



MKS PAMP GROUP

Asia Market Update

19th March 2019

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1303.60/00	15.33/35	835/37	1577/81
HIGH	1307.90/30	15.39/41	838/41	1583/87
LOW	1302.20/60	15.32/34	833/35	1573/77
LAST	1307.20/60	15.39/41	837/39	1579/83

MARKETS/MACRO

US equity markets remained quiet overnight as investors await the FOMC interest rate decision and accompanying statement on Wednesday. The Dow and S&P managed to close higher for a fourth consecutive day, after initially being dragged lower following news that US regulators have launched an inquiry into the development of Boeing 737 Max airplanes. The DJIA advanced +0.25% to 25,914.10, the S&P500 rose +0.37% to 2,832.94 and the NASDAQ Composite climbed +0.34% to 7,714.477. In Europe, stock movements were mixed as investors await the UK's next move in the Brexit drama – with time rapidly running out. The EuroStoxx 600 inched up +0.27% to 382.11, FTSE100 jumped +0.98% to 7,299.19, the CAC40 rose +0.14% to 5,412.83 and DAX slid -0.25% to 11,657.06. Crude oil prices rallied yesterday (WTI +0.75% to \$58.97/bbl, Brent +0.42% to \$67.44/bbl), as OPEC signalled further production cuts were imminent. The Saudi Energy Minister Khalid Al-Falih said that OPEC Compliance would reach 100% in March as other producers quickly reach their production quota's. In FX, the USD was a touch lower (DXY -0.05% to 96.5), with the EURUSD up at 1.1359 at one point and closing around 1.1340. GBPUSD edged lower as more roadblock's appeared for PM May, ahead of the March 29th Brexit cut-off and USDCNH continued to grind higher as news of US/China trade talks being delayed to June, drew out bids.

UK Prime Minister Theresa May has been told by the Speaker of the House of Commons that any withdrawal agreement put before them must be substantially different from the existing deal. It now looks like the Parliament will not be voting again ahead of the EU meeting on Thursday. May is expected to head to Brussels to ask EU leaders for a longer extension to the deadline, although exactly how long will be requested is still unclear. This uncertainty won't be welcomed by the markets.

PRECIOUS

Gold finished modestly firmer Monday (+\$1.50) after diving in early Asia and subsequently recovering during early European hours. The metal opened at \$1302 and some fast money longs were quick to sell into the strength seen on Friday and we traded back through \$1300 just prior to Shanghai opening for business. The metal struggled throughout the Asia morning and into the early afternoon, with bank demand on the SGE drying up and the premium continuing to angle lower. Spot gold traded a flat \$2 range between \$1298-1300 throughout this period with volumes very lax. In early London some buying filtered in with European investors again perplexed about the path of Brexit and a dollar which began to creep lower. We jumped rather sharply from \$1299 to \$1304 and continued to push further north (in-line with a surging Pd) touching the intra-day high of \$1306.30 right after the NY open. Gold came off slightly into the backend of the session as equities recovered from initial losses, although it still managed to close



above \$1300 at \$1303.50. Elsewhere, palladium was in focus once again, looking exceptionally soft in Asia and plunging \$10 lower to \$1545 before regrouping and surging some \$30 to close on fresh all-time highs (\$1575). The move came as investors reacted to headlines that Russia is considering banning the export of precious metals scrap and tailings between May 1 and 31 October to encourage domestic refining. Russia is the world's largest producer of palladium and is said to have large stockpiles of the metal.

It was a positive session for the metals in Asia today, with the precious sector up across the board. Gold opened at \$1303.50 and oscillated either side of that level for the opening hour and half before a brief dip to the days low of \$1302.50. From there though, gold did a quick about face as USDJPY and USDCNH began to sell-off quite rapidly. Gold shot to \$1305 and shortly after the SGE open had another push toward \$1307. China were again quiet in terms of flows, mostly small two-way interest with the gold premium on the exchange slightly lower from the day before (\$11-12). Silver also edged higher throughout the session trading under \$15.35 and currently pushing towards \$15.40. Palladium has hit another record high today, inching through the overnight high and touching \$1583 bid. Ahead on the data calendar for the day look out for German and Euro Zone ZEW expectations, US factory orders and durable goods orders. Have a good day ahead.

Although the information in this report has been obtained from and is based upon sources MKS believes to be reliable, we do not guarantee its accuracy and it may be incomplete or condensed. All opinions and estimates constitute MKS' judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as investment advice, offer or solicitation for the purchase or sale of an investment. This report does not consider or take into account the investment objectives or financial situation of a particular party.