



**MKS PAMP GROUP**  
**Asia Market Update**  
**27<sup>th</sup> August 2018**

Range Asian Hours  
(from Globex open)

	<b>GOLD</b>	<b>SILVER</b>	<b>PLATINUM</b>	<b>PALLADIUM</b>
<b>OPEN</b>	1207.20/40	14.83/85	791/93	938/40
<b>HIGH</b>	1207.60/80	14.85/87	793/95	940/42
<b>LOW</b>	1203.90/10	14.79/81	788/90	936/38
<b>LAST</b>	1205.40/60	14.83/85	790/92	936/38

**MARKETS/MACRO**

Federal Reserve chair Jerome Powell was in focus on Friday, using his maiden speech at the Jackson Hole symposium as Fed chair to reiterate that a gradual normalisation in rates remains appropriate. Powell defended the central bank's strategy, commenting that the Fed faces two major risks, of "moving too fast and needlessly shortening the expansion, versus moving too slowly and risking a destabilising overheating.". The remarks were the first public comments from Powell since President Trump criticised the Fed's rate increases and underscored his intent to operate independently of any political pressures.

Durable goods orders in the U.S. fell -1.7% MoM during August (exp: -1.0%), largely a result of a sharp decline to new contracts for passenger jets. Excluding transportation, orders increased +0.2% (exp: +0.5%), while core orders jumped +1.4% (exp: +0.5%) from an upwardly revised +0.6% gain during July (prev: +0.2%). Equities in the U.S. posted gains on Friday following dovish comments from Fed chair Powell, seeing both the S&P 500 and the Nasdaq Composite to record closing highs. The S&P 500 saw strength from materials (+1.22%) and technology (+1.10%) to end +0.62% higher to a record at 2,874.69 points, while the Nasdaq Composite jumped +0.86% to a record at 7,945.98 points and the DJIA added +0.52% to 25,790.35 points. On a weekly basis the S&P 500 ended +0.9% higher, the Nasdaq Composite jumped +1.7% and the DJIA climbed +0.5%. The greenback extended recent declines against majors on Friday following the dovish comments from Fed chair Powell. The DXY index fell -0.5% after collapsing -1.25% against the CNH, while also softer relative to the euro (EUR/USD +0.7%), however steady against the yen. The difference between the two-year and 10-year U.S. treasury yields fell to a fresh decade low on Friday, declining underneath 20bps (the measure has turned negative before every U.S. recession for the last 50 years). Equity markets across Europe ended higher on Friday, buoyed by Fed chair Powell's comments and reports that President Trump said he could buy some of Italy's debt. The Stoxx Europe 600 inched just +0.05% higher to 383.56 points, while the German Dax tacked on +0.23% to 12,394.52 points and in the U.K. the FTSE 100 saw strength across commodities to end +0.19% higher at 7,577.46 points.

**PRECIOUS**

A relatively robust session for bullion on Monday following Friday's dollar driven gains, seeing early session interest on the back of further dollar weakness, before consolidating throughout the afternoon. The yellow metal opened to a modest bid tone, testing toward Friday's high print as the greenback traded heavily around the Tokyo open. The metal however ran into offers during early Shanghai trade as the on-shore premium tempered toward USD \$5 after moving above USD \$7 last week. A sharp move lower to USD/JPY through Friday's low underpinned a modest recovery to the metal, however the dollar soon



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found interest to reverse these gains and see bullion hold toward USD \$1,205 into the London open. The large short positioning is likely still intact for now, however will be tested should the dollar remain under pressure and underpin a move through USD \$1,210 - \$1,215 for bullion. The metal will look to hold the USD \$1,200 figure to entice interest for a leg higher, while support underneath the psychological level will be evident toward USD \$1,185 - \$1,190. A further positive for gold is the recent reduction in ETF selling, with only 10k of outflows recorded on Friday. Silver held a narrow range today to remain above USD \$14.80, while the white metals also spent the session consolidating recent gains. Data releases today include German IFO survey results, the Chicago Fed activity index and the Dallas Fed manufacturing activity index.

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