



MKS PAMP GROUP

Asia Market Update

18th October 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1221.40/60	14.60/62	831/33	1070/72
HIGH	1224.20/40	14.63/65	832/34	1071/73
LOW	1221.10/30	14.58/60	828/30	1069/71
LAST	1222.40/60	14.58/60	828/30	1069/71

MARKETS/MACRO

The Federal Reserve minutes from the September meeting were released on Wednesday and showed that following the unanimous decision to raise rates by 25bps there was a general agreement to continue with further increases; "With regard to the outlook for monetary policy beyond this meeting, participants generally anticipated that further gradual increases in the target range for the federal funds rate would most likely be consistent with a sustained economic expansion, strong labor market conditions, and inflation near 2 percent over the medium term,". There were also discussions on whether rates would need to be increased past 'normalization' to a point at which they become restrictive in order to control inflation; "A couple of participants indicated that they would not favor adopting a restrictive policy stance in the absence of clear signs of an overheating economy and rising inflation." Housing starts in the U.S. sunk -5.3% MoM during September (exp: -5.6%) to follow a downwardly revised +7.1% in August (prev: 9.2%). Housing starts in the South fell -13.7% to be the main drag on the headline print, however were likely impacted by Hurricane Florence. Building permits in the U.S. eased modestly during September, declining -0.6% MoM (exp: +2.0%) to follow a -4.1% decline in August. Equity markets in the U.S. eased marginally lower on Wednesday, ending well off early session lows, however softened into the close following the FOMC minutes release. The DJIA sunk -0.36% to 25,706.68 points, while the S&P 500 eased just -0.03% to 2,809.21 points as materials (-0.83%) led the laggards. The Greenback added +0.6% on Wednesday, accelerating gains post the FOMC minutes release. The buck made notable gains against the pound (GBP/USD -0.63%) following weaker than expected U.K. CPI, while adding +0.33% relative to the yen.

PRECIOUS

A relatively uneventful session for bullion during Asian trade on Thursday, tracking toward the bottom of the recent range following Wednesday's weakness in New York. The greenback remained buoyant throughout the session to restrict further top-side gains, while muted Chinese demand did little to entice interest into the market. Shanghai saw gold hold at a premium of around USD \$6 relative to London gold, with USD/CNH pushing higher (toward 6.94) to weigh upon demand. Gold continues to trade resiliently above USD \$1,220, however could see a break toward support around USD \$1,215 should equity markets recover markedly from recent weakness. Top-side resistance initially cuts in around USD \$1,230, however more importantly USD \$1,235 remains the key pivot point, while recent short positioning is likely to unwind through to USD \$1,240. Silver continues to see interest around USD \$14.60, however more importantly USD \$14.50 - \$14.40 remains the key resistance level, while platinum struggles to hold USD \$830 and palladium remains heavy following Wednesday's -0.8% decline. Data today includes



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U.K. retail sales, U.S. Philadelphia Fed business outlook, U.S. initial jobless claims, U.S. Bloomberg consumer confidence and the U.S leading index.

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