



## MKS PAMP GROUP

### Daily Asia Wrap

31<sup>st</sup> May 2018

Range Asian Hours  
(from Globex open)

	<b>GOLD</b>	<b>SILVER</b>	<b>PLATINUM</b>	<b>PALLADIUM</b>
<b>OPEN</b>	1301.70/90	16.50/52	909/11	987/89
<b>HIGH</b>	1304.90/10	16.53/55	912/14	989/91
<b>LOW</b>	1301.20/40	16.49/51	908/10	987/89
<b>LAST</b>	1304.50/70	16.53/55	912/14	988/90

#### MARKETS/MACRO

A softening of political tensions in Italy on Wednesday after the 5 Star Movement and the League commenced talks to again attempt to form a coalition government. There were conflicting reports out of Italy however, with Bloomberg reporting League leader Matteo Salvini had dismissed 5 Star's offer to revive coalition talks. A risk-on tone and rebounding oil prices propelled U.S. equities higher overnight. The DJIA jumped +1.26% to 24,667.78 points to erase the majority of the previous session declines, while a +3.11% gain to energy stocks led the S&P 500 +1.27% higher to 2,724.01 points. U.S. economic growth slowed marginally relative to previous estimates during Q1, with GDP printing +2.2% annualised (exp: +2.3%) from +2.3% estimated previously. U.S. consumer spending increased +1.0% during Q1 (exp: +1.2%) from a +1.1% estimate previously, the slowest pace since Q2 2013. ADP employment in the U.S. increased by 178,000 during May (exp: 190,000) to follow a downwardly revised 163,000 the month prior. Small sized firms (1-49 employees) added 38,000 payrolls, midsized (50-499) gained 84,000 and large size (500+) posted a 56,000 gain. European stocks rebounded on Wednesday on the Italian news, seeing the Stoxx Europe 600 +0.27% higher, while the German Dax jumped +0.93% as CPI spiked +2.2% YoY (exp: +1.9%) from a +1.6% read previously. In the U.K. the FTSE 100 jumped +0.75% to 7,689.57 points in whippy trade, finding support from energy stocks on the back of higher oil prices. The greenback returned previous session gains overnight as the euro ripped higher and the yen held firm. Oil futures rallied on Wednesday following reports OPEC will keep production restrictions in place for the time being. WTI surged +1.8% to end at USD \$68.20 per barrel, while Brent crude spiked +2.7% to USD \$77.40 per barrel.

#### PRECIOUS

A general positive session for gold on Wednesday, consolidating above USD \$1,300, however holding a relatively tight range throughout. Chinese selling in Asia saw the session low of USD \$1,296.15 printed, while producer selling, notably in AUD denominated gold kept price action heavy. Dollar declines driven by a resurgent euro supported the metal in European trade, while the U.S. GDP miss underpinned further positive price action to have bullion test toward the top of the recent range (USD \$1,304.25 high) in New York. Silver held recent support toward USD \$16.30 and was able to move above the USD



**MKS PAMP**  
GROUP

\$16.50 pivot point in New York. Platinum continues to build a base above USD \$900, while palladium once again saw supportive price action around USD \$975 and was able to close on the session high to book a +1% gain.

Early session price action during Asian trade on Thursday saw a sharp test of the New York high print, however offers toward USD \$1,305 restricted any further top-side moves. China was once again a seller as the Shanghai exchange continued to trade around USD \$4 premium, seeing bullion retrace earlier gains to print the session low of USD \$1,301.20, whereby resting bids restricted any further declines. Notably USD/China came under pressure later in the pre-lunch Chinese session to further support bullion off the lows of the day. Pricing remained buoyant throughout the afternoon as currency majors clawed back ground against the dollar, however the metal is still likely to trade reactive to headlines and will need to consolidate above USD \$1,300 to instil confidence in the market for a test through the 200 DMA at USD \$1,308. Silver continued to remain robust above the USD \$16.50 pivot level and should target a move through USD \$16.80 should gold track higher. Ahead today we see U.K. house prices, France CPI, Eurozone CPI, Italian CPI, U.S. personal income / spending, U.S. initial jobless claims, Chicago PMI, Bloomberg U.S. consumer sentiment and U.S. pending home sales

*Although the information in this report has been obtained from and is based upon sources MKS believes to be reliable, we do not guarantee its accuracy and it may be incomplete or condensed. All opinions and estimates constitute MKS' judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as investment advice, offer or solicitation for the purchase or sale of an investment. This report does not consider or take into account the investment objectives or financial situation of a particular party.*