



MKS PAMP GROUP

Daily Asia Wrap

23rd August 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1285.30/50	16.98/00	976/78	928/30
HIGH	1287.20/40	17.03/05	978/80	935/37
LOW	1282.90/10	16.93/95	973/75	927/29
LAST	1286.70/90	17.01/03	978/80	935/37

MACRO

House prices in the U.S. inched +0.1% MoM higher during June (exp: +0.5%) to see prices +1.6% QoQ higher according to the latest FHFA data. A continued decline in availability saw prices increase +6.6% relative to the same quarter in 2016. U.S. equity markets turned higher on Tuesday amid below average volumes, as investor appetite for technology and healthcare stocks returned. The DJIA jumped +0.90% to 21,899.89 points, booking the largest percentage gain since April 25th as Cisco (+1.92%) and Apple (+1.63%) found support. The S&P 500 saw strength across technology (+1.45%) and materials (+1.20%) lead all components other than real estate (-0.11%) higher, with the bourse ending up +0.99% at 2,452.51 points. The Nasdaq meanwhile snapped a three session losing streak, jumping +1.36% to 6,297.478 points to log the the best single session result since late June. Oil futures pushed modestly higher on Tuesday as investors positioned themselves for an eighth consecutive weekly fall in U.S. domestic crude supplies. WTI increased roughly +0.6% to end around USD \$47.65 per barrel, while Brent crude posted a +0.4% return and settled just underneath USD \$52 per barrel. The move into stocks saw treasury yields higher on Tuesday, supported in part by reports that the Trump administration had made progress on their tax reforms. The 10-year yield added 3.3bps to around 2.215%, while the two-year popped 2.4bps to 1.326%. Strong performances among resources related stocks underpinned gains to European equities on Tuesday, seeing the Stoxx Europe 600 snap a three session losing streak and end +0.8% higher. The German Dax surged +1.35% even as the latest ZEW survey showed a fall to the expectations index from 17.5 to 10.0, while in the U.K. the FTSE 100 added +0.86% to post its biggest single session percentage gain since mid July as heavyweights BHP (+2.1%) and Antofagasta (+2%) supported the bourse.

PRECIOUS

Gold continued to trade range-bound on Tuesday, however held relatively resilient amid stronger global equity markets and higher UST yields. The majority of Tuesday's price action occurred during late Asian / early European hours, as bullion slipped underneath USD \$1,290 on the back of a bid greenback. U.S. hours saw offers cap any further tests toward USD \$1,290, while supportive interest underneath USD \$1,285 restricted declines. ETF holdings once again increased on Tuesday to add a modest 23k ounces, while in the options space, vols are little changed as 1m sits around 10.6. Asian trade today saw supportive interest underneath USD



\$1,285 once again restrict declines to bullion, while continued physical interest out of China dragged the yellow metal off the session low as the on-shore premium held toward USD \$6 relative to London gold. Once again we are stuck within a narrow trading range and the upcoming Jackson Hole conference is likely keeping investors powder dry for the time being, in addition to the ever present headlines generated out of the Korean peninsula. Pricing continues to remain constructive for a further test of USD \$1,300, however should we see corrective moves to the recent bid tone, broad support around USD \$1,280 - \$1,285 should continue to restrict further declines. Medium-term it is looking like down-side risks to the USD are tempering and we look to the 10-year to hold 2.10% for a push higher for the greenback, potentially weighing upon bullion. Silver continues to oscillate either side of USD \$17 and should see top-side moves capped by resistance around USD \$17.30, while USD \$16.90 continues to broadly support the grey metal. Profit taking in palladium is keeping the metal underneath USD \$940 as funds pause for breath following the recent price action, while platinum continues to lose touch with USD \$1,000. Data today includes Markit manufacturing / services / composite PMI prints out of France, Germany, the Eurozone and the U.S., while we also see U.S. new home sales.

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