



MKS PAMP GROUP

Daily Asia Wrap

6th June 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1296.30/70	16.47/49	902/04	993/95
HIGH	1298.20/60	16.51/53	902/04	995/97
LOW	1296.30/70	16.47/49	899/01	993/95
LAST	1296.50/90	16.51/53	900/02	994/96

MARKETS/MACRO

Positive U.S data didn't have much of an impact on equities overnight, with both the DJIA and S&P 500 effectively flat. The Nasdaq Composite Index however, registered its second record close in a row Tuesday on the back of a rally in the shares of technology and internet giants Netflix Inc. and Apple Inc., underscoring resurgence in the sector that has been among the market's more influential. The Dow Jones Industrial Average fell -13.71 points, or -0.06%, to 24,799.98, the S&P500 inched up +1.93 points, or +0.07%, to 2,748.80, while the NASDAQ Composite added +31.404 points, or +0.41%, to 7,637.863. European stock indices closed lower Tuesday weighed by fresh Italian jitters and declining bank stocks. The EuroFirst 300 closed down -4.93 points, or -0.32% at 1,512.64 and the EuroStoxx 600 declined -1.22 points, or -0.31% to 386.89. Regionally, the FTSE100 eased -0.7%, the CAC40 sold off -0.22% and the DAX rose +0.13%. The Dollar Index eased back 0.2% to 93.88 with EUR-USD rebounding strongly off the low of sub-1.1660 to close +0.2% higher around 1.1720. This followed reports that a EU official commented that the upcoming 14 June ECB meeting may see a live debate on a QE exit. Italian bond yields backed up with both the 2Y and 10Y yield up 25bp to 1.0% and 2.79% respectively. US bond yields were slightly lower with the 2Y yield down 2bp to 2.49% and the 10Y yield down 1bp to 2.93%. Crude oil prices suffered a rollercoaster ride (WTI +1.2% to \$65.53) as investors remained concerned about rising OPEC supply. Selling emerged after reports suggested that the U.S government had put pressure on OPEC to increase output as gasoline prices rose. A Bloomberg article stated that it asked for an increase of 1mb/d from Saudi Arabia and others. This weakness was reversed later in the session as the focus returned to EIA's weekly report due out on Wednesday. Investors are bracing themselves for another large draw-down, with a Bloomberg report suggesting it could be as high as 2.1m barrels.

On the data front, U.S. job openings rose to a seasonally adjusted 6.698 million at the end of April (6.35 million expected), a record high. For the first time since such record-keeping began in 2000, the number of available positions exceeded the number of job seekers, the Labour Department said. There were also ample job openings in some of the lowest paying fields. There were 844k accommodation and food service jobs open in April and 735k unfilled retail positions. Still in the U.S, the ISM reported that its non-manufacturing index rose to 58.6 in May (57.7 expected), indicating activity is expanding across service and other industries. ISM's price index grew to 64.3, largely due to gas price and related transportation cost increases. Rising price tags for steel and aluminium products which are partially related to recent tariff announcements, also contributed to the index's jump, said Anthony Nieves, who oversees the survey. In the Euro area retail sales gained +0.1% MoM in April (+0.5% expected), slower than the +0.4% increase in March. On a yearly basis, retail sales volume growth accelerated to +1.7% in April from +1.5% percent in March, which came inline with expectation.

PRECIOUS

Gold held above \$1290 for a third successive session yesterday, ultimately rallying late in the NY session. The yellow metal opened the day \$1292.50 Tuesday and was immediately under pressure, despite mainly buying seen from



Asian customers. The SGE showed a steady premium of \$6.00 for onshore traders throughout the morning session and the metal chopped between \$1291-1293 on light volumes. Over the Chinese lunch break, the market slid off to the days lows just above \$1290, yet similar to previous sessions there was good buying interest at that level and we quickly jumped higher. The buying continued as China reopened and the yellow metal hit \$1294.50 before easing lower into the London open. By the time NY stepped in we were sitting around \$1291-94, but quickly rose higher towards \$1300 following the headlines that the ECB may discuss QE exit in the upcoming meeting. EURUSD took off and gold followed, although it was not able to breach \$1300 with some decent producer and real money selling emerging there. The metal slowly dipped off over the last few hours of the day closing at \$1296. It is becoming more evident that there is growing support for gold on dips, so despite still being caught in a range, there a number participants starting to look at it in a more positive light. Technically, there is a downward trendline dating back to mid-April which has resisted a few time now and currently cuts in at \$1302 on a daily chart. A close above this level could open the door for a move to \$1320-25.

Another sleeper in Asia today, with the yellow metal providing little in terms of price action. Gold opened at \$1296.50 and crept up toward \$1298 just before the SGE open. From there it has traded sideways between \$1297-1298 with very light volume going through both COMEX and SGE. Silver and the PGM's were equally quiet, being contained to very tight ranges and exhibiting light flows. Currencies were all fairly quiet, with the exception of the AUD, which jumped strongly on a solid Q1 GDP reading (+1.0% QoQ, +3.1% YoY). AUDUSD is currently trading at 0.7655 (+0.5%) after trading to a high of .7664. WTI Crude has continued higher on the day up +0.4% at time of writing at \$65.83 and equities are generally higher on the day. At time of writing the Nikkei is +0.45%, Hang Seng +0.45%, ASX200 +0.42% and the Shanghai Composite s slightly lower -0.15%. Not a great deal of data on the cards today, U.S trade balance and Mortgage applications the only data of note. Have a good day ahead.

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