



MKS PAMP GROUP

Daily Asia Wrap

8th May 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1314.30/50	16.48/50	910/12	971/73
HIGH	1317.10/30	16.52/54	912/14	974/76
LOW	1310.90/10	16.44/46	909/11	969/71
LAST	1311.50/70	16.45/47	909/11	969/71

MARKETS/MACRO

President Donald Trump has announced that he will make a decision on the Iran nuclear accord this Tuesday afternoon, with the announcement coming as the European Union has said that the current deal “needs to be preserved”. The Federal Reserve reported U.S. consumer credit increased at a seasonally adjusted annual rate of +3.6% during March, marking the slowest gain since September. Non-revolving debt such as student and auto loans grew +6%, however revolving credit, which is predominantly made up of credit cards declined -3%. Equity markets in the U.S. closed in positive territory on Monday, however finished well of the highs following the Iran announcement schedule from President Trump. The DJIA posted a third consecutive gain to end +0.39% higher at 24,357.32 points, while seven of eleven components of the S&P 500 ended higher to take the bourse to a +0.35% gain at 2,672.63 points. Technology shares once again underpinned gains to see the Nasdaq end +0.77% higher at 7,265.213 points, however energy stocks led markets higher for the majority of the session on the back of higher oil prices, before paring gains following President Trump’s Iran news. The greenback continued to extend recent gains on Monday, trading to a near four-month high as the DXY index added +0.2%. The benchmark saw further strength following a fourth consecutive weekly gain, reclaiming the 109.00 handle against the yen, while fresh NAFTA talks supported the buck against the Canadian dollar and the Mexican Peso. Treasury yields edged marginally higher on Monday as traders turn focus to a series of upcoming debt auctions. The two-year note held around 2.499%, while the 10-year inched around 0.4bps higher to 2.950%. Oil futures in the U.S. settled above USD \$70 per barrel on Monday for the first time since 2014, however pulled back late in trade following President Trump’s Iran news. WTI added around +0.4% to end electronic trade just underneath USD \$70 per barrel, while Brent crude gained +0.9% to end at USD \$70.60 per barrel.



PRECIOUS

Price action during Asian trade on Tuesday generally tracked within the previous session range, seeing extensions above USD \$1,315 well offered, while supportive interest toward USD \$1,310 restricted further declines. Once again early session pricing benefitted from a softer greenback, with the buck showing early weakness to underpin a move above USD \$1,315 in bullion. The early session bid tone in gold saw an extension to a USD \$1,317.10 high, however the yellow metal lacked follow through interest and soon pared gains back toward USD \$1,315 leading into the Chinese open. Shanghai saw an initial on-shore premium around USD \$5.50 and offered the metal in early flows, taking gold underneath USD \$1,315 as USD/CNH strengthened, before the metal was able to find a base above USD \$1,313. Afternoon pricing saw a further leg higher for the dollar once China took lunch, weighing upon the precious to see gold print a USD \$1,310.90 low to test the New York floor. While seeing some support from stronger oil prices and uncertainty over the U.S. position on Iran, gold continues to trade in-line with dollar flows, which are restricting any sustained top-side moves. The dollar looks to be reaching a number of short-term technical targets, notably against Asian currencies and the euro, as a result we may see the greenback's gains pause/slow, which may give some respite to gold. Support is expected broadly from USD \$1,310 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 today includes German industrial production, U.K. house prices, U.S. JOLTS job openings and President Trump's announcement on Iran.

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