



## MKS PAMP GROUP

### Daily Asia Wrap

22<sup>nd</sup> August 2017

Range Asian Hours  
(from Globex open)

	<b>GOLD</b>	<b>SILVER</b>	<b>PLATINUM</b>	<b>PALLADIUM</b>
<b>OPEN</b>	1291.80/00	17.01/03	980/82	938/40
<b>HIGH</b>	1292.40/60	17.05/07	981/83	938/40
<b>LOW</b>	1287.40/60	16.97/99	978/80	935/37
<b>LAST</b>	1288.70/90	16.97/99	978/80	937/39

#### MACRO

In a light news session, the Chicago Fed national activity index unexpectedly declined during July to -0.01 (exp: +0.10) from an upwardly revised +0.16 (prev: +0.13). Equities in the U.S. ended trade on Monday generally higher in thin conditions, however the Nasdaq composite (-0.05%) was unable to follow the broader market into positive territory. Late session gains helped the DJIA snap a two session losing streak and add +0.13% to 21,703.75 points, while the S&P 500 saw broad based support as real estate (+1.07%) and telecoms (+0.70%) led eight of eleven sectors higher to see the bourse to a +0.12% gain. Oil futures retreated during U.S. hours on Monday, with WTI reversing Friday's gains in their entirety as the OPEC technical Committee meeting scheduled to discuss compliance provided little stimuli. WTI collapsed close to -2.5% and test USD \$47 per barrel before settling around \$47.40 per barrel, while Brent crude tanked -2% to end around USD \$51.65 per barrel. U.S. treasury yields eased marginally on Monday as investors turned focus to the upcoming Jackson Hole central bank conference. The 10-year dipped around 1.2bps to 2.18%, while the two-year yield pulled back 0.4bps to 1.305%.

European equities posted declines on Monday as participants considered the recent terrorist activity in the region and heightened tensions on the Korean peninsula. The Stoxx Europe 600 ended the session -0.40% lower to book a third consecutive session decline, however did see some support from shipping heavyweight Maersk (+2.89%), while the German Dax closed -0.82% down as the euro pegged back ground. In the U.K., the FTSE 100 eased just -0.07% as gains to the big miners helped to temper declines amid a risk-off tone courtesy of geopolitical rumblings.

#### PRECIOUS

Bullion saw solid interest toward USD \$1,280 on Monday, turning higher following Friday's late session weakness to once again test resistance around USD \$1,296. Gold saw a gradual ascent throughout Monday's session, with Chinese interest initially responsible for the early positive price action, while a leg lower to the greenback leading into U.S. hours provided further support and saw the session high of USD \$1,294.35 printed. Gold holdings once again inched higher on Monday, while notably over the course of last week GLD added 12 tonnes to mark the first weekly gain since June. Asian trade today saw gains to the USD weigh upon the precious



complex following an early push higher, with USD/JPY reversing course to break back above 109.00. The yellow metal went searching for bids below USD \$1,290 on the Shanghai open, however interestingly the Shanghai premium pushed higher toward USD \$6 over loco London with a higher level of physical demand evident. The yellow continues to receive support on the back of ongoing geopolitical concerns, while recent gains to base metals and uncertainty surrounding the upcoming Jackson Hole conference underpins the bid tone. Pricing continues to remain constructive for a further test of USD \$1,300, with participants sensitive to headlines out of the Korean peninsula as the U.S. and South Korean military undertake joint exercises for the remainder of August. Should we see corrective moves to the recent push toward USD \$1,300, broad support around USD \$1,280 - \$1,285 should restrict further declines. With regards to the white metals, palladium continued to push higher on Monday in-line with the general bid tone across base metals and saw further interest during Asian hours today following the recent break of the June high. Data releases today include German ZEW survey results, U.S. house prices and the Richmond Fed manufacturing index.

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