



MKS PAMP GROUP

Asia Market Update

5th December 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1238.90/10	14.54/56	805/07	1230/35
HIGH	1239.10/30	14.54/56	805/07	1231/36
LOW	1234.20/40	14.44/46	793/95	1229/34
LAST	1236.10/30	14.47/49	793/95	1229/34

MARKETS/MACRO

Equities in the U.S. moved sharply lower on Tuesday to log their worst single-session move in close to a month. Driving the sell-off was scepticism surrounding the agreement reached between the U.S. and China at the weekend G20 meeting, while a further flattening of the U.S. yield curve also weighed upon sentiment. The DJIA collapsed -3.10% or just under 800 points to 25,027.07 points, heavy trade to financials (4.40%) and industrials (-4.35%) led all components of the S&P 500, with the exception of utilities (+0.15%) lower, as the bourse shed -3.15% to 2,700.06 points, while the Nasdaq cratered -3.80% to 7,158.426 points. In U.S. yields the two-year / 10-year differential reached the lowest level since 2007, with the 10-year resoundingly breaking under the 200 DMA. The two-year edged 2.2bps lower to 2.811% and the 10-year lost 6.9bps to 2.921% to end at the lowest level in three-months. The greenback ended the session relatively flat after paring European declines in New York hours, notably against the pound following a Parliamentary vote requiring Prime Minister May to publish the full legal advice on the Brexit deal she has agreed to with the EU. Oil futures pared gains during U.S. trade on Tuesday, however still ended the session with modest gains heading into Thursday's OPEC meeting. WTI added +0.6% to settle at USD \$53.25 per barrel, while Brent crude also settled +0.6% higher at USD \$62.08 per barrel. Equities in Europe closed lower on Tuesday as questions over the U.S. – China temporary trade agreement surfaced. The Stoxx Europe 600 declined -0.76% to 358.43 points, the German Dax fell -1.14% to 11,335.32 points and in London the FTSE 100 shed -0.56% to 7,022.76 points.

PRECIOUS

Bullion saw a minor retracement of Tuesday's gains during Asian hours today, unable to recapture the USD \$1,240 handle as the greenback firmed. Uncertainty throughout the market after the near 800-point drop to the DJIA saw participants taking profit on the yellow metal following the +1.5% gain over the past two-sessions, however underlying interest toward USD \$1,235 restricted any major reversal. Shanghai opened with a mild bid-bias to hold the on-shore premium toward USD \$7, although further gains were tempered by firming USD/China, noticeably weighing upon gold toward the end of the first session. It remains to be seen whether gold is able to sustain its recent bid tone, with much to be determined on the movement of U.S. yields and concurrently the greenback. Resistance through USD \$1,240 remains formidable following the overnight break and retracement back through the figure, while supportive price action sits around USD \$1,230. Palladium held relatively unchanged throughout Wednesday's session following the consolidation above USD \$1,200 yesterday. The white metal saw the PM fix at USD \$1,243 on Tuesday, close to USD \$8 above spot, with follow-through interest taking the spot price to a fresh record of USD \$1,240, briefly moving above spot gold. Supply constraints and a tight lending market are likely to keep price action buoyant over the near-term. Data releases today include Markit services /



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composite PMI prints from Italy, France, Germany, the Eurozone and the U.K. We also see the U.S. fed beige book and U.S. MBA mortgage applications.

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