



MKS PAMP GROUP

Daily Asia Wrap

29th August 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1313.50/70	17.53/55	990/92	935/37
HIGH	1324.50/70	17.55/57	995/97	945/47
LOW	1313.50/70	17.42/44	988/90	935/37
LAST	1320.40/60	17.52/54	995/97	945/47

MACRO

The Commerce Department reported on Monday that the U.S. trade deficit increased during July to USD \$65.1 billion (exp: \$64.5 billion), a 1.7% increase from USD \$64.0 billion during June. A -1.3% fall to exports was the main drag on the headline figure, as exports of motor vehicles sunk -8%. Wholesale inventories pushed higher during July, increasing +0.4% MoM (exp: +0.3%) to follow a +0.6% gain during June. Equity markets in the U.S. ended trade on Monday little changed, with investor's cautious as the full impact of hurricane Harvey becomes evident. The DJIA eased just -0.02% lower to 21,808.40 points, while gains to healthcare (+0.60%) and technology (+0.27%) helped to offset weakness across financials (-0.48%) and energy (-0.47%) as the S&P 500 edged +0.05% higher. Treasury yields eased marginally on Monday as a strong auction for 5-year notes supported demand across the board. The 10-year slipped 1.1bps to 2.159%, while the 2-year declined 0.4bps to 1.334%. In currency majors, the euro continued to push higher on Monday, albeit in thin trade as London took leave for the summer bank holiday. The common currency edged toward 1.20 against the USD, building upon a +1.3% gain last week to touch a more than two year high. Oil futures traded under pressure on Monday, with expectations that refinery shutdowns in the Gulf of Mexico as a result of hurricane Harvey will result in excess supply. WTI ended trade around -2.7% lower at USD \$46.57 per barrel, while Brent crude saw declines tempered to end just under -1% lower at USD \$51.89 per barrel. European equity markets suffered against the headwinds of a stronger euro on Monday, seeing the Stoxx Europe 600 -0.48% lower, while the export heavy German Dax declined -0.37%.

PRECIOUS

Bullion kicked off the week on a positive note, finally closing back above USD \$1,300 to mark the highest level in 9-months. The yellow metal traded with a modest bid tone throughout Asian / European hours, however it wasn't until New York opened that we saw the metal through USD \$1,300. A sharp stop loss run through the figure and recent triple top resistance saw bullion to a USD \$1,312.05 session high, pinned toward the high print as large Comex open interest at a strike of USD \$1,310 kept the price action buoyant. ETF's continued to increase holdings on Monday, with a further 330k ounces of inflows recorded and this is expected to continue now the metal has broken a number of technical levels on the top-side. Reports that North Korea had



fired a missile over Northern Japan hit the wires during the break between Comex sessions (pre-Asia open) on Tuesday, seeing USD/JPY sharply lower (109.26 to 108.34) as stops below 108.60 were triggered. The escalation in geopolitical tensions underpinned early session demand for bullion, as gold ripped higher on the open to trade as high as USD \$1,324.50. The yellow metal saw a modest pull back leading into Chinese trade, however demand was once again evident out of the far East to keep the metal buoyant above USD \$1,315. Fresh interest out of Europe provided further support late in afternoon trade, driven by a leg higher to EUR/USD, breaking above 1.20 for the first time since early 2015. The threat from North Korea has taken an unprecedented turn today and we expect safe haven demand coupled with a softer greenback to provide the impetus for further gains to bullion over the near term. Support for the metal initially sits around USD \$1,308 - \$1,310, while top-side targets extend to USD \$1,337 (U.S. Presidential Election Day high) and USD \$1,350 beyond this. Silver turned higher with gold on Monday to book a +2.22% gain, while the grey metal opened above USD \$17.50 on the back of geopolitical concerns during Asian trade today and spent the session consolidating the move higher. Platinum has benefitted from the safe haven demand of the precious complex to sit within striking distance of USD \$1,000 today, while palladium has lagged somewhat in recent sessions, however caught a bid late in Asian trade today to test toward USD \$950. Data today includes U.K. house prices, French GDP, U.S. house prices and U.S. Conference Board consumer confidence.

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