



MKS PAMP GROUP
Europe / US Market Update
12th July 2018

Range Europe / US Markets

12-Jul-18	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
OPEN	1250.95	1251.45	15.9400	15.9600	840.10	842.10	940.50	945.50
HIGH	1253.00	1253.50	16.0100	16.0300	842.00	844.00	941.20	946.20
LOW	1242.00	1242.50	15.7800	15.8000	828.00	830.00	934.00	939.00
CLOSE	1242.00	1242.50	15.7900	15.8100	828.50	830.50	936.40	941.40
EFP	0.30	0.40	0.0200	0.0300	-8.00	-5.00	-8.00	-5.00
LBMA Prices	AM	PM	15.9150		AM	PM	AM	PM
	1250.00	1251.40			841.00	838.00	939.00	940.00
Active Contract	GCQ8 Comdty		SIU8 Comdty		PLV8 Comdty		PAU8 Comdty	

MACRO

- Risk sentiment was shaky overnight, with trade tensions gathering further momentum.
- The Trump administration raised the stakes in the China trade war, saying it would slap a further 10% in tariffs on an additional \$200 billion worth of Chinese imports (generally capital and consumer goods).
- China hit back yesterday accusing the U.S of bullying and warned that it would make a formal complaint to the WTO. Beijing also said they would hit back via further tariffs on U.S goods as well as more 'qualitative measures' - which could include anything from stepped up inspections, delays in investment approvals and even consumer boycotts.
- U.S equities snapped a four day winning streak as a result, with investors concerned that proceedings may morph into a full-blown trade war.
- The DJIA slumped -219.21 points (-0.88%) to 24,700.45, the S&P500 relinquished -19.82 points (-0.71%) to 2,774.02 and the NASDAQ Composite fell -42.586 points (-0.55%) to 7,716.611.
- It was a similar scenario in Europe, with equities bowing to trade jitters. The EuroStoxx 600 tanked -4.85 points (-1.26%) to 381.40 and the EuroFirst 300 gave up -20.41 points (-1.35%) to 1,492.64.
- Crude was sharply lower, on the back of the escalating trade tensions as well as an announcement that Libyan authorities would lift export restrictions on four ports, meaning supply should normalise.
- Aug WTI slumped -\$3.50 (-4.7%) to \$70.60 and Brent had its largest intra-day fall for several years, closing down -\$4.77 (-6.05%) at \$74.09 a barrel.
- U.S PPI climbed +0.3% last month (+0.2% expected) also lifted by increases in gasoline prices. In the 12 months through June, the PPI advanced +3.4% (+3.1% expected), the largest gain since November 2011.



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- Core U.S PPI, that excludes food, energy and trade services, rose +0.3% last month (+0.2% expected).
- The BoC decided to raise its benchmark interest rate to 1.5%, rising 0.25% on this occasion. This marks the fourth time the central bank has raised its benchmark rate since last summer.

PRECIOUS

- The headlines putting the U.S China trade war back in the spotlight were enough to send gold -1.0% lower overnight.
- The initial reaction (largely during yesterday's Globex close) saw USDJPY 40 pips lower and USDCNH 2-3 big figures higher, which managed to keep gold fairly steady through the early part of yesterday's Asia session.
- Once the SGE opened the premium came in softly around \$3-4 over the Loco London price, which prompted spot gold some \$5 lower toward \$1250.
- With USDJPY steadily recovering throughout the session pressure remained on the yellow metal and we traded a fairly narrow \$1250-53 range.
- This range continued for the most part into the NY session, where the dollar again picked up steam and commodities in general weakened. Industrials in particular were hit - copper -3%, platinum -2%, silver -1.5%.
- Gold slowly slid lower, closing basically on the lows at \$1242.
- For gold immediate resistance sits at \$1250, while the Dec 17 lows around \$1236 are the primary support.

PRE-ASIA COMMENTS

- So far the gold has remained fairly neutral around the opening levels \$1252-53 (yesterdays lows).
- China has just opened and we still remain range-bound with very light volumes seen through COMEX and the SGE.
- Ahead on the data calendar today:
 - German CPI
 - French CPI
 - Euro Zone Industrial Production
 - U.S Jobless Claims
 - U.S CPI
 - U.S Monthly Budget Statement

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