



MKS PAMP GROUP

Daily Asia Wrap

21st August 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1284.40/60	16.93/95	977/79	924/26
HIGH	1287.70/90	17.02/04	980/82	930/32
LOW	1281.10/30	16.89/91	976/78	922/24
LAST	1287.70/90	17.02/04	980/82	929/31

MACRO

The University of Michigan's gauge of consumer sentiment (preliminary) outpaced expectations during August, increasing to 97.6 (exp: 94.0) from an eight-month low of 93.4 in July. The headline print was supported by a strong gain to the expectations component, increasing to 89.0 from 80.5 previously, while the measure of current conditions lagged at 111.0 from 113.4 previously. U.S. equity markets ended lower on Friday, turning into the red late in trade after enduring a mixed session. The major driver on Friday seemed to be the announcement that chief strategist Steven Bannon would be leaving the White House, seeing markets turn higher following a soft open, however reversing these gains into the close. The DJIA posted a -0.35% decline to end at 21,674.51 points, logging a second consecutive weekly decline and the largest two-week percentage decline in nearly 12-months. Weakness across real estate (-0.75%) and telecoms (-0.54%) led the S&P 500 -0.18% lower for a -0.7% weekly result, while the Nasdaq composite eased -0.09% for the session and -0.6% over the week. Oil futures ripped higher in New York on Friday following unconfirmed reports of a shutdown at Exxon Mobil's Bayton, Texas refinery (the second largest in the U.S.). After soft early U.S. session pricing, WTI turned sharply higher to end the session with a +3% gain around USD \$48.50 per barrel, while Brent crude added rallied +3.3% to USD \$52.70 per barrel. European markets ended lower on Friday as leisure and travel stocks booked declines following the terrorist incident in Spain. The Stoxx Europe 600 handed back -0.71% to trim its weekly gain to +0.6%, while the German Dax ended -0.31% lower and the U.K. FTSE 100 sunk -0.86%.

PRECIOUS

Volatility was the name of the game on Friday for bullion, briefly trading above USD \$1,300 before being unceremoniously dumped in New York as weak positioning bailed on the metal. A range-bound Asian session gave way to a leg higher in early European trade, with light stops triggered above USD \$1,290 to see the metal test toward the recent double top resistance at USD \$1,296 (April & June highs). The upward momentum continued into New York to see a break above USD \$1,300, however the bid tone was soon extinguished as seller's wrestled back control. Looking at the recent increase in long positioning it is likely that the false break of USD \$1,300 spooked short-term investors to compound the late session weakness and have gold



closing almost USD \$20 off the high print. Gold trended higher during Asian trade on Monday, however had to overcome some early session weakness as the metal battled against a stronger USD. A modest pick-up in demand out of China provided a underlying level of support once Shanghai opened, with participants happy to sit on the bid around USD \$1,285, a level that provided support during last week's run higher. Uncertainty leading into Jackson Hole may lead to some short-term support for bullion, with both ECB President Draghi and Federal Reserve Chair Yellen scheduled to speak on Friday. In addition, the joint military exercises to be undertaken between the U.S. and South Korea are likely to see a risk premium attached to the metal over the first part of the week. Pricing continues to remain constructive for a further test of USD \$1,300, while any corrective moves through USD \$1,280 - \$1,285 has the potential to extend toward USD \$1,265. Data releases today are light, with the Chicago Fed activity index the main print.

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