



MKS PAMP GROUP

Asia Market Update

15th April 2019

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1291.00/40	14.97/99	890/92	1373/77
HIGH	1292.00/40	14.99/01	893/95	1374/78
LOW	1286/90/30	14.90/92	888/90	1366/70
LAST	1288.10/50	14.94/96	888/90	1368/72

MARKETS/MACRO

Markets were buoyed Friday by an improvement in China's data and some strong bank earnings results out of the US. US equities steamed ahead following strong earnings reported by JP Morgan, with the bank's revenue hitting a record US\$29.9 billion and profit up 5% to US\$9.18 billion in Q1 (or \$2.65 per share vs \$2.35 expected). The DOW posted an intra-day gain of +269.25 (+1.03%) to 26,412.30, the S&P500 advanced +19.09 points (+0.66%) to 2,907.41 and the NASDAQ Composite rose +36.805 points (+0.46%) to 7,984.164. In Europe, stocks were firmer although not to the same extent as their American counterparts. The Euro Stoxx 600 climbed +0.16% to 387.53, FTSE100 jumped +0.26% to 7,437.06, DAX rose +0.54% to 11,999.93 and the French CAC40 ticked up +0.31% to 5,502.70. Elsewhere, yields rose Friday with the US 10y bond up +6.8 bps to 2.57% and 2y up +4.2 bps to 2.39%, while the 10y Bund jumped +6.5 bps taking it back into positive territory at 0.054%. Crude oil ended the week on a strong note as supply side issues remained a concern for the market. Libyan rebel leader Khalifa Haftar moved forces closer to Tripoli. This raises the question of whether the surge in crude oil output achieved over the past couple of years is sustainable. Previous attempts by Haftar to gain control in Libya have seen oil facilities affected. This latest move appears to be directed towards gaining control of the country's major institutions based in the capital. However, it does not lessen the potential impact on oil production. To add to the concerns over supply disruptions, a military coup in Sudan has seen the military gain control of the oil rich nation.

On the data front, Chinese exports rebounded strongly in March reversing a sharp decline in February and adding additional signals of stability in the world's second largest economy. China's exports rose +14.2% from a year earlier in March, following a -20.7% drop in February. A *Wall Street Journal* poll of 16 economists had forecast the value of shipments overseas to rise +8.7%. Imports dropped -7.6% from a year earlier in March, compared with a -5.2% decrease in February, where The *WSJ* poll had forecast a decline of -1.2%. China's trade surplus with all trading partners stood at \$32.64 billion in March, much bigger than the \$4.12 billion surplus recorded in February (+\$6 billion expected). Elsewhere, Euro Zone Industrial production decreased -0.2% MoM (+1.9% prior, -0.5% expected) and US Michigan Consumer sentiment in April fell to 96.9 (98.4 prior, 98.1 expected).

PRECIOUS

The precious metals remained fairly flat on Friday, despite the general risk on mood garnered from positive Chinese data and strong bank earnings. The yellow metal opened around \$1292.50 in Asia and inched a few dollars higher into the Shanghai open. There were still good offers on Comex ahead of \$1295 (cash) which managed to cap the market throughout the Asian session, despite some modest



Chinese bank and fast money demand. Gold hit its peak during London, briefly pushing through \$1295 to a top of \$1295.40 before running out of steam and easing into the NYK open. We tried a few more times through \$1295 unsuccessfully, particularly as treasury yields and stock markets began to rise. Silver was more volatile, remaining beneath \$15.00 throughout the Asia AM and briefly punching through in the afternoon. European traders had a bit more interest, flipping the metal through \$15.00 where some decent volumes went through on both sides. Ultimately though after a push beyond \$15.10 in NY, we closed more or less unchanged at \$14.97. Platinum managed to hold firm on Friday (~\$890-900) and in doing so, has kicked palladium off top spot for YTD gains amongst the precious quartet – up +13% vs Pd's 2nd place +9%. After remaining sluggish last year and early this year, Pt has shown somewhat of a rebound recently as a result of: (1) spill-over from gold; (2) speculation around substitution among market participants and; (3) heightened supply risks out of South Africa.

Gold slipped slightly today, pushing beneath \$1290 in what can be described as a dull day in terms of price action. The yellow metal opened around \$1291 and immediately began a very slow descent through the Friday lows. Volumes were light through both Ecomex and the SGE and there definitely felt like there was little in the way of support out there. Silver underwent a similar path and after pushing up against \$15.00 in the opening 30 minutes, proceeded lower at the SGE open. Despite the modest ranges for the day, volumes were healthy with 34k lots GCM9 turning over after 7 hours of business and 11.2k lots of SIK9. Ahead today there is very little in the way of data, US Empire Manufacturing the only thing of note. Have a good day ahead.

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