



## MKS PAMP GROUP

### Daily Asia Wrap

8<sup>th</sup> November 2017

Range Asian Hours  
(from Globex open)

	<b>GOLD</b>	<b>SILVER</b>	<b>PLATINUM</b>	<b>PALLADIUM</b>
<b>OPEN</b>	1275.90/30	16.95/98	921/24	996/99
<b>HIGH</b>	1278.30/70	17.00/03	925/28	998/01
<b>LOW</b>	1275.70/10	16.95/98	921/24	994/97
<b>LAST</b>	1277.60/00	17.00/03	924/27	996/99

#### MARKETS/MACRO

The USD retained its firmer tone but a general absence of data releases this week, in the aftermath of the wave of central bank meetings recently and a mixed NFP report last Friday, has left sentiment lacklustre and markets range bound. U.S. equities were mixed Tuesday, retreating from records hit earlier in the session as questions continued to swirl over the timing of the Republican Party's tax bill, as well as what form it could eventually take in order to have a higher likelihood of passage. The Dow Jones Industrial Average inched up +8.81 points, or +0.04%, to 23,557.23, the S&P500 trickled down -0.49 of a point, or -0.02%, to 2,590.64 and the NASDAQ dipped -18.654 points, or -0.27%, to 6,767.781. Utilities (+1.25%) were the best performing sector while the worst performing sector was Financials (-1.50%). Euro stocks swayed around their highest levels of the year, but ultimately closed the session lower. The FTSE Euro First 300 declined -7.66 points, or -0.49% to 1,551.95 and the Euro Stoxx 600 relinquished -1.94 points, or -0.49% to 394.65. Regionally the FTSE100 sank -0.65%, DAX -0.66% and CAC40 -0.48%. Crude oil prices gave back some of their recent gains as traders took a step back to evaluate the impact of the recent rise in geopolitical risks, particularly in the Middle East. WTI Crude sold off -\$0.11, or -0.19%, to \$57.24 a barrel. The market also got a reminder of what higher oil prices would bring, with OPEC warning that U.S shale oil output would grow considerably higher over the next four years. In its World Oil Outlook report, it estimated it would reach 7.5m b/d by 2021. However, it also raised its forecast for world oil demand by 2.3m b/d, despite an expected incline in use of electric vehicles. Fixed income markets remained fairly flat Tuesday the U.S 10y yield decreasing -0.72bps to 2.309% and the U.S 2y yield pushing up +0.42bps to 1.6249%

U.S job openings in September held near a record high despite the fallout from hurricanes Harvey and Irma, indicating a resilient job market. The number of open positions rose from 6,090k to 6,093k over the month according to the JOLTS report. The hurricane effect was evident in the latest mix of vacancies, with openings in accommodation and food services down -111k, the most since 2001. At the same time, underlying demand for workers remains healthy, as professional and business services openings jumped to 1,190k, the highest in more than a year. Employers are citing a shortage of qualified Americans as the economy approaches full employment. Meanwhile across the Atlantic, Euro-zone retail sales rose +0.7% in September MoM (+0.6% expected), improving from an upwardly revised figure of -0.1% a month earlier (-0.5% prior).

#### PRECIOUS

Gold experienced a fairly range-bound day yesterday, the metal ultimately struggling to keep its head above water as the stronger USD weighed on demand. The market opened at \$1281.50, the high of the day, and came under selling pressure soon after, retreating back through \$1280 prior to the Shanghai open. Flows were fairly light in the gold throughout the morning, with the silver experiencing much higher turnover and falling around \$0.10 to \$17.10 during the morning. As we drifted into the afternoon the USDJPY began to pick-up through 114 and post a high of 114.34, as some stops went through. This, along with a stable USDCNY, weighed on the gold into the afternoon and



prompted a move lower towards \$1275. Silver continued to fall also, finding support around \$17.00, but down some \$0.20 or -1.2% from the open. Some late Chinese based buying helped stabilise both metals into the European open, although flows remained light. During NY there was a pop up to \$1280, although as we have seen for most of the past week, there were sellers waiting above there. From there, the metal turned sharply lower to \$1272.10 before recovering and closing at \$1276. Gold is looking increasingly sluggish and is continuing to struggle momentum wise through \$1280. That being said everytime we move into the low \$1270's to mid \$1260's, we are met with strong demand out of Asia. It feels like we need some major catalyst before gold breaks it's current \$1265-85 range. Elsewhere, data out of India has shown weak physical gold demand throughout October. The Indian Finance Ministry reported that imports for the month fell -31% or 96.7 tons from September. Some sources have noted that this is likely due to a move by the Reserve Bank to limit import quota's by some trading houses, following elevated import levels earlier this year.

Gold began on the front foot this morning with the dollar sold off aggressively during the EComex break. An article from the Washington Post was doing the rounds saying that the Senate Republican leaders were considering a one year delay in implementing the much talked about U.S corporate tax cuts. As a result, USDJPY swooned from 114.00 to 113.66, AUDUSD rallied from 0.7645 to 0.7660 and the EURUSD shot from 1.1588 to 1.1606. Gold as a result after opening around \$1276 quickly pushed up towards \$1278.50 and then hovered between 1277.50-78.50 into the Shanghai open. It was another quiet affair in Asia unfortunately with price action and volume muted. The yellow metal continued to tick along in a sideways fashion throughout the afternoon with some light demand seen from the SGE, which was countered by light selling in both the spot market and Ecomex. \$1280-85 remains the ceiling for now and it will be interesting to see whether this Washington Post article can generate some upward momentum today in Europe and NYK.

In other markets equities at last glance are mixed, the Shanghai Composite and ASX200 modestly higher at +0.15% and +0.05% a piece while the Nikkei and Hang Seng are soggy at -0.3% and -0.1% respectively. Crude was mixed also with the WTI up slightly +0.2% to \$57.06 and Brent -0.1% to \$63.63 last. The USD remains weak although has managed to claim back some of the morning losses the USDJPY currently down 25 pips (113.77), AUDUSD up +10 pips (0.7655) and EURUSD sitting just beneath 1.1600. The market is still eagerly awaiting Chinese trade data which should be released within the next few hours. Imports are expected to have cooled to +17.0% in October (+18.6% prior), Exports the same expected to come in at +7.1% (8.1% prior). Overnight the only data release of note is U.S mortgage applications and Canadian Housing starts so we expect the gold to remain relatively range-bound. Have a good day ahead.

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