



MKS PAMP GROUP

Asia Market Update

5th March 2019

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1286.80/20	15.07/09	836/38	1532/36
HIGH	1289.40/80	15.15/17	840/42	1534/37
LOW	1285.40/80	15.06/08	835/37	1529/32
LAST	1288.30/70	15.13/15	839/41	1529/32

MARKETS/MACRO

A modest risk off tone swept through markets last night, paring back risk sentiment in light of the consecutive gains we saw last week, particularly as investors seek more detail on the China/US trade agreement. The dollar remained largely unchanged on the day, despite President Trump's comments around dollar strength over the weekend – this in contrast to the reaction seen in the dollar during July last year when Trump voiced similar comments. In the G10 space, we continued to see the Euro trade heavily last night after a clear rejection of the 1.14 level late last week, as the pair continues to remain range bound with model names active on the offer yesterday. AUDUSD continues to consolidate between 0.70-0.72, with traders eyeing Wednesday's GDP as a catalyst for a break out. Deutsche Bank traders feel the risk here is to the downside, with even a slight miss in Wednesday's figure potentially opening up the downside. For equities, it was a bit of mixed bag for Europe, the Euro Stoxx 600 was up +0.23%, FTSE100 +0.39%, CAC40 +0.41%, while the DAX lagged down -0.08% on the day. In the US, after an initial tick higher all major indices closed on the back-foot. The Dow was down -206.67 points (-0.79%) to 25,819.65, the S&P500 fell -10.88 points (-0.39%) to 2,792.81 and the NASDAQ Composite which fell -17.788 points (-0.23%) to 7,577.566.

Data releases were minimal overnight. US construction spending decreased -0.6% from a month earlier to a seasonally adjusted annual rate of USD \$1.29 trillion in December, down from a +0.8% rise in November and missing market expectations of a +0.2% gain. Spending on private construction dropped -0.6%, after a +1.3% jump in the previous month, led by residential projects while non-residential projects rebounded. Also, investment in public construction declined -0.6%, dragged down by both residential and non-residential projects. YoY construction spending grew +1.6%. Elsewhere, Euro area PPI lifted +0.4% MoM, with the annual change sitting at +3.0%.

PRECIOUS

Gold extended losses from the Friday's session, quietly inching down as low as \$1283.00 on the back of some modest USD strength overnight. Gold opened in Asia yesterday and unsurprisingly there was some initial physical and spec demand, with investors enjoying the lower price. Once Shanghai opened there was some light demand seen and the premium traded slightly higher than the previous session to around \$10.50-11.50 over Loco London. Gold hit the daily high (\$1297.00) just after the PM session commenced and from then on we saw the dollar gradually strengthen which applied pressure to both gold and silver through the European morning. The yellow metal steadily lost ground toward \$1285 with noticeable real-money supply suppressing prices. Some 2-way interest was seen thereafter between \$1285-1287 leading into the NY session. The intra-day low was touched briefly thereafter, but we swiftly rallied from there



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back towards \$1290 as the US equities began to lose ground. We ended up closing around \$1287, right on the 76.4% Fibonacci level. ETF holdings continued to unwind yesterday with the SPDR gold trust shedding 5.87 tons (188k oz), following 11.7 tons (378k oz) of outflows on Monday. Total holdings on the SPDR now sit at 766.59 tons, down from the YTD peak of 823.87 tons at the end of January (-7.0%).

Slow day in Asia today in terms of price action, the yellow metal confined to a \$4 range. Gold opened where it left off and edged lower over the morning but by the time China opened there were some pockets of demand which gradually pushed us up towards the daily peak. Flows for gold were normal, but there was good turnover for silver with decent Comex and SGE demand seen sub \$15.15 spot (equivalent). Further the SGE silver premium accelerated throughout the AM session from \$1.42-43 to \$1.49-50. PGM's as I write are a little firmer on the day. On the data front, the RBA decided to keep rates on hold at 1.5% as expected, with very little deviation in the language from the previous statement. This had a minimal impact on AUD, spiking 15 pips to 0.7090, but then quickly retracing to trade back where we did prior to the release. Ahead today, we have a host of European and US services and composite PMI's, Euro Zone retail sales, US ISM non-manufacturing index and new home sales. All the best.

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