



MKS PAMP GROUP

Asia Market Update

17th August 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1174.10/30	14.66/68	779/81	885/87
HIGH	1179.10/30	14.74/76	783/85	900/02
LOW	1171.80/00	14.60/62	775/77	885/87
LAST	1177.10/30	14.74/76	783/85	900/02

MARKETS/MACRO

Initial jobless claims in the U.S. eased 2,000 to 212,000 (exp: 215,000) during the week ended August 11, seeing the four-week moving average inch 1,000 higher to 215,500. Continuing claims slipped 39,000 lower to 1.72 million for the week ended August 4. Housing starts in the U.S. rebounded during July, however at a weaker rate than expected, increasing just +0.9% MoM (exp: +7.4%) to follow a -12.9% fall in July. The Philadelphia Fed business outlook softened during August, falling to 11.9 (exp: 22.0) from 25.7 previously, largely weighed down by weakness to new orders. Equities in the U.S. surged higher on Thursday as a string of positive corporate earnings results buoyed sentiment. The DJIA jumped +1.58% to 25,558.73 points to mark the best single-session result since early April, while the S&P 500 added +0.79% to 2,840.69 points as all eleven of the bourse's components closed higher. Currency majors saw mixed trade against the greenback on Thursday, with the DXY easing around -0.1% to consolidate recent gains. The euro pushed briefly through 1.14 to end around +0.2% higher on the session, while the yen handed back previous session gains as the dollar moved through 111.00 against the safehaven currency. Oil futures booked modest gains on Thursday following sharp declines on Wednesday, seeing WTI end +0.7% higher at USD \$65.46 per barrel, while Brent crude tacked on just under +1% to USD \$71.43 per barrel.

PRECIOUS

Gold saw relatively muted price action during Asian trade today, finding respite amid a weaker greenback to hold support around USD \$1,172, with Asian physical demand continuing to remain robust. Early session offers, much the same as on Thursday saw the yellow metal initially lower in Tokyo, breaking underneath the New York closing level to touch a USD \$1,172 session low. The weakness was however short-lived as the metal attracted bids toward the support level, sharply reversing declines into the Shanghai open to test a break toward USD \$1,180. Interest out of China saw the on-shore premium hold around USD \$5 to keep bullion buoyant above USD \$1,175, while the greenback tracked sideways after early session weakness to underpin pricing above USD \$1,175 leading into European hours. The yellow metal continues to take pricing cues from both the dollar and U.S. equities, largely unresponsive to geopolitical events, however it would be remiss not to consider the potential impact of an escalation of trade wars. Initial support sits toward USD \$1,172, with USD \$1,160 the next supportive level should we see further short-term weakness, and below this ultimately the December 2016 low of USD \$1,122. It's worth highlighting the recent price action we have been seeing in palladium, with a shortage of physical sending the metal into heavy backwardation to see spot +5.5% higher on Thursday. Data releases today include Eurozone CPI, the U.S. leading index and University of Michigan consumer sentiment gauge.



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