



MKS PAMP GROUP
Asia Market Update
22nd May 2019

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1274.80/20	14.44/46	815/18	1319/23
HIGH	1275.10/50	14.46/48	817/20	1322/26
LOW	1273.00/40	14.42/44	810/13	1318/22
LAST	1273.00/40	14.42/44	810/13	1318/22

MARKETS/MACRO

Risk markets had a better tone in the aftermath of Fed Chair Powell's remarks that US growth remains strong while acknowledging that it's too early to make an assessment about the growth impacts of US-China trade negotiations. Further comforting investor unease, news was released that the US Commerce Department had granted temporary relief for companies doing business with Huawei, following last weeks restrictions. Equity markets bounced back as a result, the DJIA advancing +197.43 points (+0.77%) to 25,877.33, the S&P500 rallied +24.13 points (+0.85%) to 2,864.36 and the NASDAQ Composite leapt +83.348 points (+1.08%) to 7,785.723. European markets rebounded also, the Euro Stoxx 600 up +2.04 points (+0.54%) to 379.50, the DAX jumped +0.85%, FTSE100 +0.25% and CAC40 advanced +0.5%. Elsewhere, crude traded in a range on Tuesday (WTI -0.5% to \$62.97) despite the possible extension of OPEC's production cut deal in H2 2019. Tension between Iran and the US intensified, as the US blamed Iran for a drone strike on Saudi Arabian pipelines. The Iranian Foreign Minister Mohammad Javad Zarif warned that the US was "playing a very, very dangerous game" with military deployments. In FX, the AUD remains soft after RBA governor Lowe confirmed an easing bias yesterday. "A lower cash rate would support employment growth and bring forward the time when inflation is consistent with the target" and "at our meeting in two weeks' time, we will consider the case for lower interest rates", he stated, which is as clear a signal as the RBA ever delivers. As a result AUDUSD traded down to the recent lows again at 0.6865 and currently sits just above at 0.6880.

Prime Minister Theresa May set out a "new deal" on Tuesday for Britain's departure from the European Union, offering sweeteners to parliament including the chance to vote on whether to hold a second referendum to try to break the impasse over Brexit. May offered what she called "significant further changes" but many lawmakers, hardened in their positions, have already decided not to vote next month for the Withdrawal Agreement Bill, legislation that implements the terms of Britain's departure. Speaking at the headquarters of PricewaterhouseCoopers, May appealed to lawmakers to get behind her deal, offering the prospect of a possible second referendum on the agreement and closer trading arrangements with the EU as incentives. However, Labour leader Jeremy Corbyn said his party could not vote for the Withdrawal Bill, describing May's new offer as "largely a rehash of the government's position" in talks with the opposition that broke down last week. So on we go it seems...

PRECIOUS

It was a softer, albeit slow session for metals yesterday with Trump slightly watering down his stance on Huawei, stock markets rising and yields ticking higher. Gold opened the session more or less on the highs of the day and ticked lower over the course of the Asia AM session as the dollar firmed. Throughout the Asian and early European hours the metal held steady around \$1275-76, finally breaking lower late in



London day and touching the low \$1270's briefly. Some physical interest and profit taking emerged later in the day and the yellow metal jumped back towards \$1274-75 where it traded quietly into the close. Silver more or less tracked gold over the day, softening into late London and again testing just under \$14.40 for a third consecutive day and bouncing back into the close. It appears here that we may have found a short term base looking at the charts and we feel that the next move for silver is likely higher.

A quiet day for the metals in Asia, gold holding to a tight \$2 range thus far. There was a brief round of buying at the Ecomex open and the yellow metal ticked through \$1275, although once China opened the dollar began to firm and gold inched back down a few dollars. Flows have been very light today across both Comex and the SGE and we expect markets to look to more trade rhetoric today for direction. On the data front, the focus today will be on the FOMC minutes, with UK CPI and PPI to also be released. Have a good day ahead.

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