



MKS PAMP GROUP

Daily Asia Wrap

11th September 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1342.00/20	17.89/91	1001/03	933/36
HIGH	1342.00/20	17.89/91	1003/05	951/53
LOW	1333.00/20	17.77/79	1001/03	933/36
LAST	1336.00/20	17.84/86	1003/05	951/53

MACRO

U.S. wholesale inventories outpaced expectations during July, adding +0.6% MoM (exp: +0.4%) from +0.6% previously. Auto inventories increased +0.2% following a +1.1% surge in June, while inventories ex autos, the component that it used in the calculation of GDP, posted a +0.7% gain. Durable goods inventories pushed +0.9% higher, underpinned by a +1.1% increase to machinery, the largest rise in three and a half years. Consumer credit in the U.S. spiked to USD \$18.499 billion during July according to data released by the Federal Reserve on Friday, outpacing expectations centred around USD \$15.00 billion, and by far and away exceeding June's USD \$11.827 billion print. The headline figure was led by increases to non-revolving credit such as student loans, jumping to USD \$15.8 billion from USD \$7.1 billion during June. Equity markets in the U.S. ended trade mixed on Friday, as investor's considered the potential for a further missile test from North Korea over the weekend, in addition to Hurricane Irma's arrival off the Florida coast. The DJIA edged +0.06% higher to 21,797.79 points, however posted a -0.9% decline over the week. The S&P 500 saw weakness across energy (-1.06%) and technology (-0.86%) take the bourse -0.15% lower at 2,461.43 points, while over the week the bourse handed back -0.6%. The greenback continued to decline on Friday, as concerns over the impacts of recent weather events grow. The DXY index ended trade around -0.2% lower after paring Asian declines in early New York trade, with USD/JPY falling below 108.00 for the first time since November 2016. Meanwhile, treasury yields ended marginally softer on Friday to cap off a week of declines. The 10-year yield inched up 1bps to 2.0507%, however over the duration of the week, declined 10bps to mark the largest weekly fall since mid-April. U.S. oil futures slumped on Friday as the recovery in Texas following Hurricane Harvey begins. WTI booked a -3.3% fall to underneath USD \$47.48 per barrel, however was able to end the week +0.4% higher. Meanwhile Brent crude fared marginally better, ending -1.3% down on the session, however over the week tacked on a healthy +2%. European markets ended choppy trade marginally higher on Friday, unable to break through the headwinds created by a strengthening euro. The Stoxx Europe 600 ended trade +0.15% higher, while the German Dax recovered from early session declines to gain +0.06% as imports into the country increased +2.2% MoM. Equities in the U.K. shed -0.26% as the big miners lost ground following soft Chinese exports numbers.



PRECIOUS

A week is a long time in financial markets, as evidenced by early price action in Asia today. Following a USD \$10 sweep higher only seven days ago on the back of North Korea's hydrogen bomb test, bullion took an about-face today, declining by the same margin as the rouge state's Foundation Day came and went with no further test. After ending trade on Friday at the highest level in 12-months, a leg higher to the greenback on Monday took bullion through USD \$1,340 on the open, as short term players exited weekend spec positions to wipe the 'Foundation Day risk premium' from the metal. An opportunistic move back above USD \$1,340 was well sold to see the metal back toward USD \$1,335 into the Chinese open. Interest out of the Far East saw the on-shore premium push out to around USD \$5 to restrict further declines to bullion, however the dollar recovery saw both USD/CNH and USD/CNY back above 6.50 following Friday's rout, keeping top-side moves in check leading toward European hours. The latest CFTC data shows net futures and options length has increased by a further 1.8 million ounces as of last Tuesday, and we are likely to see this figure stretched even higher following the late week price action above USD \$1,350. Following the early session move lower, participant's will be looking toward USD \$1,325 - \$1,330 as the first support level for gold, while moves higher will run up against resistance at USD \$1,350 and above this, Friday's high of USD \$1,357. Silver disappointed on Friday to end the session underneath USD \$18, while the metal saw further weakness during Asian trade today. The grey metal saw modest flows in early hours to trade as low as USD \$17.77 and will look to USD \$17.50 as the first major support level. With regards to the white metals, platinum collapsed in New York on Friday following a move above USD \$1,022 and will need to hold USD \$1,000 to restrict a technical break lower, while palladium outperformed on Monday to add nearly +2% and recoup some of Friday's -3.3% fall.

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.