



MKS PAMP GROUP

Daily Asia Wrap

30th May 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1298.70/90	16.38/40	906/08	977/79
HIGH	1302.30/50	16.41/43	907/09	980/82
LOW	1296.70/90	16.45/47	905/07	976/78
LAST	1297.00/20	16.45/47	905/07	979/81

MARKETS/MACRO

A politically driven risk off session on Tuesday as developments out of Italy dictated flows. Equity markets in the U.S. traded heavily as the DJIA plummeted close to 400 points, shedding -1.58% to end the session at 24,361.45 points and in the process erasing 2018 gains. Heavy trade across nine of 11 S&P 500 components led by financials (-3.37%) sent the bourse -1.16% lower to 2,689.86 points, while the Nasdaq Composite declined -0.50% to 7,396.594 points. With the ongoing political turmoil in Italy, the country looks headed for a fresh general election in August/September, with uncertainty over the country's position in the European Union going forward weighing upon regional equity markets. The Italian FTSE MIB Index continued to tank on Tuesday, falling -2.65% to mark the fifth consecutive session in the red, while the broad Stoxx Europe 600 declined -1.37% and the German Dax dropped -1.53%. U.K. equities saw contagion from European weakness, taking the FTSE 100 -1.26% lower to mark the sharpest single-session decline since mid-March. U.S. treasury yields fell sharply as investors flocked to bonds, seeing the 10-year 16bps lower to 2.772%, while the two-year sunk 16.1bps to 2.319% to mark the largest one-day fall since March 2010. Italian bond yields soared to see the two-year a staggering 183bps higher to 2.54%, while the 10-year surged 50bps higher to 3.16%. Peripheral bonds in countries such as Greece and Portugal spiked, however the safe-haven German bund was favoured to see the 10-year yield 9bps lower to 0.253%. The greenback continued to strengthen on Tuesday as participants abandoned the euro. The DXY index gained +0.5% as the pair fell -0.8%, while the safe-haven yen strengthen against the dollar to temper gains somewhat.

PRECIOUS

Gold reversed an early bid tone to end Asian trade lower on Wednesday, as selling out of China outweighed the geopolitical risks continuing to develop in Europe. An early session attempt to consolidate above USD \$1,300 was abruptly reversed once Shanghai opened, with China opening on the offer to swiftly drag the metal back underneath the figure. Afternoon flows saw continued bullion weakness even amid a softer dollar, testing briefly underneath USD \$1,297 as European names filtered in. The yellow metal continues to search for directional cues from the developing issues out of Italy and to a lesser extent



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(currently) Spain, however as yet any attempts to consolidate through USD \$1,300 and more importantly the 200 DMA at USD \$1,307.80 have been met with resounding resistance. Expectations are that European developments and the continued softening of U.S. yields will underpin the metal, however currently the downtrend needs to be respected, with interest to play on the long side developing should the metal consolidate above USD \$1,300. Data today includes French GDP, German Unemployment, German CPI, U.S. ADP employment, U.S. GDP and U.S. core PCE.

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