



MKS PAMP GROUP

Asia Market Update

17th January 2019

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1293.80/20	15.58/60	806/08	1362/66
HIGH	1295.20/60	15.60/62	809/11	1368/72
LOW	1292.00/40	15.55/57	804/06	1360/64
LAST	1292.10/50	15.55/57	804/06	1361/65

MARKETS/MACRO

An absence of US data (owing to the government shutdown) saw markets focus on earnings releases yesterday, with both Bank of America and Goldman Sachs reporting stronger-than-expected earnings and bolstering risk sentiment. The DJIA rallied +141.57 points (+0.59%) to 24,207.16, the S&P500 advanced +5.80 points (+0.22%) to 2,616.10 and the NASDAQ Composite ran +10.859 points higher (+0.15%) to 7,034.695. The positive sentiment was also prevalent throughout Europe, with the exception of Britain, where an impending no-confidence vote for PM Theresa May made investors cautious. The EuroStoxx 600 gained +1.88 points (+0.54%) to 350.59 and the EuroFirst 300 index rose +5.33 points (+0.39%) to 1,378.71, while regionally the DAX jumped +0.36%, CAC40 +0.51% and the FTSE100 slumped -0.47%. US treasury yields continue to struggle to climb higher from current levels, remaining fairly sticky around the 2.70% range. In the G10 space, the main event was the no-confidence vote on PM May's leadership, where as expected, she survived the vote – albeit at a slightly thinner margin than predicted 325-306. Crude oil prices ebbed and flowed during the day (WTI +0.46%, \$52.35) as investors reacted to headlines and data. It started the day well, with expectations of a large drawdown in US inventories supporting prices. However, the release of the EIA report wasn't as positive as it first seemed. While inventories fell slightly more than expected (-2.683m bbls), there was a large build in gasoline inventories (+7.503m bbls), stoking fears of weak demand in the US. US production was also higher, reaching 11.9mb/d.

In the UK, the Conservative government of Theresa May survived a no confidence vote, 325 to 306 in the House of Commons. Most MPs reverted to voting along party lines after several recent rebellions and yesterday's government defeat, giving Ms May a sliver of good news as she now tries to negotiate a way out of the current Brexit gridlock. Ms May said, "I am pleased this House has expressed its confidence in the government tonight, I don't not take this responsibility lightly ... and yes, to work to deliver on the solemn promise of the people of this country to deliver on the result of the referendum and leave the European Union". She said she would begin immediate meetings with the leaders of the various political parties. "I stand ready to work with any member of this House to deliver on Brexit and this House retains the support of the British people" she said. But the vote was not so much one of confidence in Mrs May, but rather a desire by the Conservatives and their partners, the Democratic Unionist Party, not to give Labour an entree to force a general election.



PRECIOUS

Gold remained range-bound yesterday in what was a fairly dull day of trade, while palladium hit fresh all-time highs. We opened in Asia yesterday just below \$1290 and punched a few dollars higher right on the SGE open. There was modest demand from Chinese names initially, although it did dry up after about 30 or so minutes of being open and spot gold drifted lower. Demand re-surfaced later in the am session and the premium for onshore traders also pushed higher towards \$8.50-9.00. We punched higher again in the afternoon as the USD began to drift lower, although resting offers around \$1294-95 capped proceedings. After drifting off over the European hours, NY bid it up quite aggressively, steadily grinding its way to the daily high of \$1294.50, before some profit taking and producer offers angled us lower into the close (\$1293.00). USDJPY broke through 109 late in the session, so it was a surprise to see gold hang in so well over the final few hours. Gold seems to be absorbing the offers fairly well for now, but there is still plentiful supply on any approach of \$1300. Palladium was the standout of the complex, jumping aggressively during the NY hours after steadily moving up through Asia and London. In a very aggressive sweep we jumped from \$1335 to \$1345 and then again from \$1340 to \$1360 with little to no liquidity. Pd forwards and EFP's remained mostly unchanged (-40 mid) and seem to have found a base for now.

Gold opened this morning around \$1293 and remained fairly steady leading into the SGE open. It jumped up when Shanghai opened and traded up to \$1295, but once again we saw decent producer offers which capped any further rise. The yellow metal hovered around there for a time before dipping back off in to the AM SGE close, to the day's lows. Palladium posted a fresh high again in early trade although eased as the day progressed. On the data front today, look out for Eurozone CPI, US jobless claims and Philly Fed Business outlook. Have a good day ahead.

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