



MKS PAMP GROUP

Daily Asia Wrap

17th October 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1295.20/40	17.25/27	931/33	975/77
HIGH	1296.30/50	17.25/27	932/34	981/83
LOW	1291.10/30	17.10/12	930/32	975/77
LAST	1291.10/30	17.13/15	930/32	981/83

MACRO

The New York Fed's Empire manufacturing index jumped to 30.2 during October (exp: 20.4) from 24.4 previously, marking a three year high as shipments and employment underpinned the headline figure. U.S. equities pushed higher to fresh record closes on Monday, as investors turned focus to the upcoming earnings season. The DJIA tacked on +0.37% to a fresh record close at 22,956.96, strength across financials (+0.64%) and technology (+0.37%) saw the S&P 500 +0.18% higher to a record closing level of 2,557.64 points and the Nasdaq Composite scored a +0.28% gain to end at a record close of 6,624.005 points. Tensions across the Middle East buoyed oil futures on Monday, seeing the major contracts end at near three week highs on supply concerns. WTI tacked on around +0.8% to end the session at USD \$51.87, while Brent crude jumped +1.1% to end just underneath USD \$58 per barrel. The greenback pushed higher on Monday following comments from President Trump regarding his intentions to pass tax reform by the end of this year. The DXY index tacked on around +0.2% as the dollar regained the 112 handle against the yen, while the euro broke below 118. Markets across Europe started the week with modest gains, however saw downwards pressure from developments out of Spain following requests from Madrid for Catalonia's leaders to back away from their push for independence. The Stoxx Europe 600 ended the session flat after paring early session strength, while the German Dax ticked +0.1% higher to end above 13,000 points for the first time and the French CAC 40 tacked on +0.2%. In the U.K. the FTSE 100 (-0.1%) endured modest swings between gains and losses to ultimately end the session in the red as ConvaTec Group plummeted -27% following a cut to its full-year forecast, while resources stocks restricted gains on the back of stronger than expected Chinese PPI data.

PRECIOUS

Bullion exhausted its recent bid tone during late New York trade on Monday, dragged lower on the back of Trump tax reform headlines and discussions regarding the potential successor of Janet Yellen as Chair of the Federal Reserve. The greenback caught a bid late in New York to see gold south of USD \$1,300, however quite frankly, bullion put up little resistance around the USD \$1,300 pivot point to allow weak headlines to drag the metal lower. Higher treasury yields (10-year to 2.298%) and rumours that President Trump is favouring hawk John Taylor as the



next head of the Fed ultimately outweighed any geopolitical premium that gold was holding onto, seeing the metal sharply to a USD \$1,290.50 session low before specs piled in to restrict further declines. A soft close below USD \$1,300 no doubt affected sentiment during Asian trade today, with bullion failing to encourage Chinese bargain hunters below the figure to see the metal test toward the New York low print in uninspiring trade. The recent support level around USD \$1,290 was able to keep price action generally buoyant throughout the session, however bids were generally hard to come by and the metal looked susceptible to a move lower over the short term as recent longs begin to cut positioning following the sustained move below USD \$1,300. Broadly support around USD \$1,288 - \$1,290 is the first port of call for bullion, while a break through this level will open up support at USD \$1,275 (100 DMA), with ultimately extensions as far as the 200 DMA at USD \$1,257. As we have become accustomed to in recent times, there is still a geopolitical premium attached to the metal and many participants are willing to play on the long-side with tensions between the U.S. and North Korea still in play to underpin support levels. Data today includes U.K. CPI/RPI/PPI, Eurozone CPI, German ZEW survey results, U.S. import prices, industrial production and the NAHB housing market index.

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