



MKS PAMP GROUP
Asia Market Update
6th February 2019

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1314.50/70	15.84/86	818/20	1380/82
HIGH	1315.70/90	15.86/88	819/21	1380/82
LOW	1312.70/90	15.80/82	816/18	1375/77
LAST	1315.50/70	15.85/87	817/19	1376/78

MARKETS/MACRO

Data from IHS Markit on Tuesday showed the U.S. services sector continued to expand during January, however the rise in output was the slowest in four months. The seasonally adjusted final IHS Markit U.S. services PMI edged down to 54.2 (exp: 54.2) from December's 54.4. Meanwhile ISM reported a fall in their U.S. non-manufacturing index during January, sliding to 56.7 (exp: 57.1) from a read of 58.0 in December. While still showing expansion, the print demonstrates a slowing of growth, largely driven by weakness across new orders. Stocks in the U.S. climbed to two-month highs on Tuesday leading into President Trump's State of the Union address. The DJIA tacked on +0.68% to end the session at 25,411.52 points, the S&P 500 saw strength across information technology (+0.88%) and industrials (+0.88%) to gain +0.47% to 2,737.70 points and the tech-laden Nasdaq Composite jumped +0.74% to 7,402.086 points. The greenback firmed on Wednesday ahead of President Trump's State of the Union address, strengthening against safe-haven majors such as the yen (+0.1%) and the Swiss franc (+0.2%) amid a mild risk-on tone. Stocks in Europe ripped higher on Tuesday, buoyed by firmer oil and banking stocks. The Stoxx Europe 600 jumped +1.41% to 364.99 points, the German Dax gained +1.71% to 11,367.98 points and in London the FTSE 100 surged +2.04% to 7,177.37 points as the pound softened and BP PLC reported a better than expected Q4 result.

PRECIOUS

Relatively muted price action again for bullion during Asian trade today, held within a USD \$2 range amid light flows. We saw a mild offered bias in early session pricing, however the majority of participants looked to be sitting on the sidelines awaiting the State of the Union address. The dollar skewed modestly to the downside during the State of the Union to underpin a mild bid bias to the yellow metal, although lacking the follow through interest to make headway above USD \$1,315 with China still on leave. Currency majors saw a flight into the safe-haven yen to drag USD/JPY down -0.3% and touch a 109.63 low, while AUD/USD sharply reversed Tuesday's gains, collapsing over -1% following Reserve Bank of Australia Governor Lowe indicating a more balanced approach to the interest rate outlook. Both geopolitical and market risks remain supportive toward gold, with demand toward USD \$1,300 expected to provide supportive interest in the metal in what should be a quiet remainder of the week. Both silver and platinum have held a narrow range today, while palladium remains buoyant toward Tuesday's high print. Data today includes German factory orders, U.S. MBA mortgage applications and the U.S. trade balance.



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