



MKS PAMP GROUP

Asia Market Update

26th October 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1232.30/50	14.63/65	825/27	1103/05
HIGH	1232.90/10	14.65/67	826/28	1106/08
LOW	1230.15/35	14.59/61	824/26	1102/04
LAST	1232.20/40	14.65/67	825/27	1102/04

MARKETS/MACRO

Durable goods orders in the U.S. increased +0.8% MoM during September (exp: -1.5%) to follow a +4.6% gain the month prior. The fall was largely a result of a -17.5% decline to the volatile aircraft category to see durable goods ex transportation add just +0.1% MoM (exp: +0.4%) from +0.3% the month prior. The closely watched proxy for business spending, orders for non-defence capital goods (ex-air), eased -0.1% MoM (exp: +0.5%) to follow an upwardly revised -0.2% decline in August (prev: -0.9%). Initial jobless claims in the U.S. increased 5,000 to 215,000 during the week ended October 20 to see the four-week moving average hold unchanged at 211,750. Continuing claims meanwhile edged 5,000 lower to 1.636 million during the week ended October 13 (exp: 1.644 million). Pending home sales in U.S. outpaced expectations to add +0.5% MoM during September (exp: flat) to follow a 1.9% decline in August. Both the West (+4.5%) and the Midwest (+1.2%) recorded gains, however on an annualised basis sales slipped -3.4% (exp: -2.6%) from -2.6% previously. Equities in the U.S. booked solid gains on Thursday, although eased off the session highs late in trade. The DJIA added +1.63% to 24,984.55 points, while strength across technology (+3.32%) following the previous session rout helped to see the S&P 500 +1.86% higher to 2,705.57 points. The tech-laden Nasdaq Composite was the major beneficiary of the recovery, surging +2.95% to 7,318.336 points, notching the best single-session performance since late March. The greenback ripped higher in New York on Thursday to reverse Asian weakness and end +0.2% higher. The dollar made notable gains against the euro (EUR/USD -0.15%) as the common currency pared ECB driven gains to slip back underneath 1.14. Treasury yields meanwhile edged modestly higher to see the 10-year gain just over 1bp to 3.13% and the two-year 0.8bps higher to 2.862%. The European Central Bank as widely expected kept rates on hold on Thursday, while confirming its intention to end monetary policy easing by the end of this year. ECB President Mario Draghi commented following the decision that although inflation within the region is currently muted, it is expected to improve into the end of the year and increase further over the medium term. European equities saw interest following the ECB announcement and subsequent press conference, helping the Stoxx Europe 600 snap a 6-session run of declines to finish +0.55% higher at 355.06 points. In the U.K. the FTSE 100 added +0.6% to move back above 7,000 points as the pound lost ground late in the session.

PRECIOUS

Following another failed test of USD \$1,240 in Europe on Thursday, gold remained buoyant toward USD \$1,230 during Asian trade today, with the figure continuing to see supportive price action after broadly holding the level in New York overnight. Thursday's sharp reversal was driven by USD/China strength during early European hours and in a similar fashion, albeit a far smaller magnitude, we saw gold mark the session low in Asia today as USD/CNY fixed notably higher. Muted dollar price action and marginally



offered regional equities did little to provide direction for the metal, holding a tight range throughout the session with a mild bid bias as the on-shore premium in Shanghai softened to test underneath USD \$6. At risk of repetition, the key resistance level of USD \$1,240, with extension broadly through USD \$1,245 remains the key to further positive price action as the recent build of shorts is likely to begin unwinding. Supportive interest initially sits around USD \$1,230, while any test of the figure should see USD \$1,225 once again come into play (Wednesday's low). Silver remains buoyant above USD \$14.60 following the expiration of options at USD \$15, however thus far has been unable to make any headway above USD \$14.80. All eyes tonight on the U.S. GDP print with expectations centred around +3.3% QoQ, while we also see the University of Michigan consumer sentiment print.

Although the information in this report has been obtained from and is based upon sources MKS believes to be reliable, we do not guarantee its accuracy and it may be incomplete or condensed. All opinions and estimates constitute MKS' judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as investment advice, offer or solicitation for the purchase or sale of an investment. This report does not consider or take into account the investment objectives or financial situation of a particular party.