



## MKS PAMP GROUP

### Daily Asia Wrap

4<sup>th</sup> December 2017

Range Asian Hours  
(from Globex open)

	<b>GOLD</b>	<b>SILVER</b>	<b>PLATINUM</b>	<b>PALLADIUM</b>
<b>OPEN</b>	1275.40/60	16.35/37	935/37	1022/24
<b>HIGH</b>	1275.90/10	16.41/43	937/39	1024/26
<b>LOW</b>	1273.00/20	16.32/34	934/36	1021/23
<b>LAST</b>	1274.50/70	16.37/39	934/36	1021/23

#### MARKETS

ABC reported on Friday that former National Security Advisor Michael Flynn pleaded guilty to lying to the FBI and was prepared to testify that he was directed by President Trump to contact Russian nationals following the election. President Trump later tweeted saying that Flynn was fired because “he lied to the Vice President and the FBI.”, while adding further that his actions were “lawful”.

The U.S. Senate passed the Republican tax reforms by 51 votes to 49 in a marathon session that ended in the early hours of Saturday morning. The final draft of the bill required several changes in order to bring uncertain Republicans across the line, with the party holding a 52-48 majority in the senate only one senator, Bob Corker from Tennessee sided with the Democrats. It is now up to the Senate and the House to reconcile the differences between their respective bills and negotiate a final version.

Construction spending in the U.S. jumped +1.4% during October (exp: +0.5%) from a +0.3% increase the month prior. The headline print was the largest advance in five months and led by a +3.9% increase in public construction outlays, marking the largest gain since 2014. Spending on state and local government construction projects climbed +3.3%, while federal government spending surged +11.1%. The Institute for Supply Management reported on Friday that its index of national factory activity eased modestly during November to 58.2 (exp: 58.3) from 58.7 previously. The new orders index ticked higher to 61.0 from 60.4 previously, while unexpectedly the employment index eased to 59.7 from 59.8 previously. Equity markets in the U.S. closed lower on Friday, enduring a volatile session following the news that Michael Flynn pleaded guilty to lying to the FBI, however tempering declines late on optimism surrounding tax reform. The DJIA eased -0.17% to 24,231.59 points to snap a five session winning streak, however was able to hold onto a +2.9% weekly rise to mark the best week since December 2016. Declines to industrials (-1.17%) and materials (-0.85%) saw the S&P 500 -0.20% lower to 2,642.22 points, ending the week +1.5% higher, while the Nasdaq pulled back -0.38% to 6,847.586 points, bucking the trend to slide -0.6% on the week following Wednesday’s -1.27% fall.

Oil prices ripped higher during U.S. trade on Friday following news that OPEC had reached an agreement among members to extend production cuts to the end of 2018. WTI ended the session +1.7% higher at USD \$58.36 per barrel, however eased around -1% on the week, while Brent crude added +1.8% to settle at USD \$63.73 per barrel, closing around +0.4% higher for the week. The greenback was hammered in New York on Friday following the Flynn headlines, however managed to pare some losses



into the close to see the DXY index end around -0.2% lower. Treasury markets in the U.S. saw yields soften marginally as the 10-year handed back around 5bps to 2.363% and the two-year eased 1bp to 1.778%.

European equities traded heavily on Friday, under pressure late in trade following the Flynn headlines out of the U.S. The Stoxx Europe 600 ended trade -0.7% lower at 383.97 points as financials (-1.24%) weighed upon the bourse, while the German Dax collapsed 1.25%. In the U.K. the FTSE 100 ended -0.36% down to extend the weekly decline to -1.5%, with banking stocks the main drag on the bourse.

## **PRECIOUS**

Gold saw whippy price action in New York on Friday, ripping to a USD \$1,289.85 session high following the Flynn headlines as the dollar and global equity markets traded under pressure. Ultimately optimism surrounding the Republican's tax reform saw bullion pare the majority of gains, hanging on to end +0.4% higher, however disappointingly closing underneath the 50 DMA at USD \$1,281. Gold vols firmed around the Flynn news, however softened late to see 1m around 8.6, while ETF's saw solid inflows.

Asian trade on Monday saw bullion open softer following the tax reform headlines over the weekend, with a bid greenback weighing upon the metal as the DXY index opened around +0.2% higher than closing levels on Friday. Gold traded under pressure in early session flows, testing toward Friday's New York low print, while physical interest out of the far east did little to inspire price action throughout afternoon flows as the on-shore premium in China held toward USD \$6 relative to London gold. The key for the metal over the near-term will be support toward USD \$1,270, with extension toward the all-important 200 DMA at USD \$1,267.25. On the Top-side we see resistance at USD \$1,281.70 (50 DMA) and 1,286.50 (100 DMA), with extension toward Friday's high print around USD \$1,290. Bullion is likely to be sensitive to dollar flows, tracking headlines generated by the FBI probe and any further tax reform related news as we head toward U.S. Nonfarm Payrolls at the end of the week.

Data today includes Eurozone PPI, U.S. factory orders and durable goods orders.

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