



MKS PAMP GROUP

Daily Asia Wrap

6th December 2017

Range Asian Hours
(from Globex open)

| | GOLD | SILVER | PLATINUM | PALLADIUM |
|-------------|-------------|---------------|-----------------|------------------|
| OPEN | 1266.10/30 | 16.12/14 | 916/18 | 986/88 |
| HIGH | 1267.80/00 | 16.13/15 | 917/19 | 990/92 |
| LOW | 1264.20/40 | 16.07/09 | 914/16 | 986/88 |
| LAST | 1267.80/00 | 16.12/14 | 915/17 | 988/90 |

MARKETS

Data released by the Institute for Supply Management on Tuesday showed the U.S. services sector pulled back from its recent rate of expansion during November. The non-manufacturing composite PMI for November eased to 57.4 (exp: 59.0) from a record high October read of 60.1. IHS Markit's measure of the U.S. services sector continued to show expansion during November, however the pace of which declined to a five month low. The services business activity index eased to 54.5 (exp: 55.2) from a preliminary read of 54.7 and down from October's 55.3. Growth to new orders and employment continued during November, while inflationary pressures picked up with both input prices and output charges rising. The U.S. trade deficit expanded 8.6% to a nine-month high of USD \$48.7 billion during October, as imports increased 1.6% to a record USD \$244.6 billion. Close to half of the increase in the deficit came from petroleum imports at higher prices, while non-petroleum imports of goods from China, Mexico and the EU all printed record highs.

Equity markets in the U.S. pared early session gains to end lower on Wednesday, as a bid technology sector ran out of steam in afternoon trade. The DJIA ended the session -0.45% lower at 24,180.64 points, while technology (+0.21%) was the only shining light among the S&P components as the bourse posted a -0.37% decline to 2,629.57 points.

PRECIOUS

Gold endured a heavy U.S. session on Tuesday, as dollar strength muscled the metal through the recent support level around USD \$1,270, triggering a stop loss run into the PM fix. Whippy price action around the fix saw the metal test a move back toward USD \$1,270, however top-side interest was short lived and a USD \$1,266.30 fixing price triggered a fresh wave of offers through the 200 DMA, with weakness extending over the proceeding two hours to see bullion print a USD \$1,260.60 session low. Afternoon pricing saw the yellow metal recover modestly as equity markets in the U.S. retraced early session gains and the dollar bid tone softened, ending the session underneath the 200 DMA to mark a -0.8% decline. Tuesday's price action saw vols skip out a touch as 1m increased to around 8.9, while ETF's recorded modest outflows.

Asian trade on Wednesday opened in a subdued fashion, with light flows through Comex keeping the metal within a tight range into the Chinese open. Demand out of the Far East picked up from what we have seen in recent session to underpin a modest bid tone, pushing the on-shore premium over USD \$7



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relative to London gold. Afternoon trade saw a test of the 200 DMA at USD \$1,267.40 as the Greenback softened, however offers around the figure kept a lid on any further top-side moves into European trade. Tuesday's support at USD \$1,267.40 (200 DMA) is now likely to function as a pivot point for the metal, while resistance builds broadly through this level to USD \$1,271, with further extension to the 50 DMA at USD \$1,280.80 and the 100 DMA at USD \$1,287.00. The key down-side support for gold sits between USD \$1,261 - \$1,257 as a break through this level could potentially open up a large scale pull back as far as USD \$1,210.00. Data today includes German factory orders, U.S. ADP employment and Nonfarm productivity.

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