



**MKS PAMP GROUP**  
**Asia Market Update**  
**19<sup>th</sup> December 2018**

Range Asian Hours  
(from Globex open)

|             | <b>GOLD</b> | <b>SILVER</b> | <b>PLATINUM</b> | <b>PALLADIUM</b> |
|-------------|-------------|---------------|-----------------|------------------|
| <b>OPEN</b> | 1249.80/00  | 14.64/66      | 790/92          | 1251/55          |
| <b>HIGH</b> | 1251.45/65  | 14.68/70      | 794/96          | 1254/58          |
| <b>LOW</b>  | 1248.50/70  | 14.62/64      | 790/92          | 1245/49          |
| <b>LAST</b> | 1250.60/80  | 14.68/70      | 792/94          | 1254/58          |

**MARKETS/MACRO**

Equities in the U.S. ended higher on Tuesday as the FOMC kicked off its two-day meeting. Stocks endured a volatile session in the lead-up to Wednesday's policy announcement, with each of the three major benchmarks closing off intra-session highs. The DJIA, at one stage traded 335 points higher, however tempered gains in the final hours to end with a +0.35% or 82.66 point gain to 26,675.64 points. The S&P 500 edged just +0.01% higher to 2,546.16 points as energy stocks (-2.35%) tracked oil prices lower, while firmer technology stocks helped the Nasdaq Composite to a +0.46% return at 6,783.91 points. Data released on Tuesday showed U.S. housing starts were unexpectedly firmer during November, increasing +3.2% MoM (exp: -0.2%) to a seasonally adjusted annual rate of 1.256 million. The monthly print was underpinned by a +22.4% increase to multi-family starts, while single family starts declined -4.6% to mark the lowest level since May 2017 and the third consecutive monthly fall. Building permits jumped +5.0% MoM (exp: -0.4%) to follow a -0.4% decline in October, again led by multi-family homes that increased +14.8%. Oil futures collapsed in New York on Tuesday, with concerns over a global glut continuing to spook investors. WTI booked its lowest finish in 16-months, falling -7% to settle at USD \$46.24 per barrel, while Brent crude dropped -5.2% to end just above USD \$56 per barrel. The greenback pared early session declines to end relatively unchanged on Tuesday as investors await Wednesday's FOMC rates decision. The dollar ease just -0.05% as the euro edged +0.15% higher and the yen (+0.29%) continued to firm.

**PRECIOUS**

Although held within a narrow range, Asian trade on Wednesday saw gold firm above USD \$1,250 into today's FOMC rate announcement. While expectations of a rate increase by the FOMC sit toward 80%, there is growing concern amid recent market jitters that the Fed could raise rates too fast at a time whereby the global economy is facing a slowdown. Recent correspondence from the committee indicates a further 3 rate increases during 2019, however under the current climate this is looking more unlikely and the market will be focusing intently on the rhetoric from Chairman Powell. Uncertainty underpinned the bid skew to gold today, pushing the metal to a USD \$1,251.45 session high as USD/China tracked lower during early Shanghai pricing. Interest around USD \$1,250 has turned the level into a pivot point for near-term price action, with expectations the figure broadly holds into the FOMC, while USD \$1,245 should provide supportive interest underneath this level. The 200-DMA at USD \$1,253 will act as a key resistance level to further top-side gains should the Fed take a dovish skew. Data today includes German PPI, U.K. CPI / RPI / PPI, U.S. MBA mortgage applications, U.S. existing home sales and the all-important FOMC rates decision and accompanying press conference.



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