



MKS PAMP GROUP

Daily Asia Wrap

9th October 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1277.70/90	16.79/81	914/16	920/22
HIGH	1285.40/60	16.99/01	921/23	931/33
LOW	1275.50/70	16.79/81	914/16	920/22
LAST	1281.50/70	16.89/91	918/20	925/27

MACRO

Jobs figures out of the U.S. on Friday showed a decline of 33,000 payrolls during September (exp: +80,000), to mark the first negative print since 2010. Recent storm activity in Texas and Florida is reportedly behind the fall, with as many as 1.5 million people temporarily unable to get to work. The restaurant industry was the main drag on the headline print, declining by 105,000 jobs, while the absence of these lower paid employees was likely responsible for the +0.5% MoM earnings increase (exp: +0.3%) to see the annualised figure to +2.9%. Previous prints saw revisions as August ticked higher to 169,000 from 156,000 previously, while July eased to 138,000 from 189,000. Meanwhile, the unemployment rate declined to 4.2% (exp: 4.4%) from 4.4% previously and the broader 'U-6' measure of unemployment and underemployment, which includes those who have stopped looking and those in part-time jobs who want full-time positions, fell to 8.3% from 8.6% previously. U.S. equity markets ended generally lower on Friday following the soft jobs data, however recovered late in trade to end the week higher. The DJIA ended in the red by the narrowest of margins, slipping just -0.01% to 22,773.67 points, while the S&P 500 ended -0.11% down at 2,549.33 and the Nasdaq bucked the trend to end +0.07% higher. On a weekly basis the DJIA added +1.7%, the S&P 500 gained +1.2% and the Nasdaq tacked on +1.5%. Treasury yields spiked higher following the jobs data before settling off the high marks, seeing the two-year end around 1.51% after trading above 1.52% for the first time in a decade. The greenback also received a boost following the payrolls figure, however pared gains to end modestly lower against majors as the DXY eased around -0.2%. European markets traded under pressure on Friday as participants kept an eye on events in Spain and the euro strengthened. The Stoxx Europe 600 posted a -0.40% decline, while the German Dax eased -0.09% as factory orders rebounded +3.6% MoM during August from an upwardly revised -0.4% fall in July (prev: -0.7%). The U.K. FTSE 100 ended trade +0.2% higher after seeing underlying support from a softer sterling on concerns that the U.K. may be headed for an early general election.



PRECIOUS

Bullion saw weakness around the U.S. payrolls print on Friday, however recovered sharply following reports out of Russia stating that North Korea is preparing to test a long range missile that has the potential to reach the U.S. West Coast. The report, from Russian lawmaker Anton Morozov who had recently returned from a visit to Pyongyang, saw the metal turn higher from a USD \$1,260.80 low in-line USD weakness and softening treasury yields. Following the recent weakness, the latest CFTC data showed gold positioning at the least bullish level in close to two months as longs were trimmed. Asian trade on Monday saw the return of China following their Golden Week celebrations, while Japan took leave. Interest out of the Far East saw bullion off the session low following muted early demand and toward USD \$1,280 in early Shanghai trade. The on-shore premium pushed toward USD \$10 on the back of USD/China weakness and continued underlying physical demand kept price action buoyant throughout the afternoon. The concern for bullion will be the strengthening USD with the Fed funds futures now pricing in an 80% chance of a December interest rate increase. Columbus Day sees the U.S. out today, which is likely to keep volatility in-check, while we expect to see support leading into the October 10 anniversary of the founding of the ruling Korean Workers Party, with many fearing that the hermit state may use this day to carry out a further act of provocation. The key levels to watch for bullion are support toward USD \$1,270, with potentially broader weakness extending to Friday's USD \$1,260 low. Top-side targets extend to USD \$1,288 - \$1,290 and beyond this USD \$1,296 - \$1,300.

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