



## MKS PAMP GROUP

### Asia Market Update

27<sup>th</sup> September 2018

Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
<b>OPEN</b>	1195.10/50	14.34/37	818/21	1067/69
<b>HIGH</b>	1198.40/80	14.44/47	827/30	1072/74
<b>LOW</b>	1194.60/00	14.31/34	818/21	1063/65
<b>LAST</b>	1195.00/40	14.39/42	825/28	1070/72

#### MARKETS/MACRO

The FOMC hiked the US federal funds rate by 25 bps, a move that was widely anticipated by investors. The Fed's forward predictions remain unchanged from the previous forecast, with one more rate hike expected in December and a further three in 2019. Language describing the policy position as "accommodative" has been dropped, however Fed Chair Powell commented that "Dropping accommodation does not change anything with regards to the path of policy". US gave back early gains to finish lower after the rates decision. The Dow lost 106.93 points, or 0.40%, to 26,385.28, the S&P 500 fell 9.56 points, or 0.33%, to 2,905.07, while the Nasdaq shed 17.105 points, or 0.21%, to 7,990.367. The markets were weighed down by losses in financials (-1.27%), REITs (-1.15%) and utilities (-1.04%). European equities were higher, the EuroSTOXX added 1.15 points, or 0.30%, to 385.04, the German DAX rose 11.23 points, or 0.09%, to 12,385.89, and the London FTSE 100 gained 3.93 points, or 0.05%, to 7,511.49. The FOMC decision prompted some choppy trading for the greenback, but ultimately the range was fairly small. The US dollar index added 0.15% to 94.278, the EUR was as low as 1.1729, while USD/JPY traded down to 112.65. US treasury yields were lower, the 2 year yield eased 1.6 bps to 2.81% while the 10 year yield lost 4.5 bps to 3.05%. Oil prices were lower as US inventories increased unexpectedly last week, Brent sold off 0.2% to \$81.65 while WTI fell 0.2% to \$71.98. Base metals were mostly lower, with nickel (-1.0%) leading the losses. In US economic data, new home sales rose 3.5% to a seasonally adjusted annual rate of 629k. In Asia today, as I write the Nikkei is at -0.59%, the Shanghai composite is at -0.40%, the Hang Seng is at -0.27%, and the ASX S&P 200 is at +0.03%. Tonight we have weekly jobless claims, GDP revision, durable goods orders, core capex orders, advance trade in goods, and pending home sales out of the US; with loan growth, business confidence, services sentiment, consumer confidence, consumer inflation expectations, and industrial sentiment out of the Eurozone.

#### PRECIOUS

The precious saw some volatility after the FOMC announcement but markets remained within recent the recent range. Gold opened at \$1200 and remained within a tight range through Asian hours. The SGE premium started off around \$6-7 before easing slightly through the day. After reaching the day's high of \$1202 the market began to ease into the London open. The market drifted \$3 lower through the London AM session as the US dollar ticked up ahead of the FOMC announcement. Gold was fairly quiet through the morning in NY. Whippy trading after the announcement saw the yellow metal test \$1200, plunge to the low of \$1191, recover to \$1198, then settle back at the earlier \$1194 ahead of the close. Silver traded above \$14.50 during Asian hours but was sold off as the USD started to gain ground during the London AM session. The grey metal closed near the lows at \$14.29. In the PGMs, palladium managed to buck



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the trend and finish ahead. The metal traded up to \$1074, the highest level since January, before closing in front at \$1066. In Asia today, gold opened at \$1195.10 and made a slow grind up to the high of \$1198.40 as USD/CNH came off. The SGE premium slightly firmer at \$6-7 over loco London. The metal has come off during the afternoon as the greenback recovers, the market is at \$1195.00 as I write. Silver opened at \$14.34 and picked up \$0.10 to reach \$14.44, the grey metal is currently still in front at \$14.39. PGMs are higher, platinum and palladium are sitting at \$825 and \$1070 respectively. Have a good day ahead.

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