



MKS PAMP GROUP

Daily Asia Wrap

7th May 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1315.10/30	16.50/52	912/14	977/79
HIGH	1319.10/30	16.56/58	918/20	978/80
LOW	1313.60/80	16.48/50	912/14	976/78
LAST	1315.00/20	16.48/50	914/16	976/78

MARKETS/MACRO

Jobs data out of the U.S. on Friday showed nonfarm payrolls increased by 164,000 during April (exp: 193,000), while the unemployment rate declined to an 18-year low of 3.9% (exp: 4.0%) from 4.1% previously as the participation rate declined to 62.8%. The March payroll figure received an increase of 32,000 to 135,000, however February eased 2,000 to 324,000. The broader 'U-6' measure of unemployment and underemployment, which includes those who have stopped looking and those in part-time jobs who want full-time positions eased to 7.8% from 8.0% previously to mark the lowest level since July 2001. Average hourly earnings ticked just +0.1% higher MoM to hold at +2.6% YoY. Equity markets in the U.S. surged higher on Friday following early weakness, buoyed by gains across the tech sector as Apple spiked +3.92% on reports Berkshire Hathaway had bought 75 million shares in the first quarter. The DJIA ended the session +1.39% higher at 24,262.51 points, while technology (+1.97%) led each of the 11 sectors of the S&P into positive territory as the bourse booked a +1.28% gain to 2,663.42 points. Friday's gains were not enough however to see the bourses into positive territory on a weekly basis, with both easing around -0.2% over the period. The greenback jumped to nearly its highest level since early January on Friday, notably stronger against the euro following softer than expected data out of the region. The DXY index added +0.22% as EUR/USD tested 1.1900, while the British pound slipped below 1.35 against the dollar, ending the week -1.8% lower.

PRECIOUS

Bullion continued to remain buoyant above the 200 DMA on Friday into the U.S. payrolls data, seeing supportive price action on the back of softer U.S. yields to end the session with a modest gain. Early session demand out of Asia took the metal toward USD \$1,315, however the bid tone was soon reversed in London to see gold test underneath USD \$1,310. Whippy trade around the payrolls print saw a sharp move higher to USD \$1,315.90 on the softer than expected headline figure, however the better than expected unemployment rate sharply reversed the initial move, touching a USD \$1,307.90 low before gradually clawing back ground over the remainder of the session. Recent ETF selling coupled with the stronger greenback saw gold nearly -1% lower over the week and whilst holdings continue to remain elevated, we may see further liquidation cap upwards momentum over the near term. Support for the



metal may come in the form of geopolitical tensions out of Iran as we move closer to the May 12 deadline, at which point President Trump will decide whether to continue waving sanctions.

Asia opened to a mild bid bias on Monday, triggering an early session stop loss run through New York's Friday high print after seeing supportive price action from a softening greenback. Weakness across USD/JPY following the BOJ minutes release noting most members see it appropriate to 'keep easing persistently' looked to be the catalyst for the dollar decline. The BOJ headlines saw the yellow metal to USD \$1,317.50, while initial Chinese interest saw a further extension to the session high of USD \$1,319.10 as the on-shore premium in Shanghai edged toward USD \$7. Afternoon pricing saw a resurgent greenback pressure bullion lower as USD/JPY recovered toward 109.20 after earlier trading as low as 108.76. The yellow metal pared earlier gains to test underneath opening levels around USD \$1,315, however was supported by interest underneath this level to restrict further declines. Price action today will likely be concentrated to U.S. hours as the U.K. takes leave, with support expected broadly from USD \$1,315 to the 200 DMA at USD \$1,305.80, while resistance cuts in at USD \$1,320 and above this the 100 DMA at USD \$1,325.20. Data releases today include German factory orders and U.S. consumer credit.

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