



MKS PAMP GROUP
Asia Market Update
7th January 2019

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1286.20/40	15.72/74	822/24	1304/09
HIGH	1292.00/20	15.80/82	829/31	1310/15
LOW	1283.00/20	15.70/72	818/20	1300/05
LAST	1289.60/80	15.75/77	826/28	1302/07

MARKETS/MACRO

Jobs data out of the U.S. outpaced expectations on Friday, with Nonfarm payrolls jumping by 312k during December (exp: 184k), while October and November saw upwards revisions of a combined 58k. The unemployment rate increased to 3.9% (exp: 3.7%), while the participation rate increased to 63.1% from 62.9% previously and the underemployment rate held steady at 7.6%. Wages meanwhile increased +0.4% MoM (exp: +0.3%) to see the annual increase at +3.2% YoY (exp: +3.0%). Equities in the U.S. reacted strongly to the jobs data, surging on the back of the headline figure, while finding further support following dovish comments from Federal Reserve Chair Jerome Powell. During a panel discussion in Atlanta on Friday, Powell commented that monetary policy “was not on a preset course” and that “We will be patient as we watch to see how the economy evolves. The DJIA ripped higher to add +3.29% and end the session at 23,433.16 points, while technology (+4.40%) and communications (+4.07%) led each of the S&P 500 components higher to see the bourse to a +3.43% gain at 2,531.94 points. The greenback saw volatile price action around the U.S. jobs print, ripping higher on the headline print, however paring gains following the dovish comments from Fed Chair Powell. The dollar gave back ground to the euro, while remaining firm against the yen. Treasury yields surged on Friday, seeing the 10-year over 10bps higher to 2.661% to mark the largest single-session gain since November 2016, while the two-year firmed 9.7bps to 2.488%, booking the largest single session rise since February 2015.

PRECIOUS

Gold price action remained buoyant in Asia today following Friday’s U.S. jobs related weakness, withstanding early session offers to push back above USD \$1,290. Supportive interest toward USD \$1,280 restricted further declines pre-Tokyo, with TOCOM opening with a mild bid bias to pull the yellow metal off the session low of USD \$1,283. Early dollar flows saw the greenback trade with an offered skew, notably against the yuan as Shanghai opened and set the on-shore reference rate at 6.8517 relative to late Friday trade above 6.87. The on-shore premium in Shanghai pushed toward USD \$9 to underpin precious demand, driving bullion to a test of USD \$1,290, however unable to break through the level pre-lunch, before printing a new session high of USD \$1,292 during the post-lunch session. Gold should continue to find support toward USD \$1,280 and looks likely to re-test the important USD \$1,300 level should the dollar remain under-pressure. Data today includes German factory orders, Eurozone retail sales and U.S. ISM non-manufacturing.

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