



MKS PAMP GROUP

Daily Asia Wrap

3rd July 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1242.00/20	15.84/86	819/21	947/49
HIGH	1242.90/10	15.86/88	819/21	947/49
LOW	1237.90/10	15.78/80	797/99	941/43
LAST	1240.70/90	15.86/88	810/12	945/47

MARKETS/MACRO

U.S. equity markets reversed early declines amid lighter than usual volumes on Monday, largely supported by a bounce in technology stocks. The DJIA added +0.15% to 24,307.18 points, while the S&P 500 gained +0.31% to 2,726.71 points as gains to technology stocks (+0.99%) helped to overcome weakness across energy (-1.55%). The Nasdaq Composite jumped +0.76% to 7,567.687 points, buoyed by gains to large-cap tech companies such as Micron Technology (+3.89%) and Nvidia Corp (+2.25%). The June U.S. ISM manufacturing PMI ripped higher to 60.2 (exp: 58.5) from 58.7 previously, with gains led by supplier deliveries and production indices. IHS Markit reported U.S. manufacturing growth in the U.S. remained strong during June, however expanded at a slower rate than seen in May. The manufacturing PMI was revised upwards to 55.4 (exp: 54.6) from a flash read of 54.6, down from 56.4 in May as new orders increased at the softest rate since November 2017. The Commerce Department reported construction spending in the U.S. increased +0.4% during May (exp: +0.5%) from a downwardly revised +0.9% increase in April (prev: +1.8%). The greenback strengthened further on Monday to see the DXY end +0.27% higher, notably higher against the Mexican peso follow the weekend election results.

PRECIOUS

Gold continued to extend recent dollar driven weakness in Asia on Tuesday, unable to hold support around USD \$1,240 and breaking through the New York low print. Once again USD/China weighed upon bullion, with notably USD/CNH surging +0.7% higher in early Shanghai trade to drag gold lower. A brief stop loss run through the previous session low saw the metal test a break under USD \$1,238, edging ever closer to the December 2017 low of USD \$1,236. An afternoon relief rally courtesy of a reversal to USD/China and USD/JPY back above 111.00 saw gold regain USD \$1,240, however it's difficult to say for how long. Gold ETF outflows continue to create headwinds for the metal, seeing a further 300,000 ounces wiped away from holdings overnight, while the dollar rally so far shows no sign of abating. The key for the metal is undoubtedly support at USD \$1,236, while resistance cuts in through USD \$1,245 - \$1,250. Following Monday's collapse of nearly -4%, platinum continued to see volatile price action



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during Asian trade today. The white metal drifted lower throughout today's Asian session, with declines accelerating through USD \$810 to see the metal briefly test support at USD \$800. The afternoon dollar reversal provided some respite for the metal, tracking back above USD \$810 into London hours. Data releases today include Eurozone PPI, Eurozone retail sales, U.S. factory orders and U.S. durable goods/capital goods.

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