



MKS PAMP GROUP

Asia Market Update

9th January 2019

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1284.80/00	15.65/67	819/21	1326/31
HIGH	1287.10/30	15.68/70	822/24	1334/39
LOW	1283.40/60	15.64/66	818/20	1326/31
LAST	1284.60/80	15.64/66	822/24	1330/35

MARKETS/MACRO

Optimism over U.S. – China trade talks bolstered U.S. stocks on Tuesday, with major bourse's ending higher for a third consecutive session. The DJIA climbed +1.09% higher to 23,787.45 points, strength across real estate stocks (+1.76%) led each of the S&P 500 components higher to have the bourse add +0.97% to 2,574.41 points, while the Nasdaq composite jumped +1.08% to 6,897.00 points. The greenback firmed on Tuesday (DXY +0.25%), notably gaining relative to the pound (-0.43%) on concerns over Brexit, while holding relatively unchanged against the safe-haven yen. JOLTS job openings in the U.S. declined to 6.888 million (exp: 7.050 million) during November, down from 7.131 million the month prior. Treasury yields in the U.S. advanced on Tuesday, seeing the two-year yield 6bps higher to 2.585% and the 10-year added 3bps to 2.72%. Oil futures turned higher on the back of data showing OPEC supply reductions during December. WTI jumped +2.6% to settle at USD \$49.78 per barrel, while Brent crude posted a +2.4% gain to settle at USD \$58.72 per barrel. Stock markets in Europe were buoyed on Tuesday by optimism over trade talks between the U.S. and China. The Stoxx Europe 600 ended +0.87% higher at 345.85 points, the German Dax tacked on +0.52% to 10,803.98 points, while in the U.K. the FTSE 100 climbed +0.74% to 6,861.60 points as the pound declined.

PRECIOUS

Bullion held a narrow range during Asian trade today following the previous session test of USD \$1,280, however early session dollar declines that provided an initial bid tone to the metal soon evaporated. The yellow metal saw interest out of Tokyo to initially push above USD \$1,286, while early session Chinese demand (on-shore premium USD \$7) saw USD \$1,287 broken to attempt a move above the New York high print as USD/China moved notably lower. A lack of follow through interest put the brakes on further gains however, while a recovering greenback weighed upon price action into the Shanghai lunch break to see bullion slide underneath USD \$1,284. Regional equities are following U.S. and European markets higher as investors play on the long side into U.S. – China trade developments, with the risk on tone weighing upon the precious complex to see gold unable to break outside of the USD \$1,280 - \$1,295 range. We are likely to see gold test the lower end of its recent range over the near term should stock markets remain buoyant, potentially retracing toward USD \$1,250 (200DMA USD \$1,249). A declining dollar however continues to underpin price action and has thus far restricted any notable moves to the down-side. Palladium remains the standout performer and moved to a fresh record high once again during Asian trade today. While forward rates are not as tight as we have become accustomed to seeing in the recent times, technically the metal looks likely to continue higher for a test toward USD \$1,360.



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Data releases today include German imports/exports, Eurozone unemployment, U.S. MBA mortgage applications and the U.S. FOMC meeting minutes from the December meeting.

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