



MKS PAMP GROUP

Daily Asia Wrap

5th April 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1333.10/30	16.310/330	917/19	929/31
HIGH	1334.70/90	16.355/375	918/20	929/31
LOW	1327.00/20	16.245/265	908/10	927/29
LAST	1328.60/80	16.295/315	908/10	927/29

MARKETS/MACRO

The Chinese finance ministry announced on Wednesday that it would impose additional tariffs of 25 per cent on 106 U.S. goods, including soybeans, cars, chemicals, corn products and other agricultural goods, with the products targeted by the tariffs worth USD \$50 billion in 2017. The move came following an announcement from the Trump Administration that a 25 per cent tariff would be imposed on 1,300 types of industrial technology, transport and medical products in a bid to force changes to China's intellectual property practices. The suggested U.S. imposed tariffs would not take place immediately, rather be open for public comment until May 11, with a hearing set for May 15. The 'tit-for-tat' action saw equities in the U.S. open sharply lower as investor's struggled to grasp the implications of the latest round of economic protectionism. Equity markets endured a volatile session following the tariff announcements, with each of the three major bourse's falling more than -1% in early session trade before rebounding sharply. The DJIA ended trade +0.96% higher to 24,264.30 points, traversing an astounding 700 points from the session low to closing level. The S&P 500 slipped below the important 200 DMA briefly before turning higher to book a +1.16% return to 2,644.69 points, finding support from consumer discretionary stocks (+1.81%) as all components with the exception of energy (-0.14%) closed higher. The Nasdaq Composite jumped +1.45% to 7,042.107 points and in the process marked the best single-session comeback since early February. Private payrolls in the U.S. increased by 241,000 during March according to the latest ADP report, outpacing the estimated 210,000 and generally in-line with February's upwardly revised 246,000 increase (prev: 235,000). Service providers were responsible for the bulk of the hires, adding 176,000 payrolls, while goods producing industries gained 65,000 hires. Medium sized firms (50-499 employees) led the way to add 127,000 jobs, large firms (499+) gained 67,000 and small firms (1-49) increased by 47,000. U.S. factory orders increased +1.2% during February (exp: +1.7%) to follow a -1.3% decline during January. The headline figure was supported by a +7.0% increase in orders for transportation equipment, driven by a +26.2% surge in orders for civilian aircraft. On an annualised basis orders jumped +7.9% YoY during February. Non-defence capital goods meanwhile increased +1.4% MoM. European markets edged lower on Wednesday as investor's considered the likelihood of a 'trade war' between the U.S. and China. The Stoxx Europe 600 pulled back -0.47% to 367.33 points, the export-heavy German Dax dipped -0.37% to 11,957.90 points as autos lost ground, while the French CAC eased -0.20% to 5,141.80 points. In the U.K. the FTSE edged just +0.05% higher to finish at 7,034.01 points after recovering from early session weakness. The greenback eased marginally lower on Wednesday to see the DXY index off -0.1%, however saw strength against the yen to reverse an early European test of 106.00 and book a +0.15% return.



PRECIOUS

Asian pricing on Thursday skewed to the down-side in a continuation of the overnight weakness, with the market lacking the usual demand out of Shanghai as China took leave for the Ching Ming Festival. An early session move toward USD \$1,335 saw offers around the Fibonacci retracement level cap in further gains, seeing pricing tailing off into the afternoon in the face of mild dollar headwinds. Late Asian offers took the metal underneath the 50 DMA at USD \$1330.50 and while further declines have so far been muted, we will look to the figure as a pivot point for further price direction as we head into Friday's U.S. jobs data. Should bullion see further weakness, we look to initial support toward USD \$1,320, while the 100 DMA underneath this will act to restrict further declines. Weakness in silver continued today as the metal once again failed to make headway through resistance levels overnight. Although held within a tight range in Asia, the metal, much like gold, skewed to the down-side throughout the session and will look to hold recent support levels around USD \$16.20, of which has been tested numerous times over the past fortnight. Data releases today include German factory orders, Markit services & composite PMI prints from Italy, France, Germany, the Eurozone and the U.K., U.S. initial jobless claims, U.S. trade balance and U.S. Bloomberg consumer confidence.

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