



MKS PAMP GROUP

Asia Market Update

24th September 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1198.90/10	14.27/29	828/30	1048/50
HIGH	1198.90/10	14.27/29	828/30	1048/50
LOW	1196.00/20	14.19/21	824/26	1043/45
LAST	1196.50/70	14.20/22	824/26	1043/45

MARKETS/MACRO

The Markit U.S. services PMI print for September (provisional) indicated a softening across the services sector, sliding to 52.9 (exp: 55.0) from 54.8 previously. The print was the softest expansion since March 2017, however it is likely that the weakness was partially related to storm activity on the east coast of the country. The Markit U.S. manufacturing PMI print for September showed an improvement in business conditions, increasing to 55.6 (prev: 55.0) from 54.7 in August. The print was the highest reading since May and saw support from strong growth across output and new orders. Equities in the U.S. closed mixed on Friday, however the DJIA was able to print a second consecutive all-time high, gaining +0.32% to 26,743.50 points. The S&P 500 eased just -0.04% to 2,929.67 points on the back of heavy trade across technology (-0.34%) and financials (-0.37%), while the Nasdaq slumped -0.51% to 7,986.96 points. Over the week the DJIA jumped +2.3%, the S&P 500 gained +0.9% and the Nasdaq Composite eased -0.3%. The greenback had a positive session on Friday (DXY +0.33%) to claw back some of the recent weakness, notably gaining ground against the pound following comments from British Prime Minister Theresa May warning Brexit talks had stalled. Oil futures saw volatile trade on Friday, however ultimately ended higher ahead of the weekend meeting of major oil producers in Algiers. WTI ended +0.82% higher just underneath USD \$71 per barrel, while Brent crude tacked on +0.1% to USD \$78.80 per barrel. Equities in Europe posted strong gains on Friday, with financial and mining stocks supporting the broader market higher. The Stoxx Europe 600 added +0.43% to 384.29 points to book a sixth consecutive session gain, while the German Dax jumped +0.85% to 12,430.88 points. In the U.K. the FTSE 100 surged +1.67% to 7,490.23 points as the pound turned sharply offered following Brexit headlines.

PRECIOUS

A disappointing session for bullion on Friday, breaking sharply underneath USD \$1,200 and failing to recapture the figure into the close. A stronger greenback and a fresh record for the DJIA weighed upon the yellow metal in Europe / New York, reversing an otherwise robust Asian session that saw the metal to a USD \$1,210.70 high. Demand out of China saw buoyant price action throughout Asian hours, with the on-shore premium pushing toward USD \$5 as USD/China skewed to the down-side. The metal initially tests toward USD \$1,200 in Europe on the back of euro and pound weakness, while sharply moving through the figure in early New York (10,000 lots through Comex in one minute) to a USD \$1,192.45 low. Interest broadly around USD \$1,192 - \$1,194 restricted any further declines and the metal ended just underneath USD \$1,200 to book a -0.7% fall. Silver briefly tested below USD \$14.20 in New York, however sharply reversed the majority of the declines to limit the loss to just -0.15%. Platinum was



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dragged lower with the remainder of the precious to decline -0.88%, while Palladium remain buoyant to outperform and end flat on the session.

Bullion held a narrow range on Monday with a mild down-side skew, however volumes were hampered by holidays in both Japan and China. An early session bid tone to the greenback following the weekend break-down in talks between the U.S. and China put pressure on the yellow metal, unable to hold onto Friday's closing level. The DXY edged around +0.1% higher over the session, while a lack of physical interest with Shanghai on leave was most likely the reason for the offered bias to gold. Bullion remains sensitive to dollar flows and the ratcheting up of tensions between the U.S. and China and the current Brexit impasse should continue to support the greenback over the near-term. Initial support for the metal is expected broadly around USD \$1,192 - \$1,194, with an extension toward USD \$1,185 should this level fail. Once again, the metal sees USD \$1,200 as the first level of resistance, with USD \$1,210 - \$1,215 the key to a sustained move higher. Following Friday's relatively resilient price action, silver disappointed in Asian trade to test toward USD \$14.20, sliding -0.7% to threaten a move underneath the USD \$14.17 New York low. All eyes on USD \$14.05 - \$14.08 and USD \$14 to restrict a move toward USD \$13.60 - \$13.70.

Data releases today include Germany IFO survey results, U.S. Chicago Fed activity index and the Dallas Fed manufacturing activity print.

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