



**MKS PAMP GROUP**  
**Daily Asia Wrap**  
**12<sup>th</sup> September 2018**

Range Asian Hours  
(from Globex open)

	<b>GOLD</b>	<b>SILVER</b>	<b>PLATINUM</b>	<b>PALLADIUM</b>
<b>OPEN</b>	1198.20/60	14.12/14	791/93	974/76
<b>HIGH</b>	1198.50/90	14.14/16	791/93	976/78
<b>LOW</b>	1192.60/00	14.08/10	787/89	972/74
<b>LAST</b>	1195.00/40	14.12/14	790/92	975/77

**MARKETS/MACRO**

The main theme overnight was cautious optimism and higher much higher oil prices. U.S investors shrugged off the trade war tensions as major US stock markets rose, while elsewhere, Hurricane Florence could hit the United States east coast as early as Friday, which pushed up oil prices. U.S equities rose late in the session in line with positive U.S data and a strong tech sector, the Dow Jones accelerating +113.99 points (+0.44%) to 25,971.06, the S&P500 advancing +10.76 points (+0.37%) and the NASDAQ composite up +48.313 points (+0.61%) to 7,972.474. In Europe, equity markets were a little more subdued closing mildly softer on the day. The EuroFirst 300 index dipped -0.66 of a point (-0.04%) to 1,466.13 and the EuroStoxx 600 declined -0.20 of a point (-0.05%) to 375.31, while regionally the FTSE100 slid -0.08%, the DAX relinquished -0.13% and CAC40 rose +0.27%. The strength in yields continued with the U.S 2y gaining +3.3bp to a decade high of 2.74% and the 10y yield up +4.8bp to 2.98%. The German 10y Bund yield also ticked up +2.9bp to 0.43%. Crude oil prices surged as supply disruptions continued to mount - WTI rising +3.45% to \$69.87. Hurricane Florence is threatening the U.S East Coast, with forecasters predicting it will gain strength before it hits landfall, potentially imperilling major oil pipelines. This helped drive gasoline prices nearly +3% higher also. Elsewhere, concerns about falling Iranian exports continue to rise, Iran resorting to storing oil on super tankers, with ship tracking data on Bloomberg showing a sharp rise in floating storage over the past month. Estimates of Iranian exports are now around 1.5mb/d, according to consensus surveys. The Dollar Index gained +0.1% to 95.25, USDJPY jumped +0.5% to 111.63 and EURUSD nudged higher by +0.1% to 1.1606.

On the data front, the number of job openings in the U.S rose to an all-time high of 6.939 million in July 2018 from an upwardly revised 6.822 million a month earlier, and way above market expectations of 6.68 million. The increase in openings was driven by a surge of vacancies in finance and insurance firms (+46k) and non-durable goods manufacturing (+32k), while there was a decline in retail trade (-85k), educational services (-34k), and federal government (-19k). Meanwhile, hiring increased to 5.679 million in July from 5.677 million in June. Across the pond, the ZEW Indicator of Economic Sentiment for Germany rose by +3.1 points from the previous month to -10.6 in September 2018, beating market expectations of -14.0. It was the highest reading since May, as fears regarding the economic development have diminished somewhat, which may in part be attributable to the new trade agreement between the USA and Mexico. Meanwhile, the assessment of the current economic situation in the country increased by +3.4 points to 76.0 in September. UK unemployment held steady at 4% in the three months to July 2018, its joint-lowest since 1975 and in line with market consensus. The number of unemployed declined by -55k from the February to April period while employment rose by +3k and the number of job vacancies hit a fresh record high. Meanwhile, annual wage growth picked up from a nine-month low as businesses found it harder to recruit staff.

**PRECIOUS**

Gold and silver both had constructive bounces after hitting the lows during early NYK yesterday, the former managing to close just off the days high. Gold opened around \$1195.50 and was once again under a bit of pressure



for the first half of the day. The market dipped down to \$1194 on the China open as Asian buying on the exchange was muted and not really providing anything in way of support. The SGE premium as a result slipped from the previous session, trading down to between USD \$5.50-6.50/oz over the loco London price. There was some modest early demand from European traders in line with a firming EUR and softening dollar, the metal pushing as high as \$1197.50 before easing from there. In the NY session it was all selling initially with the yellow metal retreating back below \$1190 as the USD bounced back and commodities in general - with the exception of oil - were sold. Around the time the stellar ADP Employment figure was released, sentiment changed and some demand was seen across the precious. This continued for the remainder of the session, gold clawing its way to a fresh intra-day high of \$1199.30 with 30 minutes to go and closing only slightly off that. Silver followed gold for the majority of the day, pushing through the previous low (\$14.00) to touch its lowest point since January 2016. A number of stops were tripped on the break of \$14.00 although it did manage to hold at \$13.95 which was a little surprising. Once gold started to rebound silver also clawed back towards \$14.15 and closed at that level. We remain range-bound for now across the metals with the ongoing trade tensions likely drivers of direction over the short term.

There was some profit taking around following the overnight rally during the early Asian hours this morning. This was compounded around the time that Shanghai came in, with China again showing little demand. After initially trading at \$1198, gold meandered lower throughout the AM session, giving up some \$5 to trade as low as \$1193 right on the SGE close. The metal traded fairly flat throughout the lunch hours and since the re-open has exhibited a bit of an upswing, trading around \$1194.50 as I write. Silver is currently a little softer on the day although has held \$14.10 so far. PGM's are mostly flat or a touch softer so far. The USD is marginally stronger vs. majority of the G10 (JPY the exception), equities a touch lower with the Nikkei currently -0.4%, Hang Seng -0.15%, ASX200 -0.1% and the Shanghai Composite is bucking the trend up +0.25%. Ahead on the data calendar today we have EuroZone Industrial Production and U.S PPI, Mortgage Applications and Beige Book. Have a good day ahead.

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