



MKS PAMP GROUP

Asia Market Update

16th January 2019

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1289.70/90	15.58/60	800/02	1323/28
HIGH	1292.10/30	15.59/61	801/03	1327/32
LOW	1288.40/60	15.53/55	797/99	1322/27
LAST	1292.00/20	15.58/60	800/02	1326/31

MARKETS/MACRO

British MPs have resoundingly voted down Theresa May's proposed Brexit plan, in a vote that the negative won 432 to 202. The result is the worst parliamentary defeat for a government in recent British history, with 118 of Prime Minister May's own conservative MP's voting no. With Britain due to leave the European Union on March 29, there is increasing uncertainty over whether the country will have a deal in place, whether a 'hard' Brexit will eventuate or whether there will be a Brexit at all. Following the vote, opposition leader Jeremy Corbyn tabled a motion of no confidence in the Government, which will be debated on Wednesday.

In U.S. data, the Empire manufacturing print for January collapsed to the lowest level in more than 12-months, however still indicated improving conditions. The figure declined to 3.9 (exp: 10.0) from an upwardly revised 11.5 (prev: 10.9) and is now down a cumulative 18 points since November. Weighing upon the headline print were weakness across new orders (down 9.9 points) and shipments (down 2.4 points). U.S. PPI declined -0.2% MoM during December (exp: -0.1%) to mark the largest decline in five months. The weakness was largely a result of a -13.1% collapse to gasoline prices, while the core PPI (ex-food, energy and trade) was flat (exp: +0.2%) from +0.3% previously. On an annualized basis PPI held at +2.5% YoY, while core PPI held at +2.8% YoY. Stocks in the U.S. firmed on Tuesday on the back of anticipation over Chinese stimulatory measures. The DJIA added +0.65% to 24,065.59 points, the S&P 500 climbed +1.07% to 2,610.30 points and strength across technology stocks propelled the Nasdaq Composite +1.70% to 7,023.836 points. The greenback recovered from Asian session weakness to finish higher on Tuesday (DXY +0.4%), firmer against the yen (USD/JPY +0.5%), the euro (EUR/USD -0.51%), while ending flat against the pound after the cable ripped higher post-Brexit vote. Stocks in Europe were buoyed by the reported Chinese stimulus measures, ending the session with modest gains heading into the Brexit vote. The Stoxx Europe 600 tacked on +0.35% to 348.71 points, the German Dax firmed +0.33% to 10,891.79 points, while in the U.K. the FTSE 100 gained +0.58% to 6,895.02 points as the pound softened leading into the Brexit vote.

PRECIOUS

Another day, another range-bound session for the precious complex, surprisingly seeing little in the way of price direction following the developments in the U.K. on Tuesday. The yellow metal remains pinned around USD \$1,290, broadly settling with a USD \$1,288 - \$1,292 range throughout Asian trade today amid muted dollar movement. Modest gains to USD/CNH toward 6.785 in early Shanghai provided headwinds to gold, pressuring the metal underneath USD \$1,290 as the on-shore premium in China held above USD \$8 relative to London gold. We saw USD/CNH settle back underneath 6.77 in late afternoon



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trade to underpin a move back above USD \$1,292, however still unable to make headway outside of the recent USD \$1,285 - \$1,295 range. The yellow metal continues to build toward a test of USD \$1,300, as ETF's accumulate amid global growth uncertainty. Data tonight includes German CPI, U.K. CPI, U.S. mortgage application and U.S. import prices.

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