



MKS PAMP GROUP

Daily Asia Wrap

18th August 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1288.40/80	17.02/05	973/76	925/27
HIGH	1289.00/40	17.05/08	979/82	927/29
LOW	1286.10/50	16.92/95	972/75	918/20
LAST	1287.60/00	17.02/05	977/80	926/28

MARKETS/MACRO

A van has ploughed into a crowd in the Spanish city of Barcelona, it has been reported there are at least 16 fatalities and dozens more injured. At this stage two men have been arrested and there are reports of another found dead. The Spanish Prime Minister Mariano Rajoy has denounced the incident as a "jihadist attack". In the US, the fallout continues over President Trump's comments regarding the white supremacist violence in Charlottesville on the weekend. Earlier this week Trump was forced to disband both the Manufacturing Council and the Strategy & Policy Forum after several CEOs pulled out. It was reported overnight that Gary Cohn may resign as director of the National Economic Council because of Trump's remarks. Cohn is seen as a business friendly advisor to the President, and talk of his potential resignation has called into question the Administration's future ability to pass any of his proposed pro-business legislation including tax reform. US equities were hammered on the news, the three major bourses all posted daily declines in excess of 1%. The Dow lost 274.14 points, or 1.24%, to 21,750.73, the S&P 500 tumbled 38.10 points, or 1.54%, to 2,430.01, and the Nasdaq dumped 123.19 points, or 1.94%, to 6,221.915. There were no winning sectors in the stock market, as tech (-1.94%), financials (-1.74%) and industrials (-1.71%) lead a broad decline. European shares lost ground in the wake of the attack in Spain and the weaker euro, the EuroSTOXX fell 2.22 points, or 0.59%, to 376.87, the German DAX shed 60.40 or 0.49%, to 12,203.46, the London FTSE 100 declined 45.16, or 0.61%, to 7,387.87. In the currency markets, the US dollar index added 0.56% to 94.003, the EUR traded down to 1.1680, while USD/JPY traded up to 110.24. US treasury yields were lower, the 2 year yield slipped 3.3 bps to 1.30%, the 10-year yield fell 4.9 bps to 2.18%. In commodities news, oil markets were higher as signs emerge crude markets are gradually tightening, Brent firmed 0.9% to \$50.86 while WTI rose 0.3% to \$46.99. Base metals were broadly lower, with zinc (-2.2%) the biggest loser. In US economic data, industrial production rose 0.2% in July following a 0.4% increase in June. Production in utilities jumped 1.6%, mining output added 0.5%, while manufacturing output declined 0.1% largely stemming from a retreat in auto production of 3.5%. Manufacturing sector capacity fell by 0.1% to 75.4% in June, 3 percentage points below the historical average. The Philly Fed manufacturing index fell to 18.9 in August from 19.5 in July, although a positive reading still indicates activity growth in the region. The Conference Board's leading economic index rose 0.3% in July following a 0.6% jump in June, signalling the potential for faster growth in the back half of this year. Initial jobless claims fell by 12k to a seasonally adjusted 232k in the week ending August 12, the second lowest level since the current period of economic expansion began in 2009. Continuing jobless claims fell by 3M to 1.95M. In Asia today, as I write the Nikkei sits at -1.18%, the Shanghai composite is at -0.05%, the Hang Seng at -0.54%, and the ASX S&P 200 closed at -0.56%. Tonight we have University of Michigan Consumer Sentiment and Advance Services data out of the US; Construction Output and Current Account data out of the Eurozone; and PPI out of Germany.



PRECIOUS

A range-bound but slightly choppy session for the precious as gold consolidates above \$1280. Gold tested \$1290 in early Asian hours as USD/JPY dipped below 110, however an excess in supply capped the market here with the SGE premium at \$3. The yellow metal softened through London's AM session as the greenback firmed sharply against the EUR. Whippy trading through NY hours for the yellow metal as investors took in the Trump news and the Barcelona attack, the market printed the day's low of \$1282 but ultimately finished around the high at \$1287. It was a subdued day for silver, the grey metal drifted steadily down to finish at \$16.99. In the PGM's either, platinum finished slightly lower at \$972 while palladium good fortunes continued, posting a fresh 16 year high of \$927. The Philadelphia gold and silver index lost 0.33%. The SPDR gold trust was unchanged at 795.44 metric tons. In today's trading, gold drifted lower through the AM as the \$1-2 SGE premium prompted more selling out of China, though ultimately we are trading sideways. Generally, the current macro-economic conditions are supportive for gold, however the market is waiting for the catalyst to mount a serious test of the \$1300 resistance. The yellow metal is at \$1287.60 as I write. Silver dipped below the psychological \$17 level but has recovered as the day progresses, the grey metal is at \$17.02 as I write. Palladium was lower off the open but rebounded up toward last night's highs, while platinum is edging higher at \$977. Have a good day ahead.

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