



**MKS PAMP GROUP**  
**Asia Market Update**  
**20<sup>th</sup> December 2018**

Range Asian Hours  
(from Globex open)

|             | <b>GOLD</b> | <b>SILVER</b> | <b>PLATINUM</b> | <b>PALLADIUM</b> |
|-------------|-------------|---------------|-----------------|------------------|
| <b>OPEN</b> | 1244.40/60  | 14.60/62      | 786/88          | 1254/58          |
| <b>HIGH</b> | 1245.80/00  | 14.63/65      | 788/90          | 1262/66          |
| <b>LOW</b>  | 1242.50/70  | 14.55/57      | 785/87          | 1254/58          |
| <b>LAST</b> | 1244.60/80  | 14.57/59      | 785/87          | 1256/60          |

**MARKETS/MACRO**

As widely expected, the FOMC increased the target range for its benchmark funds rate to between 2.25 – 2.50 per cent, an increase of 0.25 per cent. The increase was the fourth this year and the ninth since it began normalising rates since December 2015. Committee members have however decreased the expected number of increases during 2019 from three down to two. The statement was not quite as dovish as some had expected, including that the unemployment rate has ‘remained low’, rather than has ‘declined’ and the committee no longer ‘expects’ further gradual increases in the target range for the federal funds rate, rather ‘judges that some’ further increases would be required.

Equity markets in the U.S. saw volatility around the FOMC announcement, sharply paring early session gains to finish well within negative territory. The dovish tilt to the committee’s announcement and subsequent comments from Powell at his press conference saw the DJIA fall close to -3% from the pre-FOMC high print, ending down -1.49% at 23,323.66 points. The S&P 500 dropped -1.54% to 2,506.96 points as consumer discretionary (-2.23%) led each of the bourse’s components lower, while the Nasdaq Composite collapsed -2.17% to 6,636.828 points as Facebook slumped following revelations the company shared user data to a greater degree than previously disclosed. Existing home sales in the U.S. outpaced expectations during November, increasing +1.9% MoM (exp: -0.4%) to a seasonally adjusted annual rate of 5.32 million (exp: 5.20 million). Sales increased in the Northeast, Midwest and in the South, however declined in the West. Inventory was at 1.74 million compared to 1.67 million a year ago, while at November’s sales pace it would take 3.9 months to exhaust supplies, an increase from 3.5 months a year ago. The median house price increased +4.2% from a year earlier to USD \$257,700 during November. The U.S. Mortgage Bankers Association reported mortgage applications declined -5.8% during the week ended December 14. The greenback reversed declines following the FOMC announcement to end modestly higher on Wednesday (DXY +0.10%). The dollar ended unchanged against the euro, modestly higher against the pound (+0.22%) and relatively flat against the yen.

**PRECIOUS**

A relatively calm session for the precious complex during Asian trade on Thursday, far removed from Wednesday’s post-FOMC rout. After touching a USD \$1,257.60 session high leading into the FOMC on Wednesday, gold saw sharp declines following the headline interest rate hike and settled underneath USD \$1,245 into the close. The metal oscillated either side of the figure on Thursday in Asia, finding a mild bid during afternoon pricing as the greenback tempered some of the late New York gains. The market looks to have over analysed the potential for a shock December FOMC decision and was caught overly long. The move lower could be viewed as a healthy retracement, with price action holding around



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the USD \$1,240 - \$1,245 support levels, notably supported by a halt in the Greenback's recent strength and softer global equity markets. Key top-side resistance levels sit at the 200-DMA around USD \$1,252.50 and the previous session high around USD \$1,258. Data today includes U.K. retail sales, the BOE decision, the Philadelphia Fed business outlook, U.S. initial jobless claims and Bloomberg U.S. consumer comfort.

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