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Asia Market Update

14th January 2019

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1287.80/00	15.59/61	809/11	1318/23
HIGH	1292.60/80	15.64/66	811/13	1318/23
LOW	1287.80/00	15.57/59	808/10	1310/15
LAST	1291.40/60	15.58/60	808/10	1310/15

MARKETS/MACRO

Consumer prices in the U.S. fell for the first time in nine months during December, largely driven by softer gasoline prices. The consumer price index eased -0.1% MoM during December (exp: -0.1%) from a flat read previously, however underlying inflation pressures remained firm to see core CPI (ex-food and energy) edge +0.2% higher (exp: +0.2%). During the month gasoline prices fell -7.5%, food price added +0.4% to mark the largest gain since early 2014, while healthcare cost increased +0.3%. On an annualised basis CPI declined to +1.9% YoY (exp: +1.9%) from +2.2% previously, while Core CPI held at +2.2% YoY. Stocks in the U.S. eased marginally on Friday as the string of recent gains was finally broken. The DJIA eased -0.02% to 23,995.95 points, the S&P 500 dipped just -0.01% to 2,596.26 points and the Nasdaq Composite declined -0.21% to 6,971.476 points. Over the week the DJIA booked +2.4% gain, the S&P 500 added +2.5% and the Nasdaq Composite jumped +3.5%. The greenback ripped higher (+0.2%) in New York on Friday after trading lower in Asia, benefiting from the softer headline CPI figure. The dollar clawed back declines against the safe-haven yen (USD/JPY +0.13%) and made ground relative to both the Australian dollar (AUD/USD -0.4%) and the Euro (EUR/USD -0.31%). European stocks ended mixed on Friday, predominately a result of heavy trade across auto and oil stocks. The Stoxx Europe 600 gave up early session gains late in trade, however was able to end with a modest +0.09% return at 349.20 points, while the German Dax gave back -0.31% to 10,887.46 points and the French CAC declined -0.51% to 4,781.34 points. In London the FTSE 100 booked a -0.36% fall as the pound firmed following reports that the likelihood of a delay to the March 29 Brexit deadline are increasing.

PRECIOUS

A relatively muted start to the week for bullion during Asian hours today, trading with a modest bid skew, however held within a narrow range. Gold opened in a quiet fashion on account of the Tokyo holiday, adding a few dollars to test USD \$1,290 in early trade as the greenback trickled lower. The dollar declines accelerated once Shanghai opened as USD/CNH tested a break underneath 6.74, while USD/CNY touched a 6.7326 low after trading above 6.76 on Friday. The declines underpinned a move higher to bullion, extending to a USD \$1,292.60 high as the on-shore premium moved toward USD \$9 over London spot. Putting the brakes on further precious gains were softer than expected trade figures out of China, as imports YoY fell -7.6% in December (exp: +4.5%), while exports slumped -4.4% YoY (exp: +2.0%). The soft trade data saw the early USD/China pricing reverse to weigh upon bullion throughout afternoon trade, however supportive interest toward USD \$1,290 has thus far kept the metal buoyant, while weaker regional equities provide further support. The metal currently sits firmly within the middle of the USD \$1,280 - \$1,300 range and it is difficult to see a catalyst for a break-out over the near term. The on-going .



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U.S. Government shutdown, Brexit jitters and trade concerns are all supportive for the yellow metal and we are likely to see any downside moves bought into to restrict further declines. With regards to the remainder of the precious complex, silver continues to find support toward the bottom the its recent USD \$15.50 - \$15.80 range and remains volatile within said range, while palladium is softening modestly as forward rates ease. There are no further major data releases today.

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