



MKS PAMP GROUP
Asia Market Update
11th February 2019

Range Asian Hours
(from Globex open)

| | GOLD | SILVER | PLATINUM | PALLADIUM |
|-------------|-------------|---------------|-----------------|------------------|
| OPEN | 1313.80/00 | 15.80/82 | 800/02 | 1403/08 |
| HIGH | 1314.70/90 | 15.83/85 | 801/03 | 1404/09 |
| LOW | 1310.40/60 | 15.74/76 | 793/95 | 1383/88 |
| LAST | 1311.50/70 | 15.75/77 | 793/95 | 1384/89 |

MARKETS/MACRO

Equity markets in the U.S. ended trade mixed on Friday, continuing to be plagued by uncertainty over U.S. – China trade negotiations. President Trump confirmed reports that he had no plans to meet with Chinese President Xi Jinping before the March 1 tariff increase deadline, while further adding to tensions, President Trump is expected to sign an executive order this week banning Chinese wireless equipment from U.S. networks. The DJIA recovered from intra-session lows, however still ended -0.25% down at 25,106.33 points, while gains to technology (+0.49%) and consumer staples (+0.54%) supported the S&P 500 +0.07% higher to 2,707.88 points. The DJIA managed to tack on +0.2% over the week, while the S&P 500 slipped -0.1%. Currency majors saw mixed trade on Friday, with the greenback ending marginally higher (DXY +0.1%) to book a +1.1% weekly gain. The euro softened -0.17% to test back toward 1.130, while the safe-haven yen was generally unmoved. Treasury yields eased on Friday as investors considered trade relations between the U.S. and China. The two-year yield pulled back 1.6bps to 2.463%, while the 10-year declined 2bps to 2.632%. Stock markets in Europe ended lower on Friday, reversing an early session bid tone that was created by firmer than expected German exports. The Stoxx Europe 600 slipped -0.56% to 358.07 points, the German Dax sunk -1.05% to 10,906.78 points and the French CAC declined -0.48% to 4,961.64 points. In London the FTSE 100 traded under pressure on the back of trade concerns, sliding -0.32% to 7,071.18 points as resources stocks were sold.

PRECIOUS

China returned from Lunar New Year holidays today, however failed to provide much in the way of price direction during Asian hours. An initial bid tone on the Shanghai open was soon reversed, driven by a leg higher to USD/China, while the on-shore premium held underneath USD \$8 for the majority of the session, considerably lower than what we were seeing leading into the New Year break (USD \$10 - \$12 previously). The firmer dollar brought about a test toward USD \$1,310 during the lunch break, however resting bids and a tempering of dollar strength in afternoon trade kept price action buoyant into European hours. Uncertainty surrounding U.S. – China trade relations, developments in Venezuela and an ever-changing Brexit outlook continue to underpin the precious complex and we expect gold to remain firm over the short-to-medium term as a result. The yellow metal traded resiliently last week with the absence of Chinese demand and we look toward supportive interest around USD \$1,305 - \$1,310 to provide a suitable base for a move higher once again. Resistance levels are evident through USD \$1,320 - \$1,325 and are likely to be tested leading into the March 1 tariff deadline between the U.S. and China unless we see a marked move to dollar strength. Data releases today include U.K. GDP, U.K. industrial & manufacturing production and U.S. CPI revisions.



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