



MKS PAMP GROUP

Daily Asia Wrap

12th December 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1243.00/40	14.55/58	780/83	1237/40
HIGH	1245.80/20	14.62/65	788/91	1247/49
LOW	1242.80/20	14.54/57	780/83	1234/37
LAST	1244.70/10	14.62/65	782/85	1245/47

MARKETS/MACRO

It was a volatile session for US equities on Tuesday, early on markets responded favourably to reports that China indicated that they will cut tariffs on cars made in the US from 40% to 15%. It is understood that a proposal has been submitted to the Chinese Cabinet and will come under review in the next few days. President Trump also tweeted that “very productive conversations going on with China”, referring to Chinese Vice Premier Liu He a telephone call between Chinese Vice Premier Liu He, US Treasury Secretary Steven Mnuchin, and Trade Representative Robert Lighthizer, which was intended to improve trade relations. Stocks were then sold heavily after Trump threatened a government shutdown if he did not get funding for his proposed border wall. The Dow lost 53.02 points, or 0.22%, to 24,370.24, the S&P 500 edged lower 0.94 points, or 0.04%, to 2,636.78, while the Nasdaq rose 11.31 points, or 0.16%, to 7,031.83. There were wins for consumer staples (+0.85%) and healthcare (+0.30%) while financials (-1.02%) and industrials (-0.60%) led the laggards. European equities were higher, the EuroSTOXX added 5.19 points, or 1.53%, to 344.18, the German DAX rose 158.44 points, or 1.49%, to 10,780.51, and the London FTSE 100 gained 85.40 points, or 1.27%, to 6,806.94. In the currencies, the US dollar index firmed 0.29% to 97.470, the EUR traded down to 1.1308, while USD/JPY traded up to 113.44. US treasury yields were higher, the 2 year yield rose 4.5 bps to 2.774% while the 10 year yield advanced 2.2 bps to 2.879%. Oil prices were higher, Brent added 0.2% to \$60.20 while WTI put on 1.0% to \$51.67. Base metals were mostly higher, with copper (+1.3%) leading the gains. In US economic data, the NFIB small-business optimism index fell 2.6 points to a seasonally adjusted 104.8 in November. The producer price index rose 0.1% in November and 2.5% over the last 12 months. Excluding food, energy, and trade margins, prices rose 0.3% and 2.7% year on year. In Asia today, as I write the Nikkei is at +1.85%, the Shanghai composite is at +0.19%, the Hang Seng is at +1.38%, and the ASX S&P 200 is at +0.69%. Tonight we have CPI and core CPI out of the US; and industrial production out of the Eurozone.

PRECIOUS

Rangebound session for the precious as a resurgent USD halted an early push higher. Gold opened at \$1244 and edged higher through Asian hours. The SGE premium firmed to \$5-6 but we saw only muted demand out of China. London squeezed the market to a session high \$1249 in early trading following a bump in both the EUR and GBP. Plenty of resting orders around the recent highs capped any move higher and saw the metal sold back to \$1245. After an early pop higher, it was all one way for the yellow



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metal during NY hours as the US dollar surged. Gold traded as low as \$1241 before finishing the session only marginally behind at \$1242. Silver printed a month high \$14.71 before a heavy sell-off in NY. Palladium surged over 4% to the high of \$1256 and traded above gold for a brief period once again. The Philadelphia gold and silver index fell 0.66%. The SPDR Gold Trust holdings were up 0.43% to 763.56 metric tonnes. In Asia today, gold opened at \$1243.00 and edged up to post a high of \$1245.80 around lunchtime as USD/CNH came off. The SGE premium is firmer at \$6-7 over loco London. The yellow metal is sitting at \$1244.70 as I write. Silver is grinding higher also, the grey metal is currently at \$16.61. Have good day ahead.

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