



# MKS PAMP GROUP

## Europe / US Market Update

### 4<sup>th</sup> January 2019

Range Europe / US Markets  
(from Globex open)

3-Jan-19	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
OPEN	1287.65	1288.05	15.5500	15.5700	793.30	796.30	1256.90	1276.90
HIGH	1292.75	1293.15	15.7450	15.7650	797.10	800.10	1262.30	1282.30
LOW	1284.45	1284.85	15.5250	15.5450	788.80	791.80	1252.90	1272.90
CLOSE	1290.85	1291.25	15.6800	15.7000	794.90	797.90	1258.50	1278.50
EFP	1.75	2.15	0.0450	0.0650	3.50	6.50	-80.00	-60.00
LBMA Prices	AM	PM	15.54		AM	PM	AM	PM
	1287.95	1290.45			797.00	794.00	1261.00	1269.00
Active Contract	GCG9 Comdty		SIH9 Comdty		PLJ9 Comdty		PAH9 Comdty	

### MACRO

- Another sharp day of losses for risk assets yesterday, equities in particular leading the descent as Apple Inc. (-10.0%) cut its revenue forecast for the first time in 16 years blaming poor iPhone sales in China.
- The DJIA plunged -660.02 points (-2.83%) to 22,686.22, the S&P500 relinquished -62.14 points (-2.48%) to 2,447.89 and the Nasdaq Composite crashed -202.434 points (-3.04%) to 6,436.504.
- In Europe the Stoxx 600 fell -3.29 points (-0.98%) to 333.92 and EuroFirst 300 declined -11.18 points (-0.84%) to 1,318.46.
- Currencies were wild in Asia yesterday the USDJPY experiencing a flash-crash of -4.0% to trade briefly below 105. It traded firmer throughout the Asia session and remained around 107-108 for the remainder of the session. There was good interest to add USDJPY downside structures with relatively short dated expiries.
- Safe-havens were well bid - 10y US treasury yields dipping to 2.56% the lowest in 11 months and 2y US yields falling 9 bps to 2.38%.
- December ADP employment was much stronger than expected at 271k (180k expected) while November was revised down to 157k from 179k initially.
- December ISM manufacturing was softer than expected at 54.1 (57.5 expected) from 59.3 previously. The key sub-components were also softer, including employment which fell to 56.2 from 58.4 previously, prices paid moderated to 54.9 from 60.7 previously, and new orders slumped to 51.1 from 62.1 previously.

### PRECIOUS

- Gold benefited from the risk off tone and weak equities pushing through to fresh cycle highs yet again.
- After the carnage in FX markets prior to the metals open, demand was firm at the open yesterday fuelled by a soft USDJPY and weak equities.
- We broke through \$1290 early in the session although some Chinese profit taking pushed us back below there to trade quietly throughout the morning between \$1285-88.
- Gold dipped to the lows early in NY as some profit taking took hold, but many saw this as a buying opportunity and the metal advanced throughout the remainder of the day closing on the highs.



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- Chinese and producer selling remain a feature on the move higher but it continues to be absorbed in what has been a fairly orderly move toward \$1300.
- Silver continued to grind higher inline with gold hitting a peak of \$15.75 and closing not far from there.
- PGM's despite some poor vehicle sales figures out the US were fairly flat.

#### **PRE-ASIA COMMENTS**

- Gold has strengthened so far this morning and is now threatening \$1300 (last \$1298).
- Currencies have been much quieter USDJPY (+0.4% to 108.10 currently) and AUDUSD (+0.25% to 0.7020).
- It certainly feels like we will at least have a test of \$1300 today - with stops likely prevalent on the other side. We do expect some heavy selling at that level from producers.
- Ahead today on the data calendar Eurozone Markit Services and Composite PMI's, German employment, Eurozone CPI and PPI and US NFP's and Markit composite and services PMI's.
- Have a good weekend.

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