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Asia Market Update

17th September 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1194.10/30	14.06/08	794/96	977/79
HIGH	1196.50/70	14.09/11	795/97	979/81
LOW	1192.90/10	14.05/07	792/94	975/77
LAST	1196.00/20	14.08/10	793/95	976/78

MARKETS/MACRO

Retail sales in the U.S. inched higher during August, advancing just +0.1% MoM (exp: +0.4%) to mark the slowest pace in six months, however data for July did see an upwards revision to +0.7% from +0.5% previously. The closely watched 'core' retail sales also edged +0.1% MoM higher following an upwardly revised +0.8% increase in July (prev: +0.5%). Industrial production in the U.S. increased +0.4% MoM during August (exp: +0.3%) to match July's upwardly revised print (prev: +0.1%). The University of Michigan measure of consumer sentiment in the U.S. spiked during September, hitting 100.8 (exp: 96.6) from 96.2 previously. The print was the second highest since 2004 and was underpinned by confidence in the job market and increased wage expectations. Equities in the U.S. ended little changed on Friday as participants considered the potential implications of further sanctions between the U.S. and China. The DJIA inched just +0.03% higher to 26,154.67 points, the S&P 500 also crept +0.03% higher to 2,904.98 points and the Nasdaq Composite slipped -0.05% to 8,010.043 points. On a weekly basis the DJIA added +0.9%, the S&P 500 gained +1.2% and the Nasdaq Composite jumped +1.4%. The greenback regained the ascendancy against majors on Friday, seeing the DXY +0.43% higher as the buck took back ground from the yuan and the euro. Treasury yields edged higher on Friday following mixed data releases, with the 10-year pushing briefly to 3% before ending 2.8bps higher at 2.992%, while the two-year gained 2.5bps to 2.781%. European markets ended higher on Friday, largely supported by softer regional currencies. The Stoxx Europe 600 added +0.35% to 377.85 points, the German Dax gained +0.57% to 12,124.33 points and the French CAC climbed +0.46% to 5,352.57 points. In the U.K. the FTSE 100 strengthened +0.31% to 7,304.04 points as the pound traded offered.

PRECIOUS

A relatively muted session for the precious on Monday following Friday's weakness, possibly seeing some slack in the market on account of the Japanese holiday and severe weather conditions in Hong Kong. The greenback held a mild offered bias throughout the session to underpin supportive price action to bullion, with interest out of China notably picking-up as the on-shore premium pushed back toward USD \$6.50. We saw headlines surrounding potential fresh tariffs on China by the U.S., however at a reduced rate of 10%, although aside from weighing upon regional equities the news saw little change to the precious. Offers on the way to USD \$1,197 kept a lid on gains in late afternoon trade, however pricing remains constructive and layered bids underneath USD \$1,195 are evident. The most recent CFTC data shows an increase in positioning across all metals, with shorts tapering off somewhat to possibly indicate we are beginning to see a short-term bottom. Broad interest through USD \$1,193 - \$1,195 remains in place to restrict further declines, however a sharp test toward USD \$1,185 wouldn't be out of the question



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before the metal moves to re-test resistance at USD \$1,215. Silver remains buoyant above USD \$14 and didn't test the figure on Friday, while platinum tracks heavily underneath USD \$800 after losing the figure on Friday and palladium is still unable to breach the 200 DMA.

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