



MKS PAMP GROUP
Asia Market Update
18th February 2019

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1322.10/30	15.78/80	806/08	1430/35
HIGH	1325.20/40	15.83/85	808/10	1449/54
LOW	1320.90/10	15.77/79	802/04	1429/34
LAST	1324.50/70	15.82/84	806/08	1445/47

MARKETS/MACRO

Late on Friday, U.S. President Donald Trump declared a national emergency over border security, in an attempt to secure further funding for the border wall with Mexico. The move has been criticized by both sides of the government, with some questioning the constitutional legality.

Stocks in the U.S. pushed higher on Friday as investor sentiment was buoyed by progress in trade negotiations between the U.S. and China. The DJIA closed the session +1.74% higher at 25,883.25 points, the S&P 500 tacked on +1.09% to 2,775.60 points and the Nasdaq Composite added +0.61% to 7,472.41 points. On a weekly basis the DJIA added +3.1% to mark an eighth consecutive weekly gain, while the S&P 500 ended +2.5% higher and Nasdaq Composite posted a +2.4% gain. The U.S. import price index declined -0.5% MoM during January (exp: -0.2%) from a -1.0% fall in December, while the export price index declined -0.6% MoM during January (exp: -0.1%) from -0.6% in December. The Empire manufacturing index outpaced expectations during February, pushing higher to 8.8 (exp: 7.0) from 3.9 previously. Industrial production in the U.S. slipped -0.6% MoM during January (exp: +0.1%) from +0.1% previously. The University of Michigan consumer sentiment gauge rebounded during February, printing 95.5 (exp: 93.7) from 91.2 previously. The greenback (DXY -0.14%) eased modestly on Friday after reversing early New York gains, with declines largely attributed to comments from San Francisco Federal Reserve Bank President Mary Daly who suggested the central bank may hold off raising interest rates in 2019.

Stocks in Europe firmed on Friday, buoyed by positive trade news between the U.S. and China, while financial stocks were bid following comments from ECB executive board member Benoit Coeure stating that the region's inflation path will be "shallower" and the central bank will have to adapt. The Stoxx Europe 600 finished +1.41% higher to 368.94 points, the German Dax jumped +1.89% to 11,299.80 points and the French CAC gained +1.79% to 5,153.19 points. In London the FTSE 100 firmed +0.55% to 7,236.68 points after seeing strength from rebounding retail sales data.

PRECIOUS

Further dollar declines underpinned price action across the precious complex in Asian trade today, seeing gold above Friday's New York high print to test USD \$1,325. Early session price action saw limited profit taking out of Tokyo, with gold remaining buoyant around USD \$1,321 to restrict any moves underneath Friday's closing level. Shanghai opened to a softer greenback, putting early pressure on USD/China as the on-shore premium pushed toward USD \$10 over London. The initial bid tone out of China saw a mild stop loss run through Friday's high print, while sustained interest had USD \$1,325 under pressure into the



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lunch-break. Afternoon pricing saw the dollar stage a modest recovery to restrict further top-side gains, however the yellow metal was able to hold around USD \$1,324 into London hours. Diplomatic issues between Italy and France has driven interest in XAU/EUR, moving through 1,170 after running into offers around 1,165 over the previous week. After breaking above the figure on Friday, gold has held firm throughout the Asian session around 1,170 to broadly support interest in USD denominated metal. It is Presidents Day today in the U.S. so expectations on price action are relatively muted. Expected to see supportive interest initially around USD \$1,320 and below this USD \$1,315, while top-side targets extend through USD \$1,325 - \$1,330.

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