



MKS PAMP GROUP

Daily Asia Wrap

6th July 2018

Range Asian Hours
(from Globex open)

| | GOLD | SILVER | PLATINUM | PALLADIUM |
|-------------|-------------|---------------|-----------------|------------------|
| OPEN | 1257.10/50 | 16.02/05 | 842/45 | 949/51 |
| HIGH | 1258.50/90 | 16.06/09 | 843/46 | 948/50 |
| LOW | 1252.90/30 | 15.93/96 | 835/38 | 945/47 |
| LAST | 1255.20/60 | 16.01/04 | 842/45 | 946/48 |

MARKETS/MACRO

Few surprises were found in today's release of the minutes from the most recent FOMC meeting. The Fed indicated support for gradual rate increase and noted that interest rates could be around the "neutral" level sometime next year. Solid gains in US equities were led by the tech sector, which had its best session in over a month. The Dow added 181.92 points, or 0.75%, to 24,356.74, the S&P 500 rose 23.39 points, or 0.86% to 2,736.61, while the Nasdaq gained 83.753 points, or 1.12%, to 7,586.426. There were wins for tech (+1.47%), consumer staples (+1.46%) and REITs (+1.36%) while energy (-0.16%) was the lone laggard. European equities were higher, the EuroSTOXX put on 1.54 points, or 0.41%, to 381.59, the German DAX advanced 146.68 points, or 1.19%, to 12,464.29, and the London FTSE 100 rose 30.31 points, or 0.40%, to 7,603.22. In the currencies, the US dollar index slipped 0.13% to 94.409, the EUR was as high as 1.1717, while USD/JPY traded up to 110.68. US treasury yields were mixed, the 2 year yield firmed 2.65 bps to 2.5507% and the 10 year yield remained flat at 2.8309%. Oil prices were lower following an increase in US stockpiles, Brent sold off 0.86% to \$77.57, while WTI eased 1.31% to \$73.17. Base metals were mixed, with copper (-0.64%) the biggest mover. In US economic data, ADP reported that the private sector added 177k jobs in June, following an upwardly revised 189k increase in May. Initial jobless claims rose by 3k to 231k in the week ending June 30, while continuing claims increased by 32k to 1.74 million. The ISM non-manufacturing index rose to 59.1% in June from 58.6% in May, exceeding economists' expectations of a 58.3% reading. The Markit services PMI final reading came in at 56.5 for June, down slightly from the 56.8 reading in May. In Asia today, as I write the Nikkei is at +0.67%, the Shanghai composite is at -1.18%, the Hang Seng is at -0.82%, and the ASX S&P 200 is at +0.67%. Tonight we have non-farm payrolls, unemployment rate, average hourly earnings, and foreign trade in goods/services out of the US; and industrial production figures out of Germany.

PRECIOUS

A more subdued session for the precious as gold remains within the recent range. Gold opened at \$1256 in Asia and drifted lower through the day as USD/CNY recovered, the SGE premium was around \$1-1.50 which prompted selling out of China. We saw a brief recovery to the opening levels just prior to the London open as the EUR jumped on positive German factory data. The joy was brief, however, as the market was soon testing the overnight low at \$1251 during the London AM session. The yellow metal climbed to the day's high of \$1259 in NY on the back of softer than expected ADP employment figures, before closing out the session slightly in front at \$1257. Silver struggled to stay above \$16, trading lower during London AM and closing right on the level in NY. PGMs were flat following some big moves earlier in the week. The Philadelphia gold and silver index added 1.02%. In Asia today, gold was under early pressure from a stronger USD and easing SGE premium. The yellow metal was sold to a low of \$1252.90, but has recovered to \$1255.20 as I write. Silver once again dropped below the \$16 level as China came in today, however the grey metal has bounced back and is sitting at \$16.01 as I write. PGMs are relatively unchanged from the opening levels. Have a good day ahead.



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