



## MKS PAMP GROUP

### Daily Asia Wrap

31<sup>st</sup> October 2017

Range Asian Hours  
(from Globex open)

	<b>GOLD</b>	<b>SILVER</b>	<b>PLATINUM</b>	<b>PALLADIUM</b>
<b>OPEN</b>	1276.30/50	16.84/86	919/21	966/68
<b>HIGH</b>	1277.80/00	16.86/88	924/26	975/77
<b>LOW</b>	1275.00/20	16.83/85	919/21	966/68
<b>LAST</b>	1277.50/70	16.86/88	924/26	975/77

#### MARKETS/MACRO

U.S. personal income increased in line with expectations at +0.4% MoM during September to follow a +0.2% increase in August. Personal spending jumped +1.0% MoM (exp: +0.9%) from a +0.1% read previously, as purchases of motor vehicles from hurricane damaged Texas and Florida underpinned the print. The Federal Reserve's preferred measure of inflation, core PCE (excluding food and energy), edged +0.1% higher during September (exp: +0.1%), while on an annualised basis core PCE held at +1.3% YoY. Equities in the U.S. ended trade lower on Monday, following rumors that Republican's may consider a "gradual phase-in" of corporate tax cuts, rather than enacting them immediately once passed. The DJIA closed the session down -0.36% at 23,348.74 points, while declines to healthcare (-1.07%) saw the S&P 500 -0.32% lower to 2,572.83 points. That Nasdaq Composite meanwhile pulled back from an intra-session record to finish just -0.03% down, with gains to Apple (+2.25%) supporting the tech-laden bourse. Brent crude extended gains above USD \$60 per barrel on Monday, ending the session +0.8% higher at USD \$60.90 per barrel to mark the highest front-month settlement in over two years. WIT followed the global benchmark higher, adding +0.5% to USD \$54.15 per barrel, the best finish since late February. After touching a three month high last week, the greenback eased against majors on Monday to see notable declines against the euro and yen. Markets across Europe ended trade generally higher on Monday, underpinned by strong performances to Spanish stocks after the central Government in Madrid took control of the Catalonia region. The IBEX 35 in Madrid jumped +2.44% to 10,446.00, while the broad Stoxx Europe 600 added +0.12% and the German Dax closed +0.09% higher for another all-time record close. A stronger pound and ratings downgrades to a number of home builders saw the U.K. FTSE 100 end -0.23% lower.

#### PRECIOUS

Bullion held onto a narrow range throughout Tuesday's Asian session, finding an underlying level of interest around USD \$1,275 (100 DMA), however unable to break away from the figure amid lower than usual volumes. Chinese demand did little to stimulate price action as the on-shore premium opened toward USD \$5 relative to London gold, while the BOJ monetary policy 'non-decision' gave USD/JPY a short term bid to pressure bullion toward the USD \$1,275 support.



Afternoon flows saw the dollar reverse the earlier bid tone to support the yellow metal higher, seeing late interest as European names filtered in. Over the near-term we expect the USD \$1,270 - \$1,280 range to hold, with a break either side likely to be driven by upcoming U.S. events. Investors have a number of events/developments to keep a watchful eye over this week, including the potential next Federal Reserve Chair nomination, the two day FOMC meeting commencing today, updates to potential U.S. tax reforms and developments regarding Special Counsel Robert Mueller's investigation. Indications are that President Trump is leaning toward Powell as the next Federal Reserve Chair, with the decision expected to be made on Thursday. Fed policy makers begin their two day meeting today and while no major changes to monetary policy are expected, the statement released on Wednesday at the conclusion of the meeting will be scrutinised for clues as to whether the committee is likely to go ahead with the expected interest rate increase in December. In regional news today, as widely expected the BOJ left monetary policy unchanged, holding the 10-year JGB yield target at around 0.000% and the short-term IOER rate at -0.1%. The core CPI outlook for FY17 was cut to +0.8% from +1.1% previously, while the FY18 outlook was revised down to +1.4% from +1.5%. Data releases today include French GDP and CPI prints, Eurozone employment data, Eurozone GDP and CPI, the U.S. employment cost index, the Chicago PMI and U.S. consumer confidence.

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