



MKS PAMP GROUP

Daily Asia Wrap

7th September 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1334.20/40	17.87/89	1003/05	941/43
HIGH	1339.90/10	17.92/94	1006/08	947/49
LOW	1332.90/10	17.80/82	1001/03	940/42
LAST	1339.00/20	17.91/93	1004/06	947/49

MACRO

President Trump surprised his fellow Republicans and struck a deal with Democrats on Wednesday, extending the U.S. debt ceiling to provide Government funding until December 15. In a meeting between congressional leaders of both parties at the White House, President Trump agreed to the Democrat's requested three month extension, overruling Republican's and U.S. Treasury Secretary Steven Mnuchin who were seeking an extended term. In keeping with the 'surprise' theme, the Bank of Canada shocked the market on Wednesday by increasing interest rates to +1%. The central bank increased rates by 25bps to follow a hike in July, while leaving the door open for further increases this year. U.S. Federal Reserve Vice Chairman, Stanley Fischer announced his resignation on Wednesday, citing personal reasons in a letter to President Donald Trump. The U.S. ISM Non-manufacturing index increased to 55.3 (exp: 55.6) from 53.9 previously during August. Equities in the U.S. ended trade higher on Wednesday, buoyed by the developments in Washington and a lack of news out of the Korean peninsula. The DJIA ended trade +0.25% higher at 21,807.64 points as strong performances to Home Depot (+2.37%) and Exxon Mobile (+2.07%) helped support the bourse higher. The S&P 500 saw strength from energy (+1.64%) lead nine of eleven major sectors higher as the bourse gained +0.31% to 2,465.54 points, while the Nasdaq Composite tacked on +0.28% to 6,393.314 points. Oil futures pushed higher on Wednesday as renewed demand support prices following the re-opening of refineries after Hurricane Harvey. WTI found interest in Europe and the U.S. following subdued Asian trade, adding just over +1.1% to settle at USD \$49.16 per barrel, while Brent crude tacked on +1.5% to USD \$54.20 per barrel. European equities held broadly unchanged during trade on Wednesday, with participants awaiting the all-important ECB meeting on Thursday. The Stoxx Europe 600 crept just +0.06% higher, while a +3.5% gain to new car registrations in Germany buoyed auto makers to take the German Dax to a +0.5% return. The U.K. FTSE 100 underperformed on Wednesday, weighed down by a stronger pound to book a -0.3% decline to 7,354.13 points.



PRECIOUS

Gold saw some of its risk premium wiped away during U.S. trade on Wednesday, sliding below USD \$1,340 as immediate concerns over the U.S. debt ceiling subsided. A strong close in New York on Tuesday saw participants taking profit in early Asian trade on Wednesday, pressuring gold back below USD \$1,340 as Tokyo turned sellers. Underlying physical interest out of China restricted further declines into European hours, before buyers once again regained the ascendancy to push bullion higher. News out of Washington of an agreement on Government funding saw U.S. yields higher and gold lower in New York, collapsing to a USD \$1,331.80 session low to book a -0.4% decline. ETF's once again added to stocks on Wednesday, recording just over 30k ounces of inflows. Asian trade on Thursday saw bullion struggle for direction throughout the majority of trade, well supported toward USD \$1,330, however unable to make headway higher until European participants filtered in. The yellow metal was once again broadly supported by interest out of China, bouncing off the session low as the far East opened for business, before taking a further leg higher late in the session as a bid euro into today's ECB meeting weighed upon the greenback. Expectations are that the upcoming ECB meeting will provide direction for bullion (more so the USD) in lieu of headlines out of the Korean peninsula, however shocks to the down-side should the central bank underwhelm will likely be limited to support toward USD \$1,325 - \$1,330. Silver once again failed to break above USD \$18 during New York trade on Wednesday, however rebounded into European hours today to keep within striking distance of the figure. Data releases today include Eurozone GDP, the all-important ECB meeting, U.S. Initial Jobless Claims and Bloomberg U.S. consumer confidence.

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