



MKS PAMP GROUP

Daily Asia Wrap

21st September 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1300.80/20	17.14/17	941/44	912/14
HIGH	1301.10/50	17.14/17	942/45	920/22
LOW	1296.20/60	17.00/03	935/38	910/12
LAST	1296.90/30	17.00/03	936/39	911/13

MARKETS/MACRO

The FOMC voted unanimously to keep interest rates unchanged and announced it would begin to reduce its \$4.5 trillion balance sheet in October. The method of reduction involves the Fed ending its practice of reinvesting principal payments. Payments will only be reinvested when they exceed gradually increasing monthly caps, beginning at \$10b and rising quarterly. Projections for the total number of expected rate hikes in 2017 remain unchanged with one more 0.25 point rise this year. US equities were mostly higher following the announcement, with the S&P 500 posting a fresh record high. The Dow added 41.79 points, or 0.19%, to 22,412.59; the S&P 500 edged higher 1.59 points, or 0.06% to 2,508.24, and the Nasdaq slipped 5.28 points, or 0.08%, to 6,456.044. Energy (+0.69%) and industrials (+0.68%) were the best performers while consumer staples (-0.89%) led the laggards. European shares were very narrowly mixed ahead of the announcement from across the Atlantic, the EuroSTOXX lost 0.14 points, or 0.04%, to 381.98, the German DAX inched higher 7.38 points, or 0.06%, to 12,569.17, and the London FTSE 100 declined 3.3 points, or 0.05%, to 7,271.95. The currency markets saw some decent movement as investors reacted to the FOMC announcement, the US dollar index climbed 0.68% to 92.419, the EUR traded down to 1.1873, while USD/JPY was as high as 112.48. US treasury yields were higher, the 2 year yield rose 3.71 bps to 1.4382% and the 10 year yield gained 2.65 bps to 2.2711%. In commodities news, oil prices rallied on talk of possible deeper OPEC cuts, Brent firmed 1.9% to \$56.19 while WTI rose 1.88% to \$50.41. Base metals were mostly higher, with aluminium (+2.45%) leading the gains. In US economic data, the National Association of Realtors said existing home sales fell 1.7% to a seasonally adjusted rate of 5.35M in August from 5.44M in July. This represents the lowest level in 12 months, with agents blaming a lack of inventory as the main driver. In Asia today, as I write the Nikkei sits at +0.20%, the Shanghai composite is at +0.04%, the Hang Seng at -0.11%, and the ASX S&P 200 at -0.8%. Tonight we have weekly jobless claims and the Philly Fed index out of the US; and consumer confidence (flash) out of the Eurozone.

PRECIOUS

Tough session for the precious as the firming US dollar, spurred on by news from the FOMC meeting, weighs on the markets. Gold opened at \$1310 and firmed slightly through the day in fairly light trade, the SGE premium was at \$5-6 over loco London. The market peaked at \$1315 during the London AM session but found itself trading back around the opening level as NY came in. The greenback surged on the news from the Fed, USD/JPY trading above 112 for the first time since July, and the yellow metal nose-dived, losing almost \$20 to the low of \$1296. A very modest bounce saw the XAU finish around the key support at \$1300. Silver suffered the same fate, the grey metal shedding 30c after the announcement to test the \$17 level. Palladium was the most resilient performer on the day, clawing back early losses to finish flat at \$910. The Philadelphia gold and silver index dropped 2%. The SPDR gold trust holdings were unchanged at 846.03 metric tons. In today's trading, gold took a dip down to \$1265 during the morning session but quickly recovered above \$1300 before drifting lower through the afternoon. The SGE premium is slightly higher at \$7-8 over loco London. The yellow metal is at \$1296.90 as I write. Silver opened at \$17.14 and has traded



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steadily lower through the session, the grey metal sits at \$17 as I write. In the PGMs, Palladium found support early, trading to the high of \$920 before giving back the gains to sit flat for the session. Have a good day ahead.

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