



MKS PAMP GROUP

Asia Market Update

29th October 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1234.30/50	14.70/72	833/35	1103/05
HIGH	1235.20/40	14.71/73	834/36	1104/06
LOW	1231.80/00	14.65/67	832/34	1102/04
LAST	1233.50/70	14.65/67	832/34	1102/04

MARKETS/MACRO

U.S. GDP increased at +3.5% QoQ (exp: +3.3%) during Q3, outpacing expectations although down from the +4.2% during Q2. Consumer spending, which accounts for more than two thirds of U.S. economic activity, increased by +4.0% QoQ (exp: +3.3%) from +3.8% previously. This increase helped to offset a -7.9% fall in business spending, the largest quarterly fall since Q1 of 2016. The core PCE index, the Federal Reserve's preferred inflation gauge, increased just +1.6% QoQ (exp: +1.8%) to fall well short of the +2.1% increase during Q1. The University of Michigan's measure of consumer confidence softened during October, slipping to 98.6 (exp: 99.0) from a 100.1 read in September. Equities in the U.S. slumped on Friday even amid the firmer than expected GDP print, with a number of disappointing earnings results weighing upon sentiment. The DJIA trimmed losses late, however still booked a -1.19% decline to 24,688.31 points, while heavy trade across consumer discretionary stocks (-3.55%) provided downwards pressure on the S&P 500 to see the bourse -1.73% lower to 2,658.69 points. Over the week the DJIA was off -3% to see the monthly decline sit around -6.7%, while the S&P 500 fell -3.9% on the week to be -8.8% on the month. The greenback ended lower in mixed trade on Friday (DXY -0.2%), turning offered in New York as equities plummeted. The dollar lost ground against the safe-haven yen (USD/JPY -0.5%) as the pair consolidated under 112.00, however did see gains relative to the Chinese currencies as USD/CNH touched a 6.9769 high to mark the strongest print since December 2016. Equities in Europe recovered from session lows, however still booked heavy falls on Friday on the back of global jitters. The Stoxx Europe 600 continued recent weakness to end the session -0.77% down at 352.34 points, while the German Dax sank -0.94% to 11,200.62 points and the U.K. FTSE 100 pulled back -0.92% to 6,939.56 points as Brexit discussions fail to make headway.

PRECIOUS

A disappointing end to a promising session for gold on Friday, printing a near three-month high in New York, only to pair gains against a backdrop of softer global equities and an ailing greenback. After a relatively quiet Asian session, the yellow metal found support in early European hours on the back of a declining USD/China to once again test a break of USD \$1,240, a level that had been threatened on multiple occasions throughout the week. A firming dollar however soon put an end to the bid tone to have gold retracing toward USD \$1,233 leading into the New York open. U.S. equities opened markedly weaker to see bullion once again firm, triggering stops through USD \$1,240 to print the session high of USD \$1,243. The metal held USD \$1,240 for around an hour, however pared gains as equities turned off session lows to briefly test depth around USD \$1,232 and end the session relatively unchanged.



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Bullion kicked off the week in relatively sedate fashion during Asian trade on Monday, held within a narrow range while continuing to see supportive price action toward USD \$1,232. The metal opened underneath USD \$1,235 and saw mild profit taking throughout early session trade to touch the session low of USD \$1,231.80 leading into the Shanghai open. Chinese interest created a mild bid tone for the metal to hold an on-shore premium toward USD \$7 amid a firmer USD/CNH, with the pair moving back above 6.96. We continue to see USD \$1,235 as a pivot point for a further test through USD \$1,240 with global equities and the dollar likely to remain under pressure. Recent buying interest has been predominately driven by the instigation of fresh long positioning and there is still scope for recent shorts to be squeezed on a move through USD \$1,245, with further demand through USD \$1,250. Data today includes US. Personal income / spending and the Dallas Fed manufacturing activity index.

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