



MKS PAMP GROUP

Asia Market Update

13th May 2019

Range Asian Hours
(from Globex open)

| | GOLD | SILVER | PLATINUM | PALLADIUM |
|-------------|------------|----------|----------|-----------|
| OPEN | 1287.90/10 | 14.77/79 | 862/64 | 1352/55 |
| HIGH | 1288.50/70 | 14.78/80 | 862/64 | 1353/56 |
| LOW | 1282.90/10 | 14.67/69 | 851/53 | 1333/36 |
| LAST | 1284.90/10 | 14.72/74 | 854/56 | 1336/39 |

MARKETS/MACRO

With an increase in tariffs imposed on Chinese goods, stocks in the U.S. slumped in early trade, only to recover into positive territory after U.S. Secretary of Treasury Steven Mnuchin indicated that although an agreement between the two parties had not been reached, talks were constructive. The DJIA finished the session +0.44% higher at 25,942.37 points, gains to materials (+1.28%) and consumer staples (+1.17%) supported the S&P 500 to a +0.37% gain at 2,881.40 points, while the Nasdaq Composite added +0.08% to 7,916.94 points. On a weekly basis the DJIA declined -2.1% to mark its largest weekly fall since March, while the S&P 500 slumped -2.2% and the Nasdaq Composite collapsed -3%, the biggest weekly fall since late December. Consumer prices in the U.S. increased +0.3% MoM during April (exp: +0.4%) as rising rents and higher gasoline prices underpinned the headline figure. The monthly print saw the annualised figure edge higher to +2.0% YoY (exp: +2.1%) from 1.9% previously, while core CPI (ex food and energy) increased +0.1% MoM (exp: +0.2%) for a +2.1% YoY gain (exp: +2.1%). The greenback posted a modest decline on Friday after staging a late session recovery, finishing -0.13% down after touching a session low of 97.132, the lowest level for the DXY since April 18. The buck saw volatile trade against the Japanese yen, surging late in trade to finish +0.21% higher, while posting losses against the euro (EUR/USD +0.15%) and the loonie (USD/CAD -0.46%). Trade concerns kept oil prices in check on Friday as the major benchmarks posted modest gains. WTI finished +0.2% higher at USD \$61.78 per barrel, while Brent crude ripped higher in early Asian trade, however tempered throughout the session to finish +0.6% higher at USD \$70.78 per barrel. Stocks across Europe largely ignored ongoing trade negotiations between the U.S. and China to finish broadly higher on Friday. The Stoxx Europe 600 ended the session +0.32% higher at 377.14 points, while the German Dax climbed +0.72% to 12,059.83 points. In London, the FTSE 100 handed back early session gains to end down a modest -0.06% at 7,203.29 points as Brexit uncertainty continued to weigh upon investor confidence.

PRECIOUS

Positive U.S. – China trade rhetoric over the weekend saw the greenback modestly firmer during Asian trade today, weighing upon the precious complex to see gold slide underneath the USD \$1,285 pivot. Early session USD/China moves saw the buck around +0.5% higher against both the on-shore and off-shore yuan to see the on-shore premium edge modestly higher toward USD \$10 over spot prices. The Shanghai premium failed to elicit interest across spot bullion, with the yellow metal testing toward the USD \$1,285 pivot in early Chinese trade, before triggering a stop loss run through the level, extending to a USD \$1,238.50 low leading into the lunch-break. Afternoon trade saw a fresh low of USD \$1,282.90 printed while China was out, as the dollar continued to firm and weigh upon price action. While both the U.S. and China continue to view trade negotiations as positive, it is likely we will see gold remain under



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pressure over the near-term. Down-side targets initially cut in around USD \$1,275, with extension through this level opening up a test toward the April (and May) low around USD \$1,266. Silver has (unconvincingly) managed to hold USD \$14.70 in Asia today, while targets underneath this support extend toward USD \$14.50. The white metals have also traded offered as platinum attempts to hold USD \$850 and palladium moves under USD \$1,350. With no major economic indicators scheduled for release today, participants will be keeping a close eye on U.S. – China trade related headlines.

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