



MKS PAMP GROUP

Daily Asia Wrap

25th August 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1285.50/90	16.94/97	978/81	931/33
HIGH	1287.20/60	16.97/00	978/81	933/35
LOW	1285.00/40	16.91/94	974/77	931/33
LAST	1286.70/10	16.97/00	976/79	933/35

MARKETS/MACRO

Investor focus is on the central banks annual symposium in Jackson Hole, Wyoming, starting on Friday. Fed Chair Janet Yellen and the head of the ECB Mario Draghi will both be addressing the conference, and though no major policy announcements are expected, investors will be listening closely for any hawkish/dovish commentary by the pair. US equities were lower in fairly volatile trading common to this time of year as volumes remain low. The Dow lost 28.69 points, or -0.13%, to 21,783.40, the S&P 500 fell 5.07 points, or 0.21%, to 2,438.97, and the Nasdaq slipped 7.08 points, or 0.11%, to 6,271.326. Healthcare (+0.28%) was the only sector to put up any kind of resistance as consumer staples (-1.34%) and industrials (-0.39%) led an almost broad decline. European shares were higher, the EuroSTOXX rose 0.59 points, or 0.16%, to 374.51, the German DAX edged higher 6.53 or 0.05%, to 12,180.83, the London FTSE 100 increased by 24.41 points, or 0.33%, to 7,407.06. In the currency markets, the US dollar index firmed 0.15% to 93.289, the EUR traded down to 1.1785, while USD/JPY traded up to 109.57. US treasury yields were higher, the 2 year yield rose 2.46 bps to 1.3297%, while the 10-year yield gained 2.79 bps to 2.1939%. In commodities news, oil markets were lower Thursday with Brent losing 0.82% to \$52.14 and WTI declining 1.71% to \$47.59. Oil prices may receive a boost over the coming days as Hurricane Harvey intensifies in the Gulf of Mexico. The storm is expected to make landfall in Texas late Friday night, supply interruptions are expected as many refiners are already running at reduced rates and some may shut down production completely. Base metals were broadly higher, with copper (+1.87%) the big mover. In US economic data, high demand and lean supply continue to characterise the housing market as existing home sales fell 1.3% to a seasonally adjusted annual rate of 5.44M in July, the lowest rate since August last year according to the National Association of Realtors. Inventory was 9% lower than a year ago and at the current sales pace it would take 4.2 months to exhaust the available supply. Initial jobless claims rose by 2k to a seasonally adjusted 234k in the week ending August 19, continuing jobless claims remained unchanged at 1.95M. The Kansas City Fed manufacturing activity index climbed to 16 in August from 10 in July. In Asia today, as I write the Nikkei sits at +0.57%, the Shanghai composite is at +1.38%, the Hang Seng at +0.83%, and the ASX S&P 200 at +0.05%. All eyes on Jackson Hole for the central bank symposium, we also have durable goods orders and core capital goods orders out of the US; and GDP growth, import prices, and IFO business climate/conditions out of Germany.

PRECIOUS

A very quiet day for the precious as investors remain idle ahead of Friday's meeting in Jackson Hole. Gold opened at \$1290 in Asia but couldn't hold above the level, the market dropped a few dollars as the \$5 SGE premium led to some light selling out of China. The US dollar started to firm against the yen following the previous night's dip below 109, which also kept the pressure on. We saw a little bounce late in the day before a fall on the London open, the day's low of \$1284 was printed during the AM session. NY featured whippy trade in light volume before the yellow metal finished the day at \$1286. Silver opened at \$17.08 and



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was on the offer early in Asia, reaching as low as \$16.85 during the morning in London. The grey metal bounced back from here but couldn't climb back above \$17, finishing the NY session at \$16.93. PGMs traded a very tight range, platinum and both palladium both closing all but flat. The Philadelphia gold and silver index added 0.56%. The SPDR gold trust holdings were unchanged at 799.29 metric tons. As expected the markets seem to be offering more of the same today as investors sit on their hands ahead of tonight's meeting. Gold is trading very tight \$2 range between \$1285-87, and the SGE premium was slightly higher at around \$5-6 over loco London. The yellow metal is at \$1286.70 as I write. Silver is trading sideways, the grey metal is sitting at \$16.97 as I write. No action in the PGMs either. Gold looks very well supported ahead of \$1280, with the \$1283-85 level tested a few times this week and still holding. The weeks high of \$1293 would be first target on the upside, followed by the psychological \$1300 level. Have a good day ahead.

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