



**MKS PAMP GROUP**  
**Asia Market Update**  
**13<sup>th</sup> February 2019**

Range Asian Hours  
(from Globex open)

|             | <b>GOLD</b> | <b>SILVER</b> | <b>PLATINUM</b> | <b>PALLADIUM</b> |
|-------------|-------------|---------------|-----------------|------------------|
| <b>OPEN</b> | 1310.80/20  | 15.69/71      | 790/92          | 1404/08          |
| <b>HIGH</b> | 1313.00/40  | 15.73/75      | 792/94          | 1408/12          |
| <b>LOW</b>  | 1309.20/60  | 15.68/70      | 789/91          | 1402/06          |
| <b>LAST</b> | 1313.00/40  | 15.73/75      | 790/92          | 1407/11          |

**MARKETS/MACRO**

A strong session for risk assets overnight as optimism grows for a possible near term deal between the US and China on trade. President Trump was quoted as saying he may have flexibility around his March 1 deadline for higher tariffs, if a deal is close to being reached. Also helping the positive momentum were murmurs that congress had reached a tentative agreement that would forestall a further government shutdown at the end of the week, though reports are that the agreement would give President Trump less than a quarter of the border wall funding he had sought. Elsewhere, in the UK Theresa May asked Parliament for more time to complete Brexit negotiations and committed to presenting lawmakers with another meaningful vote in 2 weeks time, while separately, BoE governor Mark Carney warned against the repercussions of a hard Brexit, telling an audience that "You have got to recognise this could go quite badly. We are 45 days before the possibility of it". US equities surged with the Dow running +372.65 points higher (+1.49%) to 25,425.76, the S&P500 rising +34.93 points (+1.29%) to 2,744.73 and the NASDAQ rallying +106.712 points (+1.46%) to 7,414.617. In Europe there were gains, although not of the same extent. The Euro Stoxx 600 advanced +1.66 points (+0.46%) to 362.78, the DAX tacked on +1.01%, CAC40 jumped +0.84% and FTSE100 inched up +0.06%. In FX, the dollar index retreated -0.35% to 96.72, after 8 consecutive days of gains. The EURUSD staged an impressive rally after falling to 1.1258 during London hours, then hitting a peak of 1.1339, while USDJPY remained fairly flat around 110.50.

**PRECIOUS**

It was a fairly steady rangebound session for gold overnight, despite the surging equities in the States. The metal opened around \$1308 yesterday and despite a few attempts lower in the opening few hours managed to hold above \$1307 (\$1310.00 GCJ9), with some early Asian traders stemming the sell-off. The SGE opened with a fairly positive premium once again, up around the \$9-9.50 mark for onshore traders, driving some moderate demand from the Shanghai open. Spot gold jumped a few dollars right on the open then managed to continue to hold around \$1308 before driving higher into the afternoon Asia/early European session. In line with the weakening dollar gold began to push up towards \$1314. The peak of the day was hit just after the NY open (\$1314.40), upon which time the US JOLTS data came out better than expected and equities picked up steam. This weighed on the metals, although all things being considered, they held in particularly well given the risk on environment. Gold remains in a bit of a holding pattern for now between \$1300-1325 and unless there is some significant catalyst (ie a US China trade deal, Brexit agreement struck), we are happy to trade the range for the interim.



Gold opened this morning on fairly thin volumes' edging up slightly before dipping to the days lows in the opening hour. We hovered near to the lows for a period and then as soon as Shanghai opened we moved a few dollars higher. Flows remained very light on both COMEX and the SGE, with a very slight focus to the buy-side. That said, there was still small producer offering around, particularly from the Australian producer contingent who are still enjoying the XAUAUD strength, now trading just below \$1850. As I write, we have just ticked over into the SGE lunch-break, where we have seen a premium of around \$9-10 throughout the morning, with gold and silver clinging close to their highs intra-day highs. Ahead on the data calendar today, look out for UK CPI and PPI, Euro Zone industrial production and US CPI and mortgage applications. Have a good day ahead.

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