



## MKS PAMP GROUP

### Daily Asia Wrap

17<sup>th</sup> July 2018

Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1240.90/10	15.80/82	824/26	920/22
HIGH	1242.40/60	15.84/86	828/30	924/26
LOW	1237.70/90	15.74/76	823/25	919/21
LAST	1242.40/60	15.84/86	828/30	923/25

#### MARKETS/MACRO

Retail sales in the U.S. improved +0.5% MoM during June (exp: +0.5%) to follow an upwardly revised +1.3% gain in May (prev: +0.8%). Core retail sales (ex auto, gas, building materials and food) were however unchanged during June to follow an upwardly revised +0.8% gain in May (prev: +0.5%). Equities in the U.S. started the week in mixed fashion, as investors considered the mixed retail sales data while also monitoring the meeting between U.S. President Trump and Russian President Putin. The DJIA held onto a +0.18% gain to 25,064.36 points, led higher by strong performances to the major banks. The S&P 500 eased -0.10% to 2,798.43 points as declines to energy (-1.18%) weighed upon the bourse, while heavy trade to tech names saw the Nasdaq Composite -0.26% lower to 7,805.719 points. The greenback softened on Monday ahead of Fed Chairman Jerome Powell's two-day testimony scheduled to begin on Tuesday. The DXY index declined -0.35% as the euro consolidated above 1.1700, while the USD/JPY pulled back toward 112.20. Treasury yields in the U.S. ticked higher to see the 10-year add 3.1bps to 2.858% and the two-year yield 1.9bps higher to 2.596%. Oil futures sunk on Monday following a report that the Trump administration is considering a release from the U.S. strategic petroleum reserves as a result of rising gasoline prices. Brent crude collapsed -4.6% to USD \$71.84 per barrel, marking the lowest close for a most-active contract since mid-April. WTI meanwhile declined -4.2% to end just above USD \$68 per barrel, the lowest finish to a most-active contract in nearly a month. heavy trade to the big miners saw European markets generally lower on Monday. The Stoxx Europe 600 pulled back -0.25% to 384.05 points, the French CAC 40 fell -0.36% to 5,409.43 points and the German DAX 30 bucked the trend to book a +0.16% gain as Deutsche bank shares ripped +7.20% higher. In the U.K. the FTSE 100 declined -0.80%, largely due to weakness across mining and oil shares.

#### PRECIOUS

Gold was unable to capitalise on a softer greenback during Monday's session, once again failing to see any safe-haven flows and holding a relatively narrow range throughout the session. The metal started the week on a positive note after seeing interest during Asian hours as USD/China softened, however failed to sustain a move through USD \$1,245 and saw declines accelerate in New York. Once again bullion tested toward the important USD \$1,236 - \$1,237 support band, holding the level and seeing



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modest late session interest to close above USD \$1,240. Palladium was the main mover on Monday, handing back -2.2% following a break below the technically important USD \$930 support, opening up potential for a further extension toward USD \$900.

Gold struggled to pull away from the overnight low in early session pricing during Asian trade today, testing the depth of bids around USD \$1,237 leading into the USD/CNY fix, before the dollar reversed early strength to underpin price action. The metal continues to see a level of interest underneath USD \$1,240 and spent the afternoon well supported above the figure. Key down-side support remains around USD \$1,236 - \$1,237, while USD \$1,245 will act as a top-side pivot point for an extension through USD \$1,250. Expect participants to remain quiet leading into today's testimony by Federal Reserve Chairman Powell, with any rallies toward USD \$1,245 to remain offered. Silver held the New York low today around USD \$15.76 and extended higher in afternoon pricing, while the white metals remain heavy. Aside from Federal Reserve Chairman Powell's testimony today we also see U.K. employment data, U.S. industrial production and U.S. treasury flows.

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