



MKS PAMP
GROUP

Daily Asia Wrap - 11th December 2019



Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1464.20/60	16.67/69	921/23	1898/01
HIGH	1464.90/30	16.67/69	922/24	1902/05
LOW	1462.90/30	16.59/61	913/15	1894/97
LAST	1463.80/20	16.62/64	917/19	1897/00

MARKETS/MACRO

It was another lackluster session for global markets yesterday as investor's look to tonight's FOMC decision before turning attention to the UK election on Thursday – the final 2 major hurdles before easing into the festive season. US equity markets cooled modestly on the day with the Dow down -0.1% to 27,881.72, the S&P500 slipping -0.11% to 3,132.52 and Nasdaq Composite dipping -0.07% to 8,616.18. It was a similar situation in Europe with most major market indices pulling back. The FTSE100 declined -0.28% to 7,213.76, the DAX gave up -0.27% to 13,070.72, the Euro Stoxx 600 lost -0.26% to 405.34, while the CAC40 bucked the trend and rose +0.18% after some better than expected industrial production figures. The dollar remained mostly unchanged on the day against its G10 peers, though was mildly bid against Sterling after a YouGov/MRP poll disappointed the market, predicting a Conservative majority of 28 seats, a thinner margin than what some were expecting. The MRP poll is significant due to its large survey size and the fact that it correctly predicted the last election. Elsewhere, The yield on the US 10-year note was +1.4bps higher at 1.84%, while the bund yield was +1.2bp higher at -30bps. Oil was also a touch firmer, with WTI up +0.6% to USD59.25/bbl.

On the trade front, Dow Jones newswires reported overnight that both the US and China were working on a delay of a planned tariff increase come December 15 even as a Phase one deal remains elusive

thus far – with the sticking point appearing to remain around specific purchases of US agricultural goods.

French industrial production rose +0.4% MoM, following on from September's rise, but that performance was not mirrored in Italy, the EU's second-largest producer, production there falling - 0.3% MoM. But if ZEW investor expectations are any gauge of the future, the strong gains in both German and euro area expectations for the next six months points to a brighter manufacturing climate. Both series rose over 12 points and are back in positive territory for the first time in eight months. The reality however is that the on-the-ground environment is still difficult and the improved, but still deeply negative -19.9 reading for current conditions in Germany did not impress. It will be interesting to hear Christine Lagarde's assessment of the economic outlook and the appropriate policy prescription when she delivers her first monetary policy statement on Thursday. In the US, the NFIB small business survey rose to 104.7, with most sub-components higher. It was the second-highest reading this year and just four points off the record high. That is another piece of encouraging US data implying onward momentum in economic activity.

PRECIOUS

The spotlight for metals yesterday was firmly on PGM's, as South African power cuts reached a new climax with state owned power utility Eskom activating stage 6 load shedding, forcing mines to halt operations to avoid miners being stranded down shafts. The South African power grid has suffered a raft of breakdowns, which has forced Eskom to act to prevent a total collapse of the system. Platinum and palladium were buoyed by supply concerns as a result, SA being the world's top producer of Platinum and second largest producer of Palladium. Platinum after starting the day in Asia sub \$900, continued to climb throughout the session posting a high of \$924 late in NY, a very impressive performance. Palladium traversed \$1900 once again, hitting a new all-time peak in what was an upward but volatile session. Gold and silver meanwhile were both muted in terms of price action and volumes ahead of today's FOMC and Thursday's UK general election. The Chinese premium on both gold and silver remains elevated.

A fizzer today in Asia, with investors quietly waiting for tonight's data. Gold traded a ~\$2 range throughout the session on light volumes. Silver after opening a touch a higher was gently sold off throughout the morning and is currently sitting just above \$16.60. Platinum saw a pretty aggressive sweep just before the Tocom open dropping from around \$921 to \$915, but then proceeded to gradually recover thereafter. Palladium initially fell off on some profit taking right after the open, but has crept back above \$1900 this afternoon, but early European traders are currently on the offer. As mentioned focus today will be clearly on the FOMC decision, late during NY. The market will also be looking for any more developments on a trade agreement. On the data front we also have US mortgage applications and CPI. Have a good day ahead.

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