



MKS PAMP GROUP

Asia Market Update

22nd November 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1226.40/60	14.48/50	846/48	1149/51
HIGH	1228.00/20	14.50/52	847/49	1152/54
LOW	1225.00/20	14.45/47	844/46	1149/51
LAST	1226.80/00	14.48/50	845/47	1151/53

MARKETS/MACRO

Durable goods orders in the U.S. sunk -4.4% MoM during October (exp: -2.6%) to follow a negatively revised -0.1% fall the month prior (prev: +0.7%). The October print marked the largest decline in 15-months, however was largely attributed to a -21.4% fall in bookings for commercial jets. When stripping out the volatile transportation sector, durable goods increased +0.1% MoM (exp: +0.4%), however September saw a negative revision to -0.6% from a flat read previously. Capital goods orders non-defence ex-air, which serves as a proxy for business investment held unchanged (exp: +0.2%) to follow declines during both August and September. Initial jobless claims in the U.S. increased by 3,000 to 224,000 during the week ended 17 November, exceeding expectations centred around 215,000 to follow a surprisingly large upwards revision to the week prior by 5,000 to 221,000. The weekly print saw the four-week moving average tick 2,000 higher to 218,500, while continuing claims eased 2,000 to 1.668 million during the week ended November 10. The University of Michigan consumer sentiment gauge (final) declined more than expected during November, sliding to 97.5 (exp: 98.3) to mark the lowest print since August. The U.S. leading index increased +0.1% during October, however the pace of improvement slowed for the first time since May as only five of the 10 components of the index showed expansion. Existing home sales in the U.S. increased +1.4% MoM during October to snap a 6-month run of declines, while the median price increased +3.8% YoY to USD \$255,400. Equities in the U.S. pared early session gains late in trade, however mostly pushed higher as technology stocks saw a reprieve from recent weakness. The DJIA slipped in the final minutes of the session to end flat at 24,464.69, the S&P 500 bounced +0.3% to 2,649.93 points as energy stocks rebounded +1.58% courtesy of oil gains, while the Nasdaq Composite outperformed to book a +0.92% gain to 6,972.25 points. The greenback eased (DXY -0.12%) on Wednesday in relatively subdued pre-thanksgiving trading, softening against the euro (EUR/USD +0.17%) as the common currency saw mixed pricing on the back of Italian budget headlines. Treasury yields ticked higher as stocks rebounded from recent declines, seeing the two-year add 1.7bps to 2.814% and the 10-year 1bp higher to 3.06%. Oil futures firmed Wednesday on expectations of a production cut at the upcoming OPEC meeting, however closed off the highs following a ninth straight weekly rise in U.S. crude supplies. WTI added +2.3% to USD \$54.63 per barrel, while Brent crude climbed +1.5% to USD \$63.48 per barrel. Equity markets in Europe recovered from Tuesday's falls as gains to oil helped underpin the broader market. The Stoxx Europe 600 ended +1.14% higher to 355.07 points, the German Dax jumped +1.61% to 11,244.17 points and in the U.K. the FTSE 100 gained +1.47% to 7,050.23 points on the back of oil producers and bank gains.



PRECIOUS

The precious complex tracked higher on Wednesday leading into the Thanksgiving holiday, finding direction from a softening greenback and a recovery to global equities. It was however an all too familiar story for bullion, supported toward USD \$1,220 but unable to break out of the top-side resistance band around USD \$1,230. On a positive note, gold held above USD \$1,225 into the close after drifting lower following late session weakness to U.S. equities, with the figure an important pivot point for price direction over the near-term.

A mild offered bias to the dollar helped to drag USD/CNH lower and underpin early Asian price action on Thursday, dragging gold away from the USD \$1,225 pivot point and back above USD \$1,227 during Shanghai hours. The on-shore premium in China ticked toward USD \$6 relative to London gold as USD/CNY skewed lower and we noticed increased physical demand on the exchange. Afternoon pricing was relatively subdued as the metal drifted off the USD \$1,228 high, continuing to hold a narrow range. We now sit above the USD \$1,225 pivot point and look to the figure as support for a sustained move above USD \$1,230, with targets extending toward the early November resistance around USD \$1,236. While still seeing support from global events such as U.S. – China relations, Brexit and the Italian budget, bullion is yet to trade in-line with its traditional safe-haven status, with the potential to break out should this turn. Expect ranges to hold broadly between USD \$1,220 - \$1,230 as we head into Thanksgiving, with focus on interest around USD \$1,225 for direction.

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