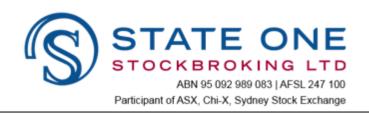


172 St Georges Terrace PERTH WA 6000 PO Box 7625 CLOISTERS SQUARE WA 6850 P: +61 8 9288 3388 Suite 606, Level 6 83 York Street SYDNEY NSW 2000 PO Box R1931 ROYAL EXCHANGE NSW 1225 P: +61 2 9024 9100

# **Daily Resources Overview**

## 24 September 2018





# PRECIOUS METALS COMMENTARY

Gaining 82 points on the day resulted in the Dow Jones Industrial Average closing at a new record high of 26,743.50. This is the second consecutive day in which the Dow traded to a new all-time high. This strong risk-on market sentiment coupled with dollar strength put tremendous downside pressure on gold pricing today.

### Waiting on the Fed

Next week the Federal Reserve will hold this month's FOMC meeting (Federal Open Market Committee) beginning on Tuesday and concluding on Wednesday. It is widely expected that the Federal Reserve will announce and initiate an interest rate hike at the conclusion of next week's meeting.

One primary question in the minds of investors and traders is in regards as to whether or not there will be a further interest rate hikes this year either in November or December.

According to the CME's FedWatch tool, there is a 93.8% probability that the Fed will raise interest rates by 25 basis points (1/4%) and a 6.2% probability that the Fed will increase rates by 50 basis points (1/2%). This tool also predicts a 91.4% probability that there will be another rate hike in November of 25 basis points, with an 8.5% probability of a 50-basis point rate hike.

Currently, the Fed funds rate (the rate that depository institutions charge to lend reserve money to other banks) is at 175-200 basis points (1 3/4% to 2%). Although the highest probability results in this rate growing to 200-225 basis points, there is a remote possibility that this rate could go as high as 250 basis points by the end of the year.

We can expect the investment community at large to have a wait-and-see investment demeanor at least until Wednesday when the FOMC meeting concludes, and the Federal Reserve releases its monetary policy statement. Source: Kitco

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Alan Hill Executive Chairman Phone: +61 8 9288 3388 ahill@stateone.com.au

Morris Levitzke Equities Advisor Phone: +61 8 9288 3315 mlevitzke@stateone.com.au

Dawn Chia Business Development Manager Phone: +61 8 9288 3336 Dawn.Chia@stateone.com.au Ric Heydon Equities & Derivatives Advisor Phone: +61 8 9288 3307 rheydon@stateone.com.au

Graeme Johnson Equities & Derivatives Advisor Phone: +61 8 9288 3316 gjohnson@stateone.com.au

David Zhang Equities Advisor Phone: +61 2 9024 9130 dzhang@stateone.com.au Mark Sullivan Institutional Dealer Phone: +61 2 9024 9134 msullivan@stateone.com.au

Yitz Barber Equities Advisor Phone: +61 2 9024 9107 ybarber@stateone.com.au

David Brennan Senior Investment Analyst Phone: +61 2 9024 9142 dbrennan@stateone.com.au Thomas Tan Equities Advisor Phone: +61 2 9024 9131 ttan@stateone.com.au

Tammie Wong Equities Advisor Phone: +61 2 9024 9133 twong@stateone.com.au

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