



MKS PAMP GROUP

Daily Asia Wrap

10th October 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1283.70/90	16.96/98	914/16	930/32
HIGH	1288.10/30	17.05/07	923/25	936/38
LOW	1282.10/30	16.93/95	914/16	930/32
LAST	1287.50/70	17.04/06	923/25	936/38

MACRO

Equity markets in the U.S. eased on Monday, with the Nasdaq Composite ending a nine session winning streak amid thin Columbus Day trade. The DJIA slipped from an early intra-session record high print of 22,803.37 points to end -0.06% lower at 22,761.07 points, while the S&P 500 edged -0.18% lower to 2,544.73 points as healthcare (-0.67%) and financials (-0.37%) lagged. The Nasdaq Composite followed the DJIA higher in early session trade to touch a fresh all-time high of 6,599.34, however saw late session weakness to book a -0.16% decline to 6,579.731 points. Oil futures edged higher on Monday following remarks from Mohammad Barkindo, secretary-general of OPEC on Sunday indicating additional measures may be required in 2018 to continue the global oil market re-balancing. WTI added +0.65% to USD \$49.58 per barrel and Brent crude survived a test of USD \$55 per barrel to end +0.3% higher at USD \$55.67 per barrel. European equities recovered from recent declines during Monday's trade, supported by a turnaround to Spanish stocks and positive data out of Germany. The Stoxx Europe 600 posted a gain of +0.19% as the Spanish IBEX 35 rebounded +0.50%, while the German Dax ended +0.16% higher as industrial production in Europe's engine room surged +2.6% MoM (exp: +0.9%) during August and +4.7% YoY (exp: +2.9%). Equities in the U.K. slipped on Monday as the pound regained ground and miners eased. The U.K. FTSE 100 ended the session -0.20% lower, with miners sold following disappointing services sector data out of China.

PRECIOUS

The return of Chinese demand following Golden Week and an escalation of tensions between the U.S. and North Korea underpinned a leg higher for gold on Monday. With trade thin due to the Columbus Day holiday in the U.S., the majority of price action was reserved for Asia, as bullion pushed above resistance at USD \$1,280 to reach a USD \$1,285.25 session high. European and U.S. names generally faded the Asian rally within a tight range, however a quiet session for the greenback saw the initial Asian resistance level of USD \$1,280 turn to a support and restrict any further declines. We saw further weakness in USD/China (CNY & CNH) today, with USD/CNH falling underneath 6.60 (opening level around 6.615) and USD/CNY to a 6.5881 low (prev close around 6.6225). The currency moves saw the on-shore premium relative to loco London gold add further gains, increasing toward USD \$14 from around USD \$10 on Monday to buoy spot



demand to a USD \$1,288.10 high. The increased Chinese interest reversed early session weakness to bullion, with the metal running into USD/JPY headwinds pre-Shanghai as the pair pushed higher on the Japanese open with Tokyo retuning from Monday's holiday. The key levels to watch for bullion are support around the USD \$1,280 pivot point, with USD \$1,270 below this, while broader weakness could extend to Friday's USD \$1,260 low. Top-side targets extend to USD \$1,288 - \$1,290 (tested during Asian trade today) and beyond this USD \$1,296 - \$1,300. Regional markets in Asia today (4pm Sydney time) sees the Nikkei +0.42% higher, the Hang Seng +0.10% higher, while the Shanghai Composite sits -0.33% down. Meanwhile the greenback is recovering following early session declines and now sits -0.22% down from opening levels. Data releases today include Industrial & Manufacturing production out of France and the U.K., while we also see the U.K. trade balance and U.S. small business optimism.

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