



## MKS PAMP GROUP

### Daily Asia Wrap

13<sup>th</sup> October 2017

Range Asian Hours  
(from Globex open)

|             | <b>GOLD</b> | <b>SILVER</b> | <b>PLATINUM</b> | <b>PALLADIUM</b> |
|-------------|-------------|---------------|-----------------|------------------|
| <b>OPEN</b> | 1293.40/80  | 17.22/25      | 938/41          | 973/75           |
| <b>HIGH</b> | 1296.90/30  | 17.27/30      | 938/41          | 983/85           |
| <b>LOW</b>  | 1293.40/80  | 17.19/22      | 932/35          | 972/74           |
| <b>LAST</b> | 1296.90/30  | 17.27/30      | 938/41          | 981/83           |

#### MARKETS/MACRO

In us economic data, the producer price index rose 0.4% in September following a 0.2% increase in August. The rise saw the yearly rate of wholesale inflation pushed to 2.6%, the highest level since February 2012. Core PPI, which excludes food and energy, rose 0.2%. The increase can be largely attributed to a rise in gasoline prices as a result of Hurricane Harvey. Initial jobless claims decreased by 15k to 243k in the week ending October 7, continuing jobless claims fell to 1.89M, the lowest level in 44 years. US equities finished lower despite the three major bourses all reaching intra-day records. The retreat came as several of the top financial companies, including Citigroup (-3.5%) and JP Morgan (-0.88%), released third quarter earnings data. The Dow lost 31.88 points, or 0.14%, to 22,841.01; the S&P 500 fell 6.46 points, or 0.25% to 2,548.78, and the Nasdaq eased 12.04 points, or 0.18%, to 6,591.51. There were wins for REIT's (+0.69%) and industrials (+0.52%), while telecoms (-3.54%) and financials (-0.72%) led the losses. European shares edged higher as Brexit negotiations stall, the EuroSTOXX added 0.13 points, or 0.03%, to 391.03, the German DAX crept up 12.21 points, or 0.09%, to 12,982.89, and the London FTSE 100 gained 22.43 points, or 0.30%, to 7,556.24. In the currencies, the US dollar index inched up 0.07% to 93.081, the EUR traded down to 1.1832, while USD/JPY traded as high as 112.50. US treasury yields were lower, the 2 year yield eased 0.59 bps to 1.5127% and the 10 year yield erased 3.04 bps to 2.3177%. In commodities news, oil prices were lower after the IEA reported a monthly rise in global crude supplies, Brent fell 1.11% to \$56.31 while WTI clipped 1.29% to \$50.64. Base metals were broadly higher, with nickel (+2.33%) leading the charge. In Asia today, as I write the Nikkei sits at +1.10%, the Shanghai composite is at +0.15%, the Hang Seng at +0.03%, and the ASX S&P 200 at +0.53%. Tonight we have CPI, retail sales, consumer sentiment, and business inventories out of the US; and inflation data out of Germany.

#### PRECIOUS

Gold consolidated above the \$1290 level in what was a range-bound session for the precious as investors wait for tonight's CPI figures. Gold opened at \$1291 in Asia and quickly traded through the previous session high of \$1293, the SGE premium pulled back to \$9-10 which slowed the buying interest out of China, however the sliding USD/JPY helped the market reach the high at \$1297 during the London AM session. The yellow metal retraced to \$1289 in early NY trading as the core PPI and jobs data came out stronger than expected, but found enough support to grind higher to a close at \$1293. Silver remained range-bound for the day, the grey metal closed all but flat at \$17.16. Palladium outperformed for the second day running, surging \$30 off the low to a high of \$985. The rise continues an impressive week in which the XPD has climbed a remarkable 7% on the back of the forward market squeeze, the Pd-Pt spread is now at a 16 year high +\$40. The Philadelphia gold and silver index slipped 0.02%. The SPDR Gold Trust holdings remained unchanged at 858.45 metric tonnes. As expected today's trading in Asia has been fairly quiet ahead of tonight's US CPI release, gold picked up a few dollars to reach a high of \$1296.90 as the dollar eases against the yen. The SGE premium was around \$10-11 over loco London, and the yellow metal is at \$1296.90 as I write. Silver opened at \$17.22 and is at \$17.27 as I write. Palladium made its way back to



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yesterday's highs and is sitting at \$980. Gold should find support at the week's low of \$1285 and below that the 100 dma at \$1274, on the upside a close above the psychological \$1300 level would be required for the yellow metal to make a push higher. Have a good day ahead.

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