



MKS PAMP GROUP

Daily Asia Wrap

28th August 2017

Range Asian Hours
(from Globex open)

| | GOLD | SILVER | PLATINUM | PALLADIUM |
|-------------|-------------|---------------|-----------------|------------------|
| OPEN | 1292.50/70 | 17.06/08 | 976/78 | 928/30 |
| HIGH | 1297.40/60 | 17.19/21 | 981/83 | 931/33 |
| LOW | 1292.30/50 | 17.03/05 | 974/76 | 927/29 |
| LAST | 1297.40/60 | 17.19/21 | 981/83 | 931/33 |

MACRO

Janet Yellen used her speech at Jackson Hole on Friday to defend the regulations put in place following the global financial crisis, at odds with the position taken by President Trump. Yellen noted that the reforms put in place by the Obama administration have 'strengthened our financial system,' and made it 'substantially safer'. European Central Bank President Mario Draghi provided little clues as to the banks' tapering strategy during his speech at Jackson Hole, instead focusing on global productivity. Durable goods orders in the U.S. slumped -6.8% MoM during July (exp: -6.0%) to follow a +6.4% gain the month prior. The print was the largest fall in three years and predominately a result of a sharp decline to the volatile aircraft category as Boeing reported 22 new orders in July versus 184 in June. In more positive news, excluding transportation durable goods added +0.5% MoM (exp: +0.4%) to mark the third consecutive monthly gain, while shipments of core capital goods, the category that is used in the calculation of GDP, increased +1.0% (exp: +0.2%) from an upwardly revised +0.6% gain during June (prev: +0.1%). Equity markets in the U.S. ended generally higher on Friday, eking out modest gains as Janet Yellen and Mario Draghi did little to entice investor's. The DJIA ended the session +0.14% higher at 21,813.67 points to hang onto a +0.6% weekly gain, while the S&P 500 gained +0.17% to end the session at 2,443.05 points, a weekly result of +0.7%. Stocks in Europe closed marginally lower on Friday in mixed trade, weighed down by a stronger Euro as the common currency touched the highest level versus the greenback since January 2015. The Stoxx Europe 600 eased -0.12% as commodity related stocks turned bid to restrict further declines, while the German Dax slipped -0.11% as the IFO business climate index eased to 115.9 (exp: 115.5) from 116.0 previously. In the U.K. a stronger pound weighed upon equities on Friday, seeing the FTSE 100 -0.08% lower, however the bourse was able to hold a +1.1% weekly gain.

PRECIOUS

Bullion generally tracked higher on Friday against a softer greenback, however the yellow metal did have to endure a brief period of extreme volatility during early New York hours, as just under 2 million ounces of Dec futures traded hands underneath USD \$1,280 spot in under a minute. Gold held range-bound leading into U.S. trade, as participants were happy to exchange the metal above USD \$1,285 while awaiting any potential headlines out of Jackson Hole. Dovish



comments from Dallas Fed President Robert Kaplan buoyed the yellow metal during early New York flows, adding around USD \$8 to a session high of USD \$1,295.70. The bid tone was however short lived, as bullion collapsed USD \$17 to a USD \$1276.50 session low as 1.8 million ounces passed through Comex in under one minute. Yellen's comments soon after the volatility provided little in the way of clues as to the Fed's interest rate path or balance sheet reduction, and as such gold clawed back the early session declines to once again trade above USD \$1,290 and end the session +0.35% higher. The latest CFTC data showed spec positioning once again lengthened during the week to August 22, with longs increasing and shorts bailing. Silver positing meanwhile increased on the back of shorts exiting, while longs were generally unchanged. Asia kicked off the week with a modest bid tone across the precious complex, seeing gold higher in early flows on the back of a softer USD, while further Chinese interest pushed the on-shore premium toward USD \$8 relative to London gold. The metal spent the majority of trade unable to break through offers around USD \$1,295, requiring interest out of Europe to finally break through the figure and take out Friday's New York high print. There are still underlying geopolitical concerns as North Korea continued to test short range ballistic missiles over the weekend, while the potential for a U.S. Government shutdown should underpin bullion leading into this Friday's U.S. jobs data. The metal is well positioned for a further test of USD \$1,300 following the recent failed attempt; however we are seeing stacked offers around the figure. With regards to support, interest around USD \$1,290 has held well during Asian trade today and late New York on Friday, while below this there is broad interest around USD \$1,285 - \$1,280. Data releases today include U.S. wholesale inventories and the Dallas Fed manufacturing activity index.

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