



MKS PAMP GROUP

Daily Asia Wrap

21st May 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1290.80/00	16.41/43	888/90	971/73
HIGH	1291.30/50	16.42/44	888/90	972/74
LOW	1285.00/20	16.33/35	881/83	967/69
LAST	1285.00/20	16.33/35	881/83	968/70

MARKETS/MACRO

Trade headlines out of the U.S. over the weekend indicate the U.S. and China have agreed to set up a framework for addressing current trade imbalances, putting their ‘trade war’ on hold for the time being. The two parties said on Saturday that they would continue discussions regarding the current USD \$335 billion trade deficit the U.S. has with China, with measures likely to focus on increasing China’s appetite for energy and agricultural commodities. Equity markets in the U.S. were generally lower on Friday as investors awaited the weekend trade discussions between the U.S. and China. The DJIA ended the session just 1.11 points higher at 24,715.09 points, while weakness across financial (-0.91%) and technology (-0.81%) stocks saw the S&P 500 finish -0.26% lower at 2,712.97 points. Over the week both the DJIA and the S&P 500 declined -0.5%, the third weekly fall in 4 weeks for the pair. The greenback continued to strengthen on Friday to see the DXY index +0.2% higher, making notable gains against the euro as the pair sunk to a 1.1750 session low.

PRECIOUS

Bullion pared late Friday gains during early Asian trade on Monday, offered leading into the Chinese open as the euro declined below 1.1750 following a bearish close underneath its 55 week moving average last week. The yellow metal was once again subject to dollar flows, seeing uninspiring trade throughout the session as the DXY index spiked +0.25%, while interest out of China provided modest underlying support to the price action, however acted just to restrict a further extension of the early session weakness. Dollar demand was evident in the latest CFTC foreign exchange positioning data (as of Tuesday 15th May), showing specs purchased just under USD \$2.5 billion of USD contracts and decreased short positioning to USD \$11.3 billion. We saw modest demand for the metal around USD \$1,288 during the Chinese lunch break, however the bids soon evaporated once the far East returned, while early offers out of London took the metal to a test of the recent USD \$1,285 low print. We continue to see layered offers extending toward USD \$1,300 and this is likely to cap any top-side movement while the dollar remains buoyant and recent price action suggests we may see an extension toward USD \$1,250. Silver pricing softened amid



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the stronger dollar and the metal is closing in on the recent USD \$16.06 - \$16.15 support level, while platinum has extended recent declines today and is within sight of the December 2017 low of USD \$873. Data today includes the Chicago Fed activity index.

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