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Asia Market Update

3rd December 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1224.20/40	14.24/26	802/04	1187/91
HIGH	1226.50/70	14.32/34	812/14	1190/94
LOW	1221.90/10	14.22/24	802/04	1186/90
LAST	1225.70/90	14.32/34	811/13	1190/94

MARKETS/MACRO

All eyes over the weekend were on the side-meeting between the U.S. and China at the G20 summit, with both parties agreeing to a 90-day 'ceasefire' agreement on further economic tariffs. This puts a stop to the scheduled increase in tariffs from 10 per cent to 25 per cent from January 1st on USD \$200 billion in Chinese goods, while the parties are set to begin negotiations immediately on changes to intellectual property protections and cyber-theft, amongst other priorities. Equities in the U.S ended higher on Friday on the back of optimism that that the U.S. and China would reach a compromise on trade at the G20 summit. The DJIA closed +0.79% higher at 25,538.46 points, gains to healthcare (+1.08%) and technology (+1.06%) helped the S&P 500 +0.82% higher to 2,760.17 points, while the Nasdaq Composite tacked on +0.79% to 7,330.537 points. On the data front, the Chicago PMI jumped 8 points to 66.4 (exp: 58.5) during November, marking a more than 4-year high to end a streak of three successive declines. The greenback firmed on Friday (DXY +0.42%) on anticipation of the weekend G20 summit, with the euro (-0.7%) and the pound (-0.4%) seeing Brexit-related weakness. Oil futures eased on Friday as participants eyed the upcoming OPEC meeting, closing out the worst month in around a decade as WTI collapsed -22% on the month. For the session WTI pulled back -1% to around USD \$50.75 per barrel, while Brent crude dropped -1.3% to USD \$58.70 per barrel, seeing the global benchmark -21% down on the month. European bourse's finished in the red on Friday, weighed down by uncertainty over global trade and soft Chinese data. The Europe Stoxx 600 eased -0.17% to 357.49 points, the German Dax declined -0.36% to 11,257.24 points, while in London the weaker Chinese data weighed upon the big miners to see the FTSE 100 off -0.83% to 6,980.24 points.

PRECIOUS

A positive session for the precious complex in Asia and Monday, buoyed by the weekend trade negotiations between the U.S. and China. Regional demand led by Chinese physical interest supported the metal in early session flows, underpinned by a markedly softer USD/China in conjunction with a broader offered bias to the greenback. The yellow metal made a number of unsuccessful attempts above USD \$1,225 during the morning, before headlines out of the U.S. announcing that China had agreed to reduce, remove car import tariffs gave the metal a boost through the figure. The news weighed upon the dollar further and saw bullion test toward USD \$1,227 as London filtered in, around +0.4% higher from opening levels. Expect USD \$1,230 to remain in the cross-hairs, with the figure remaining a formidable resistance over the past few weeks. Supportive price action sits toward USD \$1,220, with extension down to USD \$1,215. The remainder of the precious firmed with gold in Asia today on the back of the declining dollar. Silver added +0.8%, palladium gained +0.4%, although still well off the Friday break above USD \$1,200, while platinum moved away from USD \$800 to jump +1.1% higher. Oil futures rallied today



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following the weekend pact between Russia and Saudi Arabia to reach an agreement at the upcoming OPEC meeting, while further support was found after Canada's largest oil producing province, Alberta announced a 325,000 barrel per day production cut. WTI traded around +6% higher during the Asian afternoon, while Brent is holding +5.8% higher. Data today includes Markit U.S. manufacturing PMI, U.S. construction spending and ISM manufacturing.

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