



MKS PAMP GROUP

Daily Asia Wrap

12th October 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1223.30/70	14.57/60	839/42	1078/80
HIGH	123.60/00	14.60/63	840/43	1082/84
LOW	1217.80/20	14.50/53	832/35	1074/76
LAST	1220.30/70	14.60/63	839/42	1078/80

MARKETS/MACRO

The rout in equities continues as the Dow loses over 1300 points in two days. The Dow lost 545.91 points, or 2.13%, to 25,052.8, the S&P 500 fell 57.31 points, or 2.06%, to 2,728.37, while the Nasdaq shed 92.99 points, or 1.25%, to 7,329.06. Heavy losses in energy (-3.09%), financials (-2.93%) and REITs (-2.91%) led a broad decline in the markets. European equities were lower, the EuroSTOXX sold off 7.28 points, or 1.98%, to 359.65, the German DAX gave up 173.15 points, or 1.48%, to 11,539.35, and the London FTSE 100 declined 138.81 points, or 1.94%, to 7,006.93. In the currencies, the US dollar index eased 0.46% to 95.02, the EUR traded up to 1.1595, while USD/JPY was as low as 111.92. US treasury yields were mixed, the 2 year yield firmed 2.1 bps to 2.85% while the 10 year yield lost 0.7 bps to 3.14%. Oil prices were lower, Brent sold off 1.8% to \$80.19 while WTI slumped 1.6% to \$70.81. Base metals were mostly lower, with aluminium (-1.3%) leading the losses. In US economic data, CPI rose 0.1% in September following a 0.1% increase in August, the figure was lower than the 0.2% economists predicted. Over the last 12 months CPI has risen 2.3%. Core CPI, which strips out food and energy, also rose 0.1% in September, with a yearly increase of 2.2%. Initial jobless claims rose 7k to a seasonally adjusted 214k in the week ending October 6. Continuing claims crept up 4k to 1.66 million. In Asia today, as I write the Nikkei is at -0.45%, the Shanghai composite is at -1.62%, the Hang Seng is at +0.13%, and the ASX S&P 200 is at -0.17%. Tonight we have the import price index and the consumer sentiment index out of the US; with industrial production out of the Eurozone.

PRECIOUS

A bumper night for the precious as gold enjoys a \$30 rally while equities plummet. Gold opened at \$1194 in Asia and traded down to the day's low of \$1190 as China came in. The SGE premium eased to \$5-7 and we saw decent selling from the Chinese banks. Resting offers on Comex helped support the market and the metal traded at \$1193-94 through the remaining Asian hours. London were on the bid from the opening bell, taking the yellow metal through the \$1200 level to \$1205. In NY, gold hit \$1210 as the CPI came in below the estimate then pulled back to \$1205. From here the market surged again as investors continued to dump equities and pile into gold, the metal peaked at \$1225, it's highest level since July, and closed up well over 2% at \$1223. Silver climbed 2% to finish at \$14.56. Palladium tested the September high at \$1194 but was quickly rejected, while platinum's high of \$842 was it's best since July. The Philadelphia gold and silver index climbed 6.8%. The SPDR Gold Trust holdings were unchanged



at 738.99 metric tonnes. In Asia today, gold opened at 1223.30 and drifted lower with the SGE premium softer at \$2-3 over loco London. The market was as low as 1217.80 but has recovered modestly through the afternoon. The yellow metal is at \$1220.30 as I write. Silver dipped down to \$14.50 earlier but has ticked up in late trading, the grey metal currently sits at the high of \$14.60. PGMs are flat. Gold is trading fairly close to the 100 DMA at \$1228, there should be plenty of resistance but a close above that level could signal a move higher. On the downside, we expect solid buying interest between \$1205-10. Have a good day ahead.

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