



## MKS PAMP GROUP

### Asia Market Update

14<sup>th</sup> May 2019

Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
<b>OPEN</b>	1301.30/50	14.77/79	852/54	1323/26
<b>HIGH</b>	1303.40/60	14.80/82	862/64	1333/36
<b>LOW</b>	1298.30/50	14.77/79	852/54	1323/26
<b>LAST</b>	1299.50/70	14.80/82	862/64	1332/35

#### MARKETS/MACRO

Retaliatory tariff measures by China against the U.S. sent equities into a tailspin on Monday, with the major U.S. bourses ending the session sharply lower. China announced plans to place tariffs of up to 25% of U.S. products worth USD \$60 billion, listing 5,207 products that it would target in an effort to “safeguard its own legitimate interests.” The headlines saw both the DJIA and the S&P 500 book their worst single session result since January 3, while the Nasdaq booked the largest single session decline since December 4, 2018. The DJIA collapsed -2.38% to 25,324.99 points, the S&P 500 sunk -2.41% to 2,811.87 points as technology (-3.71%) and consumer discretionary (-2.95%) led the laggards, while the Nasdaq Composite tanked -3.41% to 7,647.023 points. The U.S. dollar rebounded from early New York weakness on Monday, rebounding from Chinese tariff induces lows following headlines noting Trump and Xi are set to meet at the upcoming G20 meeting. While finishing off the low, USD/JPY (-0.51%) remained heavy throughout the session as investors looked for safety, while the euro (-0.12%) reversed gains to end modestly lower, while the pound remained soft (-0.32%) on Brexit jitters. Treasury yields softened as investor fled equity markets, seeing the 10-year yield sink 5ps and move underneath 2.40%, notably lower than the 3-month yield at 2.418%. Stocks in Europe declined on the back of the ongoing trade war between the U.S. and China, as concerns over potential tariffs on European goods re-emerge. The Stoxx Europe 600 fell -1.21% to 372.57 points, the German Sax sunk -1.52% to 11,876.65 points, while in London the FTSE 100 pulled back -0.55% to 7,163.68 points.

#### PRECIOUS

The precious complex remained buoyant throughout Asian trade today, as gold attempted to hold the USD \$1,300 handle amid mixed dollar moves. Monday’s retaliatory Chinese tariffs on U.S. goods saw investors flee into safe-haven assets such as bullion, however demand in Asia was tempered somewhat as profit taking above USD \$1,300 saw the metal ease below the figure once China opened. Both on-shore and off-shore yuan firmed in early Shanghai trade as gold moved underneath USD \$1,300 and the on-shore premium sat toward USD \$7 relative to spot. While there remains a high level of uncertainty over the U.S. – China trade negotiations, bullion should remain supported and requires a consolidated move above USD \$1,305 to entice further length back into the market. The greenback is however remaining firm on the back of the uncertainty the ongoing trade war is creating, having the potential to develop headwinds to further top-side gains for bullion. Gold vols firmed overnight, particularly front dated to see 1m into the 9’s, while ETF’s turned around to register inflows. While seeing robust price action in Asia today, the remainder of the precious complex diverged from gold on Monday, failing to make headway outside of their recent respective ranges. Platinum saw interest in Asia today to move away from the USD \$850 support and break above USD \$860, while palladium saw modest demand and silver has struggled



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to make headway through USD \$14.80, however has the potential to test toward USD \$14.95 - \$15 should gold break USD \$1,305. Data releases today include German CPI, U.K. jobs data, German ZEW survey results and U.S. import prices.

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