



## MKS PAMP GROUP Asia Market Update

28<sup>th</sup> March 2019

Range Asian Hours  
(from Globex open)

|             | GOLD       | SILVER   | PLATINUM | PALLADIUM |
|-------------|------------|----------|----------|-----------|
| <b>OPEN</b> | 1309.60/00 | 15.28/30 | 853/55   | 1448/52   |
| <b>HIGH</b> | 1311.00/40 | 15.30/32 | 854/56   | 1454/58   |
| <b>LOW</b>  | 1307.40/80 | 15.23/25 | 850/52   | 1436/40   |
| <b>LAST</b> | 1309.70/10 | 15.29/31 | 853/55   | 1436/40   |

### MARKETS/MACRO

British Prime Minister Theresa May said on Wednesday she would quit if her twice-defeated EU divorce deal passes at the third attempt, making a last-ditch bid to persuade rebels in her Conservative party to back her. "I am prepared to leave this job earlier than I intended in order to do what is right for our country and our party". Many of the Conservative rebels who want a cleaner break from the EU than May's deal would deliver had made it clear that they would only consider supporting her agreement if she gave a firm commitment and date for her resignation. The government is now expected to bring the deal back to parliament for a third vote on Friday. Some of the party's most influential dissenters had already indicated they would back her deal. While May was telling her lawmakers of her intention to quit in a parliament committee room, MPs in the main chamber debated eight Brexit options ranging from leaving abruptly with no deal to revoking the divorce papers or holding a new referendum. Late in the session though the DUP was quick to throw cold water on any third deal saying they would continue to reject May's proposal. The Sterling pushed higher throughout much of Europe and the US sessions, although collapsed lower late US/early Asia falling sharply from 1.3250 toward 1.3145.

Fixed income markets resumed their rally overnight, as ECB speakers reiterated the line that, while they don't expect a recession, risks are tilted to the downside. US 10y Treasuries fell 4bps to fresh lows, while 10y Bund yields fell 6bps, falling below JGBs. Equity markets reflected the risk-off moves, despite bank stocks gaining ground amidst chatter that the ECB is considering ways of altering its negative rates policy to mitigate the impacts on bank profitability. The FTSE, DAX and Euro Stoxx 600 were flat, while in the US markets crept lower - the Dow -0.13%, S&P500 -0.46% and NASDAQ decreased -0.64%. The dollar and yen rallied, with the euro falling 0.1% against the greenback. Oil prices fell, with WTI down -1%, on reports that US domestic stockpiles of oil grew by 2.8m bbl last week.

### PRECIOUS

The main story of the day across the metals was the demise of palladium, which dropped a spectacular -6% or nearly ~\$100 from the high. It has certainly been a long time in the making with any decent dips being well supported over the past few sessions. The day started out on rather positive footing for Pd, with a decent array of buyers pushing the metal back toward \$1550 and eventually popping it through there during the China PM session. It took quite a bit of buying to pop it through there and by the time London opened for business we had begun to trade lower. The intra-day longs got caught and there was a liquidity gap with no bids from \$1540 down to \$1505. It held a \$1505-15 range into the NY morning but it went pear-shaped from there. The head of Anglo hit the wires saying the palladium market was a 'bubble' and we plunged through \$1500. The metal was continuously liquidated for a 4 hour period taking



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us from \$1520 to as low as \$1446. We closed out the day around \$1450, having broken through a number of key technical levels including the steep daily uptrend line dating back to August 2018 (\$1463) and the 50 dma at \$1465. Could this be the beginning of a much deeper correction?

Gold took a back seat overnight, remaining somewhat oblivious of the carnage occurring to palladium, although did finish the session lower at \$1308.50. Platinum held in well, surprisingly rallying during the bulk of the Pd sell-off, although did undergo some late liquidation to finish out the day down ~\$5. Silver was softer also, trading beneath \$15.30 by days end.

In Asia today it was a slow session. Palladium remained volatile in a narrow range, yet did push through the overnight lows and is currently trading beneath \$1540. Gold opened around \$1310 and did not move too far from there, some decent bids sitting at \$1308 and offers above \$1311 which kept things contained. The SGE volume was light despite the move lower overnight with premiums sitting around \$13. Have a good day ahead.

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