



MKS PAMP GROUP

Daily Asia Wrap

1ST August 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1224.10/40	15.51/54	835/38	930/32
HIGH	1224.50/90	15.52/55	837/40	935/37
LOW	1219.80/20	15.40/43	830/33	925/27
LAST	1220.90/30	15.40/43	830/33	925/27

MARKETS/MACRO

US equities closed out a strong month on a positive note, with the three major bourses closing higher on the news that the US and China were holding trade talks. The Dow added 108.36 points, or 0.43%, to 25,415.19, the S&P 500 rose 13.69 points, or 0.49%, to 2,816.29, while the Nasdaq gained 41.784 points, or 0.55%, to 7,671.789. There were wins for industrials (+2.12%) and REITs (+1.89%) while telecoms (-0.77%) led the laggards. European equities were higher, the EuroSTOXX rose 0.69 points, or 0.18%, to 391.61, the German DAX crept up 7.3 points, or 0.06%, to 12,805.50, and the London FTSE 100 advanced 47.91, or 0.62%, to 7,748.76. In the currencies, the US dollar index put on 0.22% to 94.556, the EUR was as high as 1.1740 before being sharply sold to 1.1686, while USD/JPY surged to 111.93 on the news that the Bank of Japan intends to keep interest rates low for an extended period. US treasury yields were mixed, the 2 year yield firmed 0.81 bps to 2.6694% while the 10 year yield eased 1.30 bps to 2.9598%. Oil prices were lower, Brent shed 1.77% to \$74.21 while WTI slipped 0.38% to \$68.50. Base metals were mostly higher, with zinc (+2.66%) leading the gains. In US economic data, the employment cost index rose 0.6% in the second quarter, following a 0.8% increase in the first. Consumer spending increased 0.4% in June after a 0.5% rise in May. The personal consumption expenditure (PCE) index, the Fed's preferred inflation gauge, rose 0.1% in June, while the core PCE index also rose 0.1%. The Case-Shiller national home prices index rose a seasonally adjusted 0.4% in May and is up 6.4% over the last 12 months. The Chicago PMI rose 1.4 points to 65.5 in July, the highest reading in 6 months. The consumer confidence index rose to 127.4 in July from a revised 127.1 in June. . In Asia today, as I write the Nikkei is at +0.90%, the Shanghai composite is at -0.22%, the Hang Seng is at -0.03%, and the ASX S&P 200 is at +0.08%. On the data front, tonight we have ADP employment, Markit manufacturing PMI (final), ISM manufacturing index, construction spending, FOMC announcement, and motor vehicle sales out of the US; and Markit manufacturing PMI (final) out of the Eurozone.

PRECIOUS

Gold opened at \$1221 in Asia and remained between \$1219-23 in fairly thin trading. The SGE premium was slightly higher at \$1-2 and we saw some decent buying when the market dipped below \$1220. After some up and down movement following the Bank of Japan interest rate news, USD/JPY broke higher and gold was sold to \$1217 during the London AM session. NY was where the real action happened, gold initially popped to \$1222 before sweeping \$7 to the session low \$1215. As the US-China trade headline hits, USD/CNH



plummets and gold rebounds back to \$1222. As USD/CNH moves lower again, the yellow metal rockets to the days high \$1227 and is quickly slapped down. Despite the range in NY trading, gold closes slightly higher at \$1223. Silver tested the previous days low at \$15.36 before peaking at \$15.59 in NY. Platinum was the pick in the PGMs, adding 1.2% for the session. The Philadelphia gold and silver index added 0.80%. SPDR Gold Trust holdings were unchanged at 800.2 metric tonnes. In Asia today, gold opened at \$1224.10 and was testing \$1220 by the time China came in. The SGE premium was stable at \$1-2 and there was enough buying interest to see the market return to \$1224. The yellow metal has softened through the afternoon, posting the low of \$1219.80 as USD/JPY trades above 112. Gold is at \$1220.90 as I write. Silver has drifted steadily lower since the open and is sitting at \$15.40 as I write. Palladium is under pressure in late Asian trading, the metal is sitting right on the low at \$925 as I write. Have a good day ahead.

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