



**MKS PAMP GROUP**  
**Asia Market Update**  
**14<sup>th</sup> September 2018**

Range Asian Hours  
(from Globex open)

	<b>GOLD</b>	<b>SILVER</b>	<b>PLATINUM</b>	<b>PALLADIUM</b>
<b>OPEN</b>	1201.90/10	14.16/18	803/05	980/82
<b>HIGH</b>	1206.00/20	14.24/26	807/09	984/86
<b>LOW</b>	1201.90/10	14.16/18	803/05	979/81
<b>LAST</b>	1205.40/60	14.24/26	807/09	984/86

**MARKETS/MACRO**

Consumer prices in the U.S. increased less than expected during August, rising +0.2% MoM (exp: +0.3%) to match a similar print in July. The monthly result was weighed down by declines to healthcare and apparel costs, seeing the annualised figure to +2.7% YoY (exp: +2.8%) from +2.9% previously. Excluding the volatile food and energy components, the so called 'core' CPI edged up +0.1% MoM (exp: +0.2%) to take the annualised figure to +2.2% YoY from +2.4% previously. Initial jobless claims in the U.S. eased marginally during the week ended 8 September, slipping 1,000 to 204,000 (exp: 210,000). The print saw the four-week moving average decline 2,000 to 208,000, while the number of continuing claims fell 15,000 to 1.696 million (exp: 1.710 million) during the week ended 1 September. Consumer confidence in the U.S. increased for the first time in five weeks according to Bloomberg. The consumer comfort gauge ticked up to 59.0 from 58.0 previously, led higher by improved assessments of personal finances. Equities in the U.S. ended higher on Thursday as technology stocks, notably Apple (+2.42%), recovered from recent weakness. The DJIA notched a +0.57% gain to 26,145.99 points, while gains to technology (+1.15%) and healthcare (+1.14%) helped to see the S&P 500 +0.53% higher to 2,904.18. The tech-laden Nasdaq Composite benefited from strength across tech giants to jump +0.75% higher to 8,013.71 points. The greenback extended recent declines on Thursday following the inflation report, losing ground once again relative to the euro and the sterling (Brexit driven) as the DXY index fell -0.32%.

The European Central Bank kept interest rates on hold as expected and reiterated its position that this should continue until at least next summer, while beginning to further scale back its bond buying program next month and finish altogether in December. ECB President Draghi took a marginally more hawkish position at his press conference, and while maintaining a 'broadly balanced' risk outlook and noting risks from protectionism and emerging market turmoil have become more pronounced, he noted the central bank remains comfortable with ongoing and solid broad-based economic growth. Equities in Europe closed mixed on Thursday, softening from early session gains as the euro turned bid. The Stoxx Europe 600 declined -0.15% to 376.52 points, while the German Dax added +0.19% to 12,055.55 points and the French CAC eased -0.08% to 5,328.12 points. The Bank of England also left benchmark interest rates unchanged in-line with expectations, however highlighted that although the U.K. economy is broadly on track, Brexit remains a risk. The U.K. FTSE 100 posted a -0.43% fall to 7,281.57 points, weighed down by weakness across energy and tobacco stocks, in addition to a firmer pound.

**PRECIOUS**

Bullion saw mixed trade on Thursday, reversing a test above USD \$1,210 following comments from president Trump denying the U.S. and China were going to restart talks on trade. The yellow metal saw



constructive price action throughout Asian and European hours to consolidate the previous session move through USD \$1,200, with profit taking (notably Chinese selling) well absorbed by a healthy supply of bids. The softer than expected U.S. CPI print provided a boost for the metal, breaking above the previous session high to touch USD \$1,212.70, however the Trump denial hit market sentiment and gave the dollar a modest boost to reverse the CPI driven gains. Gold saw late session weakness test toward the important USD \$1,200 support level, however once again saw healthy interest restrict further declines. With regards to ETF flows we saw 70k ounces of outflows on Thursday.

Asian trade on Friday saw interest in bullion continue to underpin robust price action, pulling away from USD \$1,200 and spending the remainder of the session either side of USD \$1,205. The greenback skewed mildly to the down-side throughout the session, however was largely unchanged against China as Shanghai continued to hold an on-shore premium around USD \$4 - \$5. We saw a mild bid tone in bullion during early afternoon trade driven by comments from Japanese Prime Minister Shinzo Abe noting that he doesn't think easing should go on forever, with USD/JPY marginally softer on the back of this. The near-term key for the metal remains supportive price action around USD \$1,200, with a top-side break through USD \$1,215 - \$1,220 needed to instill confidence in participants and squeeze shorts. Silver has been testing resistance around USD \$14.30 and a consolidated move through this level will open up targets at USD \$14.50 and USD \$14.70. Platinum has so far been able to hold USD \$800 following the break on Wednesday and will look for this to continue, while palladium finds resistance around the 200DMA at USD \$988 formidable for now. Data releases today include U.S. retail sales, U.S. import prices, U.S. industrial production and U.S. capacity utilisation.

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