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Asia Market Update

29th January 2019

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1303.30/50	15.73/75	812/14	1333/38
HIGH	1304.60/80	15.77/79	814/16	1334/39
LOW	1302.90/10	15.72/74	811/13	1328/33
LAST	1304.30/50	15.76/78	813/15	1328/33

MARKETS/MACRO

Equities in the U.S. started the week on a negative note, pressured lower by softer than expected earnings results from industry giant Caterpillar Inc. (-9.13%), while there was further bad news from Nvidia Corp. (-13.82%) as the company cut fiscal fourth-quarter revenue to USD \$2.2 billion from USD \$2.7 billion previously. The DJIA opened sharply lower and failed to regain declines to end the session - 0.84% down at 24,528.22 points, while the S&P 500 fell -0.78% to 2,643.85 points as weakness across technology (-1.40%) and healthcare (-1.14%) weighed upon the bourse. Currency majors tracked sideways on Monday to see the greenback end unchanged. Early European weakness to the pound (-0.3%) were driven by Brexit developments, while the euro (+0.15%) and the yen (+0.15%) held within a narrow range. The dollar is likely to remain rangebound into Tuesday's two-day FOMC meeting, with the associated press conference scheduled for 2:30pm Eastern time on Wednesday. Treasury yields eased on Monday as equity markets tracked lower, seeing the two-year shed 0.6 bps to 2.592% and the 10-year off 0.9 bps to 2.744%. Oil futures slumped on Monday on the back of fresh concerns over a supply glut. WTI ended the session -2.8% lower to hold just above USD \$52 per barrel, while Brent crude fell -2.6% to end around USD \$60 per barrel. Markets in Europe ended lower Monday as investors grappled with the ongoing trade discussions between the U.S. and China, as well as continued Brexit jitters. The Stoxx Europe 600 sunk -0.97% to 354.38 points, the German Dax slumped -0.63% to 11,210.31 points, while in London the FTSE 100 fell -0.91% to 6,747.10 points as financial stocks and oil producers led declines.

PRECIOUS

After withstanding a test underneath USD \$1,300 in New York on Monday, bullion price action remained buoyant during Asian trade today. An early session move toward USD \$1,305 was thwarted on the Chinese open as USD/China firmed, driving the yellow metal back toward USD \$1,303 as the on-shore premium eased back toward USD \$10. The offered bias was however short lived, with a recovery underpinned by a reversal to the greenback to see gold test back toward USD \$1,305 and push the on-shore premium over USD \$12. Today we see Comex expiry with around 5,500 lots of open interest a USD \$1,300, which is likely to keep price action around the figure, while the upcoming FOMC meeting should temper the breadth of the price range leading into Wednesday's scheduled press conference. ETF interest remains supportive to the yellow metal, while a number on ongoing geopolitical concerns continue to facilitate top-side momentum. Expect underlying support broadly around USD \$1,300 with extension toward USD \$1,295 possible, while top side resistance cuts in around USD \$1,315, with targets extending through to USD \$1,350. Silver was able to breach USD \$15.80 on Monday, however failed to close above the figure after recovering from a sharp move to USD \$15.60. Broadly USD \$15.80 - \$15.87 capped the early December move higher and the resistance level will be the key to a test of USD \$16,



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with likely extension to USD \$16.33. Data today includes U.S. S&P CoreLogic house prices and U.S. Conference Board consumer confidence.

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