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Asia Market Update

25th September 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1198.90/10	14.26/28	828/30	1062/64
HIGH	1200.10/30	14.27/29	830/32	1063/65
LOW	1197.10/30	14.22/24	824/26	1056/58
LAST	1199.20/40	14.26/28	826/28	1056/58

MARKETS/MACRO

The Chicago Federal Reserve's measure of economic activity showed robust factory output during August. The index held at 0.18 (exp: 0.20) following an upwards revision to July's print (prev: 0.13), while the less-volatile three-month moving average skipped higher to 0.24 during August from 0.02 previously. Production related indicators contributed 0.16 in August from 0.10 in July, while employment related indicators lagged to contribute -0.01. The Dallas Federal Reserve measure of economic activity softened marginally during September, easing to 28.1 (exp: 31.0) from 30.9 previously. Equities in the U.S. ended lower on Monday as U.S. – China tariffs began to take effect and investors looked toward this weeks' FOMC meeting. The DJIA declined -0.68% to 26,562.05 points, while weakness across real estate (-1.89%), consumer staples (-1.50%) and materials (-1.32%) weighed upon the S&P 500 to see the bourse end -0.35% lower at 2,919.37 points. The Nasdaq Composite meanwhile bucked the trend to add +0.08% to 7,993.25 points. The greenback saw weakness in early New York on Monday, however was able to pare declines to end relatively unchanged. The dollar saw initial weakness against the euro following comments from ECB President Mario Draghi regarding an expected increase in underlying inflation, however soon recovered as focus returned back to the upcoming FOMC meeting. Markets in Europe traded heavily on Monday as trade jitters returned. The Stoxx Europe 600 sunk -0.56% to 382.47 points, the German Dax fell -0.64% to 12,350.82 points, while in the U.K. the FTSE 100 handed back -0.42% to 7,458.41 points on the back of a stronger pound.

PRECIOUS

Further range bound price action during Asian hours today, with participants seemingly happy to sit on the sidelines and await the results from the upcoming FOMC meeting. China returned from Monday's holiday and provided little in the way of price direction as USD/China held relatively stable to keep the on-shore premium towards USD \$6 - \$7. Participants remain on the offer through USD \$1,200 to cap any tests above the figure, while interest toward USD \$1,192 - \$1,195 continues to provide support. With regards to dollar direction, we see a number of ECB speakers today, with the potential for further comments regarding inflation trajectory similar to that of President Draghi yesterday. We saw a move through 1.18 on Monday, however it is difficult to see a sustained 1.18 handle before the Fed's likely interest rate hike on Wednesday. Comex gold expiry today with notable size around USD \$1,200, which is likely to keep the metal around the figure over the near-term. Silver struggles to make any headway through USD \$14.40 and remained heavy during Asian trade today, looking likely to re-test underneath USD \$14.20 over the near-term. Palladium posted further gains on Monday, however turned offered late



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in Asia today to pare these gains. The metal is finding resistance above USD \$1,060 difficult to break through and may be open to a leg lower following a recent increase in positioning amid stable forwards.

Data releases today include U.S. S&P Core Logic house prices, The Richmond Fed manufacturing index and the conference board consumer confidence.

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