



MKS PAMP
GROUP

Europe/US Market Update - 17th October 2019



Europe/US Markets (from Globex open)

16-Oct-19	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
OPEN	1483.60	1484.10	17.4000	17.4200	886.00	889.00	1736.50	1739.50
HIGH	1491.60	1492.10	17.4475	17.4675	890.00	893.00	1781.00	1784.00
LOW	1477.10	1477.60	17.1675	17.1875	876.00	879.00	1733.00	1736.00
CLOSE	1490.10	1490.60	17.3925	17.4125	883.00	886.00	1768.00	1771.00
EFP	3.55	3.65	0.0125	0.0225	3.75	4.75	-41.00	-33.00
Active Contract	GCZ9 Comdty		SIZ9 Comdty		PLF0 Comdty		PAZ9 Comdty	

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MACRO

- Markets were dominated by Brexit speculation and headlines yesterday, while US data, which was mixed, took a back seat in terms of focus.
- The EU and UK continued negotiations yesterday ahead of an important EU summit later this week. Realistically, a deal would need to be reached by Wednesday or very early Thursday if it stands a chance of being approved by the EU and the UK parliament by October 19th - the date by which Boris Johnson is legally obliged to ask the EU for an extension to the current 31st October departure date. So we are finely balanced.
- Brexiteer MP's say they will support a Johnson deal if the PM can get one, however the DUP will take some reassuring about the Irish border.
- US equity markets were slightly lower on the day, trickling down following the soft retail sales number. The Dow eased -22.82 pts (-0.08%) to 27,001.98, the S&P500 dipped -5.99 pts (-0.2%) to 2,989.69 and Nasdaq Composite cooled -24.52 pts (-0.3%) to 8,124.184.
- In Europe equities were mixed, the DAX up +0.32%, while the EuroStoxx 600 fell -0.14%, FTSE100 retreated -0.61% and CAC40 slid -0.09%.

- GBP surged again in very volatile trade, pushing back below the 200 dma initially (1.2714) to 1.2658, but then gathering steam throughout the back-end of London and NY to close at 1.2825.
- The dollar was generally lower across the board, with the DXY breaking below 98.00.
- Crude rebounded, focusing on short term market tightness and base metals broadly softened.
- US retail sales fell for the first time in 7 months down -0.3% MoM (+0.3% expected, +0.6% prior), with 8 of the 13 sub-categories falling. This raises concerns that the buoyancy of the American consumer could be starting to crack and increase expectations for a 25 bps cut from the Fed at their Oct meeting.
- US NAHB housing market index rose to 71 (68 expected, 68 prior).
- Euro area trade data was soft showing imports down -4.1% YoY, reflecting weakening domestic demand, and exports falling -2.2% YoY. This was the third month in a row where exports have been down year-on-year.

PRECIOUS

- Gold was supported by the softer dollar, uneasy equity trade, softer economic data and the uncertainty surrounding Brexit and the China - US trade war.
- The yellow metal began the day flat between \$1480.50-1482.00, however some safe-haven buying was triggered after China ramped up the political pressure following US Congress discussing legislation to support Hong Kong protestors. Gold rallied to \$1485.
- Brexit headlines and data shunted the metals around during European hours, while the lows were hit close to the NY open.
- Gold bounced strongly following the soft retail sales figure, with investors thinking that perhaps the weak industrial data etc from the US is beginning to kick over into consumer spending. This also prompted investors to increase their expectation of a rate cut by the Fed in October. Gold rallied sharply to the days high on the back of this and closed just beneath \$1490.
- Palladium was again the standout in the precious space, building on its recent strength and showing no sign of pulling back. Strong bids (and not a lot in the way of offers) was witnessed throughout the back-end of Europe and into NYK the white metal rallying from \$1740, to hit a fresh all-time high for a 3rd consecutive day.
- Silver was aggressively sold off late in Asia and again late in Europe to test the \$17.20 support. It found its feet however once gold began to rally and closed out the session only a touch lower.

PRE-ASIA COMMENTS

- Metals have been supported in early trade, gold inching through \$1490 and silver holding above \$17.40.
- Aussie employment data came in more or less as expected this morning, employment rising by +14.7k (+15.0k expected, +37.9k revised up prior) and unemployment fell to 5.2% (5.3% expected, 5.3% prior).
- China has just opened as I write and gold and silver have turned and are being offered.
- Ahead on the data calendar look out today for: UK retail sales, Us housing starts, Philly Fed business outlook, jobless claims and industrial production numbers. Brexit headlines should drive the market today.

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