range and limited pullbacks throughout the session. \$1400 will be in play again sooner rather than later at this rate.

PRE-ASIA COMMENTS

- Precious all a touch softer in early trade as regional equities all are posting strong gains at this stage (1.00-2.25%).
- China in with a little early selling but it is being absorbed in the mid-low \$1340's.
- Focus will be squarely on the FOMC policy meeting today. Consensus is that the Fed will not cut rates at this stage, but that they will open the door given the slow down in economic data recently.
- Other data today includes: UK CPI, UK PPI, Canadian CPI, US Mortgage Applications and of course the FOMC.

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