



## MKS PAMP GROUP

### Daily Asia Wrap

15<sup>th</sup> September 2017

Range Asian Hours  
(from Globex open)

	<b>GOLD</b>	<b>SILVER</b>	<b>PLATINUM</b>	<b>PALLADIUM</b>
<b>OPEN</b>	1329.40/80	17.79/82	979/82	923/25
<b>HIGH</b>	1334.10/50	17.82/85	985/88	927/29
<b>LOW</b>	1328.70/10	17.74/77	978/81	923/25
<b>LAST</b>	1330.40/50	17.75/78	980/83	926/28

#### MARKETS/MACRO

North Korea fired another ballistic missile over Japan this morning, the second in as many weeks. The missile was launched from Pyongyang at 6:57am Japan time and flew over the northern island of Hokkaido, prompting the Japanese government to issue a warning to its citizens to take cover and stay away from anything that could be debris. The missile eventually splashed down in the Pacific Ocean approximately 2,000km from land. US Secretary of State Rex Tillerson issued a statement urging China and Russia to do more, "China and Russia must indicate their intolerance for these reckless missile launches by taking direct actions of their own". The UN Security Council has scheduled an emergency meeting for Friday at the request of the US and Japan. In US economic data, CPI climbed 0.4% in August following the modest 0.1% increase in July. The rise was the biggest since January and exceeded economists of a 0.3% increase. Energy was the most significant contributor, with oil prices climbing over the last month as Hurricane Harvey interrupted refining operations in Texas. The year on year increase in consumer prices rose to 1.9%, which is just below the Fed's target rate of 2%. Core CPI, which removes food and energy from the calculation, rose 0.2% representing the largest increase in 6 months. Initial jobless claims fell by 14k to 284k in the week ending September 10, continuing jobless claims fell by 7k to 1.94M. US equities were mixed as the stronger than expected inflation data signalled the possibility of tighter monetary policy later in the year. The Dow added 45.3 points, or 0.20%, to 22,203.48, the S&P 500 fell 2.68 points, or 0.11%, to 2,495.69, and the Nasdaq slipped 31.10 points, or 0.48%, to 6,429.084. Utilities (+0.87%) and REITs (+0.58%) were the stand-outs while consumer discretionary (-0.55%) and telecoms (-0.40%) were among the laggards. European shares were mixed, the EuroSTOXX rose by 0.45 points, or 0.12%, to 381.79, the German DAX declined 13.12 or 0.10%, to 12,540.45, the London FTSE 100 dropped 84.31 points, or 1.14%, to 7,295.39. In the currency markets, the US dollar index slipped 0.41% to 92.142, the EUR traded up to 1.1921, while USD/JPY traded as low as 109.91. US treasury yields were higher, the 2 year yield rose 1.64 bps to 1.3635%, while the 10-year yield gained 0.17 bps to 2.1900%. In commodities news, oil markets were higher as Brent rallied 0.91% to \$49.75 and WTI gained 0.24% to \$55.29. Base metals closed broadly lower, with nickel (-1.4%) leading the losses. In Asia today, as I write the Nikkei sits at +0.61%, the Shanghai composite is at -0.32%, the Hang Seng at +0.30%, and the ASX S&P 200 at -0.69%. Tonight we have retail sales, the Empire State Index, industrial production, capacity utilisation, business inventories, and consumer sentiment out of the US; and balance of trade, labour cost index, and wage growth out of the Eurozone.

#### PRECIOUS

Volatile session for the precious on stronger than expected US inflation data. Gold opened at \$1323 and was quickly testing the \$1320 level as bullish sentiment in USD lingered from the night before. The SGE premium was higher at around \$5-6 and there was decent buying out of China which supported the market. London were on the bid early, squeezing the market to \$1325 before a quick retreat to the lows. The real fun started after NY open, initially the price dropped to the day's low of \$1316 on release of the strong CPI



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numbers, but the yellow metal bounced up to \$1326 in a matter of minutes. Gold pushed higher from here in choppy trade, supported by a sell-off in the greenback, closing the session out around the highs at \$1329. Silver traded steadily lower through the Asian session to the low \$17.63, choppy trade through London AM and onwards saw the grey metal oscillate within a 10c range before printing the high of \$17.78 just prior to close. Palladium was disappointing, back above \$940 during Asian hours before sliding to a low of \$926. The Philadelphia gold and silver index added 0.52%. The SPDR gold trust holdings were unchanged at 838.64 metric tons. Today's trading has been surprisingly uneventful given the news from North Korea this morning. Gold firmed a few dollars following the Asian open, trading as high as \$1334 before coming off the boil and consolidating around the opening levels. The SGE premium has pulled back a little from yesterday to trade between \$2-4 over loco London prompting some selling out of China. The yellow metal is at \$1330 as I write. Silver has traded in line with gold, popping up over \$17.80 earlier and drifting to sit at \$17.75 as I write. PGMs are creeping into positive territory, platinum and palladium are at \$980 and \$926 respectively. The outlook for gold is looking more positive following a fairly emphatic rejection of the \$1320 support overnight. Investors will be looking for a sustained move above \$1235 as potential for a push higher. Have a good day ahead.

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