



MKS PAMP GROUP

Asia Market Update

15th March 2019

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1296.00/40	15.18/20	823/25	1551/55
HIGH	1299.80/20	15.30/32	831/33	1557/61
LOW	1294.00/40	15.16/18	822/24	1549/53
LAST	1297.90/30	15.25/27	828/30	1552/56

MARKETS/MACRO

UK lawmakers have voted in favour of delaying the Brexit process (412 votes vs 202), acknowledging that more time is needed to break the deadlock over Britain's departure from the EU, yet they decisively rejected a call for a second referendum. Prime Minister Theresa May will now ask European leaders to grant an extension to Article 50, the legal process under which Britain is leaving the European Union. Unless a delay is approved by all 27 remaining EU leaders, Britain is heading for a chaotic exit on March 29th. May had reluctantly agreed to support a delay, after the House of Commons overwhelmingly rejected her imperilled withdrawal deal earlier this week. However, her offer is conditional on Parliament approving her plan when she puts it before MPs for a third time next week. She faces a monumental effort to turn around the huge opposition to the deal within her own party. GBPUSD oscillated around 1.3250 yesterday as result, after hitting a peak of 1.3380 the day before. In other markets, equities had a fairly directionless session as investors come to terms with what looks like an increasingly elusive US/China trade deal. The Dow closed +0.3%, S&P500 -0.09% and Nasdaq Composite -0.16%. In Europe, stocks advanced the Euro Stoxx 600 up +0.78%, FTSE100 +0.37%, CAC40 +0.82% and DAX climbing +0.13%.

On the data calendar overnight, German CPI accelerated +0.4% MoM in February, slightly below a preliminary estimate of +0.5% and compared to a -0.8% drop in January. In the US, sales of new single-family houses slumped -6.9% from the previous month to a seasonally adjusted annual rate of 607k in January, following an upwardly revised 652k in December and worse than market expectations of 620k. Sales declined in the South, the Midwest and the Northeast but rose in the West. US Initial jobless claims rose by +6k to +229k in the week ending 9th March (+225k expected, +223k prior).

PRECIOUS

Gold pulled-back yesterday after 2 days of gains as the USD continued to grind its way higher. The market opened in Asia on the highs of the day (\$1310.00) and slowly began to creep lower. There was slow liquidation of Comex which went in line with both strength in the USDJPY and USDCNH throughout the Asia AM which persisted into the afternoon. The SGE premium was also a little lower than what we had seen over the past few sessions (\$12-12.50) which would have dented buying interest. The sell-off continued through London down to \$1302, but it was NYK that steered it through \$1300. Small stops from weak longs were tripped through that level and the metal shot sharply down to \$1295.50. From there it never recovered back through \$1300 despite trying a few times, ultimately closing on the back-foot around \$1296. We still believe the current uncertain political climate (Brexit / US-China trade deal) should



provide support for gold in the short term and we continue to look to buy dips. In the short term there may however be a bit of work to do around this \$1300 level.

Metals today traded fairly flat initially, consolidating after the generally weaker moves overnight (with the exception of Pd which is clinging to \$1550). Gold opened where we closed yesterday at \$1296 and traded sideways for most of the morning on thin volumes. It did tick below \$1295 a few times but remained fairly steady into the early afternoon. Later in the day some China headlines began circulating such as “*CHINA TO ROLL OUT LARGER SCALE OF TAX CUTS THIS YEAR: LI” and other headlines outlining a potential decrease in VAT. Commodities took off, following the headlines as did CNH, AUD and X/JPY pairs. Gold also jumped on the news trading just shy of \$1300 before easing back and sitting at \$1297.50 at time of writing. Silver hit \$15.30 following the headline, platinum rallied while palladium has remained steady. Ahead on the calendar today, look out for Euro Zone CPI, US Empire manufacturing, industrial production and Uni of Michigan Sentiment. Have a good weekend.

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