



MKS PAMP GROUP

Daily Asia Wrap

20th July 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1222.50/70	15.33/35	808/10	875/77
HIGH	1223.10/30	15.37/39	809/11	886/88
LOW	1215.70/90	15.26/28	803/05	873/75
LAST	1223.00/20	15.37/39	809/11	886/88

MARKETS/MACRO

President Trump weighed in on the recent dollar strength on Thursday, commenting that a strong greenback “puts us at a disadvantage”. Trump also discussed interest rate increases by the Federal Reserve, noting with reference to the increases that he is “not thrilled”, however he would not tell the Fed what to do. The comments saw an immediate reversal to the dollar, erasing earlier session gains to see the DXY index end flat after trading +0.6% higher in early New York.

Initial jobless claims in the U.S. fell by 8,000 to 207,000 (exp: 220,000) during the week ended July 14, marking the lowest reading since early December 1969. The weekly print saw the four-week moving average 2,750 lower to 220,500, while continuing claims increased by 8,000 to 1.751 million during the week ended July 7. The Philadelphia Fed business outlook survey jumped to 25.7 during July (exp: 21.5) from 19.9 the month prior, predominately led by strong gains to new orders. Equities in the U.S. opened sharply lower on Thursday as financial stocks were sold off following comments from President Trump regarding dollar strength. The DJIA snapped a 5-session winning streak to end -0.53% down at 25,064.50 points, while financials (-1.44%) led 9 of eleven components of the S&P 500 lower to see the bourse off -0.40% to 2,804.49 points. The Nasdaq Composite slipped -0.37% to 7,825.30 points, while the small-cap Russell 2000 bucked the trend to post a +0.56% gain to 1,700.35 points. U.S. oil futures ripped higher in New York on Thursday following news that Saudi Arabia’s exports are expected to fall next month. WTI jumped +1% to USD \$69.46 per barrel, while Brent crude pared gains following the end to a Norwegian shipowner’s strike, ending -0.3% down at USD \$72.58 per barrel. European equity markets traded generally lower on Thursday as the Euro strengthened and mining stocks declined. The Stoxx Europe 600 slipped -0.23% to 386.17 points and the German Dax ended -0.62% lower at 12,686.29 points. In the U.K. the FTSE 100 benefitted from a weaker pound, adding +0.1% to 7,683.97 points.



PRECIOUS

After touching a fresh cycle low of USD \$1,211.50 on Thursday, gold again skewed to the down-side during early Asian trade on Friday. A familiar story for the metal, with price action dictated by dollar flows and most notably USD/China as USD/CNY fixed higher and USD/CNH followed to add around +0.7% in early trade. The bid tone to the dollar saw bullion initially under pressure, moving sharply through USD \$1,220 to see weakness extend toward USD \$1,215. Afternoon pricing saw the dollar reverse gains to support gold back above closing levels in New York and we have started to see heightened interest in the metal following the overnight break lower. USD \$1,240 remains a pivot point for the yellow metal, while supportive price action should extend toward USD \$1,210 - \$1,200. Silver was able to base around the 2017 low of USD \$15.19 on Thursday and while sold in early Asian trade today has continued to see underlying interest and has spent little time underneath USD \$15.30. Base metals are beginning to show signs of a recovery, which may buoy silver back toward USD \$16 in addition to supporting a recovery to the white metals, notably platinum after the metal recovered back above the USD \$800 pivot point.

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