



## MKS PAMP GROUP

### Asia Market Update

13<sup>th</sup> December 2018

Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
<b>OPEN</b>	1245.60/00	14.75/77	802/04	1263/68
<b>HIGH</b>	1246.60/00	14.75/77	806/08	1265/70
<b>LOW</b>	1244.00/40	14.71/73	802/04	1259/64
<b>LAST</b>	1244.80/20	14.74/76	805/07	1265/70

#### MARKETS/MACRO

A fairly positive day for global risk yesterday after encouraging signs from China on the trade front post the G20 meeting last week. We saw global equities rally quite strongly across all time zones, especially in Europe, where the beaten down export heavy DAX has climbed close to +4% in the last two trading sessions. Intra-day the FTSE100 advanced +1.08% to 6,880.19, the CAC40 rose +2.15% to 4,909.45 and the DAX rallied +1.38% to 10,929.43. In the States, major equity indices etched out modest gains after rallying quite strongly at the open. The S&P500 climbed +1.18% to 2,651.07 on the day, while the DJIA gained +1.33% to 24,527.27 and NASDAQ Composite ramped up +1.70% to reclaim the '7' handle and close at 7,098.313. In the G10 space, much of the focus was on Cable again, given the no-confidence vote on Theresa May's leadership. The GBPUSD bounced back quite firmly throughout the day, culminating with May surviving the vote 200-117, a clear sign of support, though the scepticism surrounding the government's Brexit strategy from here is likely to continue to weigh on the pair. Crude oil prices rose, helped by easing trade tension, as well as a fall in inventories. The news that China is looking to redraft its 'Made in China 2025' plan boosted hopes that trade talks are progressing better than expected. Bloomberg also reported that Chinese state-run enterprises had purchased several cargoes of soybeans, which indicates it's following through on its promise to boost purchases of US goods. A drawdown in inventories also helped support sentiment, although it was less than expected, oil stockpiles falling by 1.12m barrels in the US last week (EIA).

On the data front US core consumer prices, excluding volatile items such as food and energy, rose +0.2% month-over-month in November, the same pace as in October and in line with market expectations. Price increases were seen in shelter, used cars & trucks, medical care, recreation, and water, sewer and trash collection. The indices for wireless telephone services, airline fares, and motor vehicle insurance declined. Across the Atlantic, Eurozone industrial output grew +0.2% from MoM in October, reversing a -0.6% decline in September and matching market expectations. Output rose for: capital goods, durable consumer goods and intermediate goods. However, non-durable consumer goods output showed no growth and energy production dropped -1.7%.

#### PRECIOUS

Yesterday's session was a quiet affair for gold, which underperformed the white metals and remained within a tight \$5 range. Gold rose throughout the Asia morning from \$1243 toward \$1246 after Shanghai commenced trading, USDCNY falling below 6.90 once again and luring out pockets of Chinese demand. Later in the Asia day however, some positive headlines regarding the US/China trade war began circulating and the yellow metal swiftly handed back the mornings gains and some to trade to the low of



\$1242.50. Gold angled higher throughout the European session with the approach of Prime minister May's no-confidence vote, although once that passed and she remained head of the conservative's we dipped off again a dollar or so. The broader risk on situation provided a boost to the more industry related white metals, silver trading through \$14.70, platinum managing to claw back through \$800 and hold there and palladium again hitting fresh highs at \$1260. The latter also gained a boost on news that China would be reducing tariffs on US imported auto's – closing close to the high's.

Another slow day today in Asia, with gold opening and pushing to the intra-day high within the first hour on the back of a firmer GBP. It ran out of steam however and began to slide a few dollars on light volumes into the China open. From there the price action was exceptionally limited with little in terms of volume churning through both Comex and the SGE. Spot gold held between \$1244.40-1245.50 for the remainder of the morning and into the China lunch. Silver, platinum and palladium remained firm throughout the session on light volumes, consolidating close to their respective NY close levels. Hopefully things will pick up as we move into the European morning the main points of interest today being the ECB rate decision, German and French CPI and US jobless claims. Have a good day ahead.

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