



MKS PAMP GROUP

Asia Market Update

24th January 2019

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1282.80/00	15.35/37	793/95	1346/51
HIGH	1284.80/00	15.38/40	796/98	1349/54
LOW	1282.70/90	15.33/35	793/95	1345/50
LAST	1283.50/70	15.35/37	795/97	1345/50

MARKETS/MACRO

In Washington, Senate leaders are set to vote on two proposals on Thursday aimed at ending the on-going Government shutdown. Both are expected to fall short of the 60 votes required to pass and if so will see 800,000 federal workers miss a second paycheck this Friday. Concerns over global growth and the U.S. – China trade impasse were put to one side on Wednesday as a number of positive earnings results helped underpin gains. The DJIA jumped +0.70% to end the session at 24,575.62 points, while the S&P 500 posted a +0.22% gain to 2,638.70 points and the Nasdaq Composite inched +0.08% higher to 7,025.77 points. The greenback eased marginally against majors (DXY -0.22%), predominately a result of a firmer pound (+0.84%) as delays to Brexit become increasingly likely. The dollar made gains against the Japanese yen after the Bank of Japan revised down its core inflation forecast for the 2019 fiscal year (begins April) to +0.9% from +1.4% previously. Treasury yields popped higher on Wednesday as equity markets firmed, seeing the two-year 2.3bps higher to 2.755% and the 10-year added 1.5bps to 2.591%. Markets in Europe eased on Wednesday as concerns over a global slowdown continued to weigh upon investor risk appetite. The Stoxx Europe 600 eased just -0.06% to 354.59 points, the German Dax slipped -0.17% to 11,071.54 points and the French CAC pulled back -0.15% to 4,840.38 points. In London the FTSE 100 sunk -0.85% to 6,842.88 points amid a firmer pound and continued Brexit uncertainty.

PRECIOUS

An initial offered bias to the dollar supported bullion in early Asian trade today, however as we have become accustomed to seeing in recent sessions, the metal failed to break outside of the recent range amid muted interest. Demand out of China underpinned a mild bid tone to take the yellow metal toward the USD \$1,285 pivot, as USD/CNY opened lower and USD/CNH tested a break under 6.78 (opened at 6.794), however the pair soon reversed and with this gold eased back toward USD \$1,283. The on-shore premium in Shanghai remained elevated around USD \$9 to keep prices buoyant, however the metal struggled to make headway throughout the afternoon and settled into a USD \$2 range over the session. The political stalemate in Washington and U.S. – China trade relations remain in focus and should provide support to prices over the near-term. Expectations of broad support around USD \$1,275 - \$1,280, while the USD \$1,285 pivot is the key for a move through USD \$1,295 and a renewed test of USD \$1,300. Price action across the remainder of the precious was generally uneventful today, as silver failed to move back above USD \$15.40, platinum continued to trade heavily underneath USD \$800 and palladium oscillates either side of USD \$1,350. Data releases today include Markit manufacturing/service/composite PMI prints from France, Germany, the Eurozone and the U.S. We also see the ECB decision, U.S. initial jobless claims, Bloomberg U.S. consumer confidence and the U.S. leading index. All eyes will be on ECB President Mario Draghi's press conference, with participants



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looking for the central banks view on downside risks to the economic outlook within the region. Should Draghi take a more dovish tone we may see the euro under pressure, creating a firmer greenback and weighing upon metals prices.

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