



MKS PAMP GROUP

Daily Asia Wrap

18th October 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1284.50/70	17.03/05	933/35	982/84
HIGH	1288.90/10	17.09/11	934/36	990/92
LOW	1283.10/30	17.00/02	930/32	980/82
LAST	1283.10/30	17.00/02	930/32	980/82

MACRO

Import prices in the U.S. pushed higher during the month of September, adding +0.7% MoM (exp: +0.6%) to mark the largest gain in over twelve months. Fuel prices and industrial supplies led the headline figure higher, while prices excluding fuel added +0.3% MoM (exp: +0.2%) from +0.3% previously. On an annualised basis prices gained +2.7% YoY (exp: +2.6%) from an annualised +2.1% the month prior. Export prices increased +0.8% MoM (exp: +0.5%) from +0.7% previously to see the annualised figure at +2.9% from +2.4% previously. Industrial production in the U.S. rebounded during September, increasing +0.3% MoM (exp: +0.3%) from an upwardly revised -0.7% the month prior (prev: -0.9%). Factory output gained +0.1%, mining increased +0.4% and utilities jumped +1.5%. Meanwhile capacity utilisation inched higher to 76.0% (exp: 76.2%) from 75.8% previously. U.S. equities finished generally higher on Tuesday, seeing the DJIA end at a record closing level and break above 23,000 points for the first time, while the S&P 500 also posted a record close. The DJIA ended +0.18% higher at 22,997.44 points after touching an intra-session record of 23,002.20 points, while strength across healthcare (+1.31%) following a number of earnings results saw the S&P 500 +0.07% higher to 2,559.36 points. The Nasdaq Composite meanwhile eased by the narrowest of margins, sliding just -0.01% lower to 6,623.657 points. Markets across Europe eased on Tuesday following mixed earnings releases and concerns over political developments in Spain. The Stoxx Europe 600 closed -0.25% lower at 390.44 points, while the German Dax dipped -0.07% following softer than expected ZEW survey results. In the U.K the FTSE 100 posted a -0.14% decline as stronger than expected inflation data strengthened the case for an interest rate increase by the Bank of England.

PRECIOUS

Bullion continued to trade heavily on Tuesday, seeing consistent offers drag the metal below USD \$1,290 during European trade, while further dollar strength in early New York hours saw gold test the USD \$1,280 support as headlines regarding the next Federal Reserve chair hit the wires (notably Hawkish candidate John Taylor). Late session developments saw both Canada and Mexico reject the U.S. NAFTA proposals to weigh upon the greenback throughout afternoon pricing, providing a brief period of respite for gold as the metal climbed back above USD \$1,285 to end around -0.5% down on the session. The yellow metal saw modest support around the



Asian open on Wednesday, with the greenback continuing to trade under pressure, while Chinese interest re-emerged to see gold to a USD \$1,288.90 high in early Shanghai trade (on-shore premium holding around USD \$10). The bid tone was however short-lived, with the dollar regaining the ascendancy in afternoon flows, particularly against the Yen to see the pair hold support around 112.15 and test toward 112.50 into European hours. Bullion suffered as a result of the resurgent greenback, with early European offers testing support at USD \$1,285 and making a further leg below the figure to threaten a further test of USD \$1,280. For now the USD \$1,280 support remains intact, however further weakness may soon see the 100 DMA at USD \$1,275 tested, while support below this sits broadly between the early October low of USD \$1,260 and the 200 DMA at USD \$1,257. Silver continues to be drawn toward the key pivot point of USD \$17 as gold weakens, while palladium continues to see tightness in the forward market to underpin demand and is likely to retest USD \$1,000 over the short-term. Data releases today include U.K. employment data and U.S. housing starts / building permits.

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