



## MKS PAMP GROUP

### Daily Asia Wrap

31<sup>st</sup> August 2017

Range Asian Hours  
(from Globex open)

	<b>GOLD</b>	<b>SILVER</b>	<b>PLATINUM</b>	<b>PALLADIUM</b>
<b>OPEN</b>	1308.50/70	17.40/42	990/92	933/35
<b>HIGH</b>	1308.80/00	17.43/45	991/93	938/40
<b>LOW</b>	1299.50/70	17.29/31	985/87	931/33
<b>LAST</b>	1306.40/60	17.37/39	985/87	933/35

#### MACRO

Private payrolls in the U.S. increased by 237k during August (exp: 185k) to follow an upwardly revised 201k the month prior (exp: 178k). Small business added 48k jobs, medium sized increased by 74k and large size jumped by 115k employees. The services sector was predominately responsible for the headline gain and added 204k payrolls, while within the goods producing sector mining declined 1k jobs, construction increased 18k and manufacturing posted a 16k gain. U.S. 2Q GDP outpaced initial estimates to increase +3% QoQ (exp: +2.7%) from a +2.6% estimate previously. The result was the fastest pace in more than two years and followed a +1.2% print for 1Q. Supporting the headline figure was a +3.3% increase to consumer spending (exp: +3.0%) to mark the fastest pace in 12-months on the back of higher purchases of motor vehicles, housing and utilities. The Fed's preferred inflation measure, core personal consumption expenditures (PCE) increased in-line with initial estimates and expectations at +0.9%. Equity markets in the U.S. ended higher on Wednesday, buoyed by the better than expected GDP print and the strong jobs data. The DJIA rebounded from late session weakness to inch +0.12% higher at 21,892.43 points, while the S&P 500 (+0.46%) saw technology (+1.07%) lead eight of eleven sectors higher to close at 2,457.59 points. The Nasdaq Composite meanwhile outperformed to post a +1.05% gain as a number of major biotech names ended with strong gains. Oil futures endured whippy trade on Wednesday to end lower as Hurricane Harvey continues to keep participants on edge and volatility high. An EIA report noting that U.S. domestic crude production declined by 5.4 million barrels during the week ended August 25 did little to support prices, as WTI ended around -1% lower underneath USD \$46 per barrel, while Brent crude collapsed -2.2% following European weakness to end around USD \$50.85 per barrel. European markets ended trade on Wednesday with modest gains as German CPI (harmonised) outperformed expectations during August to increase +0.2% MoM (exp:+0.1%) and +1.8% YoY (exp: +1.7%). The Stoxx Europe 600 led the major bourse's higher to post a +0.70% gain as tensions over North Korea's latest missile launch eased, while the German Dax added +0.47% to snap a three session losing streak.



## PRECIOUS

The return of the greenback weighed upon bullion on Wednesday as the USD continued to reverse recent weakness, notably against the euro and Japanese yen. Interest either side of USD \$1,310 kept price action varied during early Asian trade, before Chinese demand underpinned a bid tone as USD/CNY opened softer than expected. European names were initially happy to offer the metal above USD \$1,310, however soon reversed course as the USD recovery stalled and gold broke to a session high of USD \$1,313.65. The stronger than expected U.S. data soon pulled the metal away from the session highs, however underlying interest toward USD \$1,305 restricted further declines to see gold end the session only modestly lower and relatively resilient amid firmer global equities and a stronger greenback. Asian trade on Thursday saw price action generally pinned within a USD \$1,303 - \$1,308 range, however the yellow metal was tested in early Chinese trade by an 800k ounce sweep to USD \$1,299.50 to mark the session low. Chunky bids around the psychological figure restricted any further declines, while a modest recovery to the euro leading into European hours kept price action buoyant. Bullion continues to battle against participant's fading rallies, however interest has so far been deep enough to absorb selling pressure and consolidate recent gains above USD \$1,300. Short term direction is likely to be dictated by Friday's U.S. jobs data, with expectations that bullion holds the recent USD \$1,300 - \$1,315 range leading into the print. From a support standpoint it is worth noting that USD \$1,300 Dec gold is currently sitting around USD \$1,295 spot. Data today includes French CPI, German retail sales and employment data, Eurozone CPI and employment data, U.S. initial jobless claims, personal income / spending, PCE, Chicago PMI, Bloomberg consumer confidence and pending home sales.

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