



MKS PAMP GROUP

Daily Asia Wrap

16th October 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1303.50/70	17.42/44	945/47	989/91
HIGH	1304.60/80	17.44/46	946/48	1003/05
LOW	1301.30/50	17.35/37	942/44	989/91
LAST	1304.60/80	17.41/43	945/47	1003/05

MACRO

Inflation figures out of the U.S. on Friday showed the consumer price index increased +0.5% MoM during September, marking the highest print in eight months, however falling short of analysts' expectations centred around +0.6%. Underpinning the headline figure was further strength across energy prices, however this temporary surge was reported to have eased toward the end of the month as refineries resumed normal operation. Excluding the volatile food and energy components, prices edged just +0.1% (exp: +0.2%) from +0.2% the month prior. On an annualised basis CPI popped to +2.2% YoY (exp: +2.3%) from +1.9% previously, however core CPI held at +1.7% YoY (exp: +1.8%). Retail Sales in the U.S. rebounded during September, increasing +1.6% MoM (exp: +1.7%) from a -0.1% read previously. The September print was the strongest monthly gain in over two years, with sales of building materials, autos and gasoline elevated following recent storm activity. Excluding auto, gas, building materials and food (core sales), sales added +0.4% (exp: +0.4%) to follow a flat read previously, indicating the drag on the economy following the recent storm activity will likely be short-lived and modest. U.S. equity markets edged higher on Friday following the mixed data releases, seeing the Nasdaq Composite (+0.22%) to a fresh all-time closing high of 6,605.801 points, while both the DJIA and the S&P 500 hit intra-session record high prints before pulling back late in trade. The DJIA finished +0.13% higher at 22,871.72 points, while the S&P 500 ended with a +0.09% gain at 2,553.17 as technology (+0.52%) led the major components higher. European markets pushed higher on Friday, buoyed by strength across mining shares and news that Bayer AG had reached a deal to sell significant parts of its seed and herbicide business. The Stoxx Europe 600 ended +0.3% higher to build upon recent gains, while the German Dax (+0.1%) booked a fresh record close of 12,991.87 points, the sixth consecutive weekly gain. In the U.K. on Friday, headlines regarding a smoother Brexit than anticipated buoyed the pound and saw the FTSE 100 end -0.3% lower at 7,535.44 points.



PRECIOUS

Friday's softer than anticipated U.S. inflation data provided the stimulus for a leg higher for bullion, importantly breaking above the psychological USD \$1,300 level and holding the figure into the close. Pre-data weakness tested toward support around USD \$1,290, however the weakness was short lived as bullion made light work of USD \$1,300 and continued to strengthen throughout the U.S. session. Recent CFTC positioning data has shown a net increase in specs, predominately a result of short covering following the recent price action. Asian trade on Monday was a relatively muted affair, experiencing further Chinese physical interest, however bids were significantly lighter with gold trading above USD \$1,300. The key for bullion over the short term will be a test of the USD \$1,320 print from mid-September, while targets beyond this extend to USD \$1,335 and USD \$1,350. With regards to downside support, USD \$1,300 has now become a key pivot point, while interest toward USD \$1,295 - \$1,290 should restrict further declines. Silver continues push higher and is likely to follow the industrial metals with copper breaking USD \$7,000 today, while palladium shows no signs of slowing following a break through USD \$1,000 late in Asia today. Data releases today include U.S. empire manufacturing and the monthly budget statement.

Although the information in this report has been obtained from and is based upon sources MKS believes to be reliable, we do not guarantee its accuracy and it may be incomplete or condensed. All opinions and estimates constitute MKS' judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as investment advice, offer or solicitation for the purchase or sale of an investment. This report does not consider or take into account the investment objectives or financial situation of a particular party.