



MKS PAMP GROUP

Asia Market Update

16th August 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1175.80/00	14.46/48	770/72	845/47
HIGH	1178.70/90	14.60/62	779/81	864/66
LOW	1160.80/00	14.34/36	755/57	835/37
LAST	1177.10/30	14.60/62	779/81	864/66

MACRO

US equities finished lower as the fallout from Turkey's currency crisis continues, though the markets did pare some of the early losses on reports that Qatar has pledged to invest \$15 billion in Turkey. The Dow lost 137.51 points, or 0.54%, to 25,162.41, the S&P 500 fell 21.59 points, or 0.76%, to 2,818.37, while the Nasdaq sold off 96.78 points, or 1.23%, to 7,774.12. There were wins for REITs (+0.84%) and utilities (+0.76%) while heavy losses in energy (-3.51%) and materials (-1.55%) led the laggards. In currency majors, the Turkish Lira clawed back a little more ground against the greenback, USD/TRY is now trading around 5.97. The US dollar index (DXY) crept up 0.02% to 96.71, the EUR tested 1.13 before recovering to 1.1352, while USD/JPY traded down to 110.43. US treasury yields were lower, the 2 year yield eased 2.9 bps to 2.608% while the 10 year yield shed 3.6 bps to 2.862%. European equities came under heavy selling pressure, the EuroSTOXX dropped 5.22 points, or 1.36%, to 379.70, the German DAX shed 195.86 points, or 1.58%, to 12,163.01, and the London FTSE 100 sold off 113.77, or 1.49%, to 7,497.87. There was a broad sell off in commodities as the situation in Turkey added to increasing concerns about the US/China trade war. Oil prices were lower, Brent fell 2.39% to USD \$70.73 while WTI tumbled 3.19% to USD \$64.90. Base metals were hammered, with zinc (-6.28%), nickel (-4.28%), copper (-4.02%) and aluminum (-2.17%) suffering sharp losses. In US economic data, retail sales rose 0.5% MoM in July following a 0.2% increase in June, while retail sales ex-autos rose 0.6% MoM in July. The Empire State Index rose 3 points to 25.6 in August. Business productivity rose to a 2.9% annualised rate in the second quarter of 2018, while unit labour costs fell by 0.9%. Industrial production increased by 0.1% in July following a sharp 1% rise in June, while capacity utilisation was unchanged at 78.1% in July. The NAHB home builders index fell to 67 in August from 68 in July.

PRECIOUS

Mixed pricing for gold during Asian trade on Thursday, extending previous session weakness before paring declines and turning higher during the afternoon. A sharp sweep lower pre-Shanghai of in excess of 800k ounces saw bullion print the session low of USD \$1,160.80, however the weakness soon reversed on the back of Chinese buying interest. Flows through the Shanghai exchange weren't outside of what we have seen in recent sessions, however the premium continues to hold toward USD \$5 to underpin price action. The yellow metal continues to look fragile at current levels and will need to find support around USD \$1,160 to restrict a test toward the December 2016 low of USD \$1,122. Dollar strength continues to create headwinds for the metal, while ETF outflows now sit toward 900k for the month to add further downwards pressure on pricing. On the data front, today we have weekly jobless claims, housing starts, building permits, and the Philly Fed index out of the US; Balance of Trade numbers out of the Eurozone; and wholesale prices out of Germany.



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