



MKS PAMP GROUP

Daily Asia Wrap

19th September 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1307.50/70	17.20/22	960/62	933/35
HIGH	1309.80/00	17.22/24	963/65	939/41
LOW	1306.00/20	17.14/16	958/60	932/34
LAST	1308.50/70	17.16/18	958/60	932/34

MACRO

The National Association of Home Builders (NAHB) reported sentiment among U.S. builders declined by more than expected during September. Higher prices for materials and labor shortages following recent weather events weighed upon sentiment as the NAHB index dipped to 64 (exp: 67) from 67 previously. Regionally, confidence was highest in the West and Northeast, while the Midwest fell to 59 from 65 to mark the lowest level since November and confidence in the South dropped to 65 from 69. Concerns over a flare up on the Korean Peninsula continue to abate, with U.S. Secretary of State Rex Tillerson noting during an interview with CBS that the U.S. seeks a "peaceful solution" and want to "bring North Korea to the table for constructive, productive dialogue." U.S. equities continued where they left off last week, pushing higher on Monday to see the DJIA and S&P 500 end at fresh record closing levels. The DJIA closed +0.28% higher at a fresh record of 22,331.35 points, the bourse's seventh consecutive session gain and fifth consecutive record close. Strong gains to financials (+1.02%) and technology (+0.96%) helped propel the S&P 500 +0.15% higher to a fresh record close 2,053.87 points, while the Nasdaq Composite added +0.10% to end just shy of a record. Oil futures endured whippy trade on Monday, however ended with modest gains after recovering from declines driven by an EIA report showing an expected increase in U.S. output of 79,000 barrel per day in October. WTI was unable to consolidate a move above USD \$50 per barrel and closed +0.2% higher, at USD \$49.90 per barrel, while Brent crude ended generally flat. The greenback ended trade higher on Monday, hitting a near two month high against the yen as participants turn focus to the upcoming FOMC meeting. The DXY index posted a +0.2% gain to 92.05, seeing further support from a de-escalation in tensions on the Korean peninsula following U.S. Secretary of State Rex Tillerson's comments. Equities in the U.K. inched higher on Monday, broadly supported by a softening pound, while BAE Systems jumped over +3% following news that the British and Qatari Governments had signed an agreement for the potential sale of 24 Eurofighter Typhoon combat jets. The FTSE 100 ended trade +0.52% higher, the Stoxx Europe 600 tacked on +0.33% as Eurozone inflation data hit expectations and the German Dax posted a +0.32% to shake off a Bundesbank report showing some economic indicators were reportedly more subdued than expected.



PRECIOUS

Gold traded under pressure once again on Monday, falling toward USD \$1,300 to book its fifth loss in six sessions as a return to risk weighed upon safe haven assets. Bullion ended the session at the lowest level in nearly three weeks as the greenback turned bid, geopolitical tensions eased and UST yields pushed higher. We saw thick price action around USD \$1,306 - \$1,308 as a mixture of stops and TP orders were filled, likely removing some of the short term players in addition to those shorts that have been instigated over the past week. Bullion traded relatively range-bound during Asian trade today, however had to survive early session weakness after opening initially offered during Chinese trade following a leg lower to both CNY and CNH after the USD/CNY fix. USD/CNH extended to a 6.5960 high after trading around 6.5700 pre-fix, and with it saw gold pull back from a move toward USD \$1,310. Interest toward the overnight low print kept bullion buoyant during afternoon pricing, however offers around USD \$1,310 kept a lid on top-side moves. Gold continues to trend lower into Wednesday's FOMC meeting, however we are seeing interest toward USD \$1,300 restrict further down-side moves (still an underlying geopolitical bid) and expectations are this will continue. Should initial support around USD \$1,300 be broken, we look to USD \$1,293 (Aug breakout point) and below this USD \$1,285 (50 DMA). Restrictive price action toward USD \$1,310 - \$1,315 and above this USD \$1,320 are likely to keep downwards pressure on the metal into the FOMC meeting. Silver extended recent weakness during New York hours on Monday, sliding through USD \$17.50 to a USD \$17.065 session low. The grey metal saw interest underneath USD \$17.20 (around the 200 DMA) throughout Asian trade today to restrict a further test of Monday's low print, however it will need to hold the key USD \$17 level into Wednesday's FOMC meeting, otherwise we are likely to see USD \$16.50 - \$16.75. Data releases today include German and Eurozone ZEW survey results, U.S. housing starts, the U.S. current account balance and U.S. import prices.

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