



MKS PAMP GROUP

Asia Market Update

21st January 2019

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1282.80/00	15.34/36	798/00	1379/84
HIGH	1283.50/70	15.35/37	801/03	1384/89
LOW	1281.20/40	15.28/30	797/99	1377/82
LAST	1282.00/20	15.31/33	800/02	1384/89

MARKETS/MACRO

Renewed optimism over U.S. – China trade discussions helped to propel U.S. equities to a fourth consecutive gain on Friday, with investors putting to one side the implications on economic performance from the ongoing Government shutdown. The S&P 500 ended trade +1.32% higher at 2,670.71 points, the DJIA gained +1.38% to 24,706.35 points and the Nasdaq composite tacked on +1.08% to 7,157.228 points. On a weekly basis the S&P 500 was +2.9% higher, the DJIA +3% higher and the Nasdaq Composite +2.7% higher. Industrial production in the U.S. increased +0.3% MoM during December (exp: +0.2%) to follow a negatively revised +0.4% gain the month prior (prev: +0.6%). Manufacturing production surged +1.1% during December (exp: +0.3%) to mark the largest gain in 10-months, while capacity utilisation improved to 78.7% from 78.6% previously, the highest level in almost four years. The University of Michigan's measure of consumer sentiment in the U.S. plunged during January, registering 90.7 (exp: 96.8) from 98.3 previously. The print saw weakness from the partial Government shutdown and concerns over trade relations with China. Treasury yields in the U.S. increased sharply on Friday as investors continued to pile back into stocks. The two-year added around 5bps to end at 2.611% (highest since Dec 21) and the 10-year gained 3.5bps to 2.783%. The greenback ripped higher in U.S. hours to finish the session with a +0.33% gain (DXY +0.33%), making significant headway against the pound (GBP/USD - 0.85%) as the recent Brexit driven rally was faded into the weekend. Stocks in Europe firmed on Friday on the back of optimism over the U.S. – China trade negotiations. The broad Stoxx Europe 600 posted a +1.80% gain to 357.05 points, the German Dax surged +2.63% to 11,205.54 points, while in the U.K. a softer pound and gains to the big miners helped underpin a +1.95% gain to 6,968.33 points.

PRECIOUS

Bullion kicked off the week to a mild bid tone, extending above Friday's New York closing level as the major U.S. parties continue to be at loggerheads over a deal to end the ongoing Government shutdown, now moving into its 31st day. The yellow metal opened toward USD \$1,283 and continued to see supportive interest throughout early session pricing to touch a USD \$1,283.50 high leading into the Chinese market open. The metal was supported by a mildly offered greenback as USD/CNH slipped back underneath 6.80 (6.792 low), while we saw an on-shore premium of around USD \$10, which is toward the upper end of the recent range. We saw a modest recovery to the dollar during the afternoon to weigh upon bullion during the Chinese lunch break, albeit still held within a narrow range to see a USD \$1,281.40 low. Gold continues to operate within the recent USD \$1,280 - \$1,300 range, with support extending toward USD \$1,275. Front end vols have firmed with the recent move lower in spot and participants are looking to play on the long-side amid a number of global risks. Expect price action to



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remain muted today due to the Martin Luther King Jr. U.S. holiday, with little data of note to drive direction.

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