



## MKS PAMP GROUP

### Asia Market Update

10<sup>th</sup> April 2019

Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
<b>OPEN</b>	1304.40/60	15.20/22	891/93	1390/94
<b>HIGH</b>	1305.30/50	15.22/24	892/94	1390/94
<b>LOW</b>	1301.25/45	15.15/17	887/89	1385/90
<b>LAST</b>	1302.30/50	15.19/21	890/92	1389/93

#### MARKETS/MACRO

European Council President Donald Tusk has suggested the European Union consider offering the U.K. a 'flexible' extension to the April 12 deadline, rather than agree to the June 30 extension that Theresa May has requested. With EU members set to meet on Wednesday, a draft document has been circulated that proposes an extension lasting 'only as long as necessary', while Tusk has said that the EU would need to agree on a number of conditions to be attached to any extension, including that there will not be any re-opening of negotiations on the withdrawal agreement. The Trump administration has proposed new tariffs on \$11 billion of EU products in response to EU subsidies to support Airbus, which were judged illegal by the World Trade Organisation. There are concerns that the U.S. will turn focus toward Brussels once negotiations with China have been finalised. The International Monetary Fund on Tuesday cut its global growth forecast to the lowest level since the GFC. Citing significant downside risks such as trade tensions, political instability and mounting debt levels, the fund lowered its growth forecast for 2019 to 3.3 percent from 3.5 percent previously, the third negative revision in six months. The forecast for 2020 held unchanged at 3.6 percent owing to a predicted rebound in Argentina and Turkey, while beyond this growth is expected to stabilise around 3.5 percent.

Stocks in the U.S. declined on Tuesday as participants considered the implications of an escalation in trade tensions between the U.S. and Europe. The S&P 500 snapped an 8-session winning streak to decline -0.61% to 2,878.20 points, the DJIA fell -0.72% to 26,150.58 points and the Nasdaq Composite shed -0.56% to 7,909.277 points. The greenback ended marginally lower on Tuesday, largely a result of safe-haven demand that saw the yen firm +0.33%. The euro edged modestly higher (+0.05%) heading into Wednesday's ECB meeting, while the pound saw whippy pricing to end -0.06% down. European stocks were lower on Tuesday on the back of the U.S. trade related headlines. The Stoxx Europe 600 declined -0.43% to 385.68 points, the German Dax fell -0.94% to 11,850.57 points, while in London the FTSE 100 finished the session -0.35% lower at 7,425.57 points.

#### PRECIOUS

A generally flat session across the precious complex during Asian trade on Wednesday, with participants happy to sit on the sidelines into today's ECB meeting and U.S. FOMC March meeting minutes release. Bullion benefited from an early session offered bias to the dollar to test above USD \$1,305, however the greenback soon reversed declines to see the yellow metal back toward USD \$1,303 leading into the Chinese open. Shanghai continued to see elevated premiums above USD \$15, however flows were below average across Globex and generally unsupportive for the metal, seeing a USD \$1,301.25 low printed, with little headway made higher into the lunch-break. While closing above USD \$1,300 on



Tuesday, gold will look to hold the figure over the near-term, with broad-based interest extending toward USD \$1,295. On this move higher, the 50 DMA (USD \$1,307) has thus far capped any further gains, while top-side targets extend through USD \$1,310 to USD \$1,320 over the coming sessions. Silver failed to hold the USD \$15.20 support level during Asian trade today and this figure now becomes a near-term pivot, while a further extension lower may test toward the 200 DMA at USD \$15.02 and the psychological USD \$15 figure. Platinum seems to be finding clearance above USD \$900 difficult and with ETF interest tempering for the time-being we may see some further retracement of the recent rally. Palladium volatility has reduced markedly in recent sessions and the metal looks to be finding a base toward USD \$1,370, likely to move back above USD \$1,400.

All eyes today will be on the commentary out of the ECB meeting, with participants turning focus to growth and inflation forecasts, in addition to whether Draghi discusses a tiered interest rate system. We also see industrial/manufacturing production prints from France, Italy and the U.K., as well as U.K. trade data. Out of the U.S. all eyes will be on the CPI print, followed later by the FOMC March meeting minutes.

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