



MKS PAMP GROUP

Daily Asia Wrap

12th July 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1241.80/30	15.78/81	825/28	938/41
HIGH	1244.60/10	15.86/89	831/34	941/44
LOW	1241.30/80	15.73/76	822/25	935/37
LAST	1244.10/60	15.86/89	830/33	938/41

MARKETS/MACRO

US equities broke a four day winning streak after the Trump administration announced tariffs on an additional \$200 billion of China exports the previous evening. Wednesday's losses in the stock markets were perhaps smaller than many had anticipated given that a full on trade war with China is becoming more likely. The Dow lost 219.21 points, or 0.88%, to 24,700.45, the S&P 500 fell 19.82 points, or 0.71% to 2,774.02, while the Nasdaq sold off 42.586 points, or 0.55%, to 7,716.611. The markets were driven by losses in energy (-2.15%), materials (-1.69%), and industrials (-1.62%). European equities were lower, the EuroSTOXX shed 4.85 points, or 1.26%, to 381.40, the German DAX slumped 192.72 points, or 1.53%, to 12,417.13, and the London FTSE 100 gave up 100.08 points, or 1.30%, to 7,591.96. Big moves in the currencies as the USD benefits from the increase in trade related tension. The US dollar index firmed 0.60% to 94.724, the EUR was trading as high as 1.175 before tumbling to 1.666, and USD/JPY made a steady climb to 112.11. US treasury yields were mixed, the 2 year yield firmed 0.83 bps to 2.5776% and the 10 year yield remained flat at 2.8491%. Oil prices were hammered as Saudi Arabia increased production by nearly 500,000 barrels per day in June, Brent crashed 6.05% to \$74.09 while WTI slid 4.72% to \$70.61. Base metals were broadly lower, with copper (-2.96%) leading the losses. In US economic data, the producer price index rose 0.3% in June following a 0.5% increase in April. the 12 month rate of wholesale inflation rose from 3.1% to 3.4%, the highest level since 2011. Wholesale inventories climbed 0.6% in May while sales increased 2.5% in the month. In Asia today, as I write the Nikkei is at +1.29%, the Shanghai composite is at -1.18%, the Hang Seng is at +2.08%, and the ASX S&P 200 is at +1.01%. Tonight we have weekly jobless claims, consumer price index, core CPI, and Federal budget numbers out of the US; and industrial production data out of the Eurozone.

PRECIOUS

A buoyant US dollar sends the precious lower after Trump's China tariff announcement. Gold opened at \$1255 in Asia and held within a tight range for the first couple of hours. As SGE opened and the premium fell below \$1, onshore selling saw gold testing the \$1250 level. The market consolidated here until London came in, choppy trading in the EUR saw gold trade up to \$1253 then drop to \$1248 in the London AM session. Support for the greenback took off in early NY hours as investors reacted to the strong PPI data and the previous evening's tariff announcement. The yellow metal came under selling pressure as a result, trading steadily lower through the remainder of the session to close at the low of \$1241. Silver sold off almost 2% to finish right on the low of \$15.74. Platinum gave up \$19 to close at the \$822 low, while palladium escaped with only a very narrow loss. The Philadelphia gold and silver index slumped 3.06%. In Asia today, trading is relatively subdued after yesterday's sell off, gold has remained within the \$1241-44 range. The SGE premium firmed slightly but USD/JPY trading back above 112 is keeping the market in check. The yellow metal is at \$1244.10 as I write. Silver printed a fresh 2018 low of \$15.73 earlier but has recovered through the afternoon, the grey metal currently sits at the high of \$15.86. PGMs are range-bound thus far. Have a good day ahead.



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