



MKS PAMP GROUP

Daily Asia Wrap

1st November 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1270.50/70	16.72/74	919/21	983/85
HIGH	1274.00/20	16.76/78	922/24	985/87
LOW	1268.10/30	16.67/68	918/20	983/85
LAST	1270.50/70	16.76/78	922/24	985/87

MARKETS/MACRO

The employment cost index in the U.S. increased a seasonally adjusted +0.7% (exp: +0.7%) during Q3 according to the latest Labor Department figures. The print follows a +0.5% gain previously and was underpinned by a +0.7% increase in wages and salaries, while benefits increased +0.8%. Consumer confidence in the U.S. surged higher during October, adding 5.3 points to 125.9 (exp: 121.5) to mark the highest reading since December 2000. The increase was reportedly on the back of expectations surrounding upcoming tax reforms, as the expectations component of the index improved to 109.1 from 102.2, while the present situation index ticked up to 151.1 from 146.1. The Chicago purchasing manager's index jumped to 66.2 (exp: 60.0) during October to mark the highest level since March 2011. New orders continued to increase and hit its highest level since June, while production jumped to the highest level since since August 2014. Having set a 29-year high last month, order backlogs surged higher again during October to sit at a 43-year high. Weighing upon the print was further weakness to employment, sliding below 50 and into contraction territory for the fourth time this year. Equity markets in the U.S. ended October on a positive note, extending recent gains following a number of strong earnings results. The DJIA ended the session +0.12% higher at 23,377.24 points to cap off a stellar monthly gain of +4.3%, the largest such gain since February. Gains to technology (+0.39%) and energy (+0.36%) saw the S&P 500 to a +0.09% gain at 2,575.26 points, seeing the bourse +2.2% higher over the month to mark the seventh straight monthly gain. The Nasdaq Composite meanwhile booked a +0.43% return on Tuesday to close at a fresh record closing level at 6,727.669 points and in the process booked a +3.6% monthly gain. Crude futures continued to push higher on Tuesday on expectations of further production cuts by OPEC members to extend beyond March 2018. Brent crude (Dec) climbed around +0.8% to USD \$61.37 per barrel, marking the highest close since mid-2015 and booking a +8% return for October. WTI followed the global benchmark higher, adding +0.4% to USD \$54.38 per barrel for a monthly return of around +4.7%. European markets edged higher during Tuesday's session, seeing the Stoxx Europe 600 (+0.33%) end at its highest level since mid-May follow a number of strong earnings reports.



PRECIOUS

Bullion pulled back from recent gains during European and U.S. hours on Tuesday, weighed down by a resurgent greenback to post a monthly decline of around -0.8% and the first consecutive monthly decline this year. Early Asian interest gave way to offers during European hours, with no significant headlines passing through, it was generally a dollar play as the greenback pushed higher into the New York open. Support for bullion around USD \$1,270 held generally resilient, breached on a sharp sweep lower following the U.S. consumer confidence print, however quickly recovering to spend the remainder of the session above the support, albeit within a narrow range. Asian interest today was again a rather muted affair, seeing bullion test toward Tuesday's New York low print, before interest out of China provided buoyancy throughout the remainder of the session. Shanghai saw a heightened premium around USD \$9 as a result of the lower spot price and physical demand out of the region acted to restrict further declines leading into European hours. Gold seems to be seeing little benefit from safety flows on the back of Special Counsel Robert Mueller's investigation, however it is worth keeping an eye on developments should further charges be forthcoming. All eyes will be on President Trump's nomination for the Federal Reserve Chair, with many considering Jerome Powell the front runner. Should Powell get the nod we are likely to see near-term dollar weakness that should underpin a move higher for bullion. Conversely, John Taylor is also very much in the running and as a known hawk would see the greenback turn bid to weigh upon the yellow metal. Initial support sits at the recent low prints around USD \$1,268, however key levels can be found below this at the 200 DMA (USD \$1,261) and the psychological USD \$1,250 level. On the topside, resistance comes in broadly between USD \$1,280 - \$1,285, with resting offers likely to make it difficult for bullion to break through. All eyes today on the FOMC announcement and associated commentary, U.S. ADP employment, Markit U.S. manufacturing PMI, ISM U.S. manufacturing and ISM prices paid.

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