



MKS PAMP GROUP

Daily Asia Wrap

16th July 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1241.00/20	15.82/84	830/32	940/42
HIGH	1245.40/60	15.86/88	833/35	944/46
LOW	1241.10/30	15.81/83	829/31	940/42
LAST	1244.80/00	15.86/88	831/33	944/46

MARKETS/MACRO

The cost of imported goods in the U.S. declined -0.4% in June to mark the largest decline since February 2016. Excluding fuel, import prices declined -0.3%. The DJIA reclaimed the 25,000 points handle on Friday, gaining +0.38% to 25,019.41 points, while gains to consumer staples (+0.63%) helped the S&P 500 +0.11% higher to 2,801.31 points. The Nasdaq Composite pushed +0.03% higher to mark a fresh record close of 7,825.98 points. Over the week the DJIA gained +2.3%, the S&P 500 added +1.5% and the Nasdaq finished +1.8% higher. The greenback eased modestly on Friday after paring earlier gains in New York, sliding -0.17% after notably losing ground against the euro and the yen. Treasury yields in the U.S. eased on Friday as trade tensions buoyed demand for bonds. The 10-year declined 2.2bps to 2.83% and the two-year dipped 1.2bps to 2.58%. European stock markets booked modest gains on Friday, however trade concerns continued to remain in focus. The Stoxx Europe 600 ended the session +0.17% higher to 385.03 points for a +0.7% weekly return, while the German DAX gained +0.38% to 12,540.73 points and the French CAC 40 rose +0.43%. In the U.K. the FTSE 100 inched +0.14 higher to 7,661.87 points, with gains tempered somewhat by a stronger pound late in trade.

PRECIOUS

Gold continued to see price action dictated by dollar flows during Asian trade today, recovering from early session weakness to break above the USD \$1,245 pivot point in afternoon trade. An initial bid to USD/China saw heavy trade in early Shanghai, reversing an initial move through USD \$1,244 and extending back toward opening levels. The weakness was however short-lived as the Chinese currencies regained the ascendancy following the 2Q GDP print of +6.7% YoY (exp: +6.7%) and a mild uptick to retail sales to +9.0% YoY (exp: +8.8%). Bullion tracked steadily higher throughout the afternoon on the back of the softer dollar, pushing above USD \$1,245, before running into offers around the figure. The yellow metal tested support around USD \$1,237 last week and although closing above the figure continues to remain weak, while ETF outflows are creating headwinds for the metal, with around 1.2 million ounces liquidated so far this month. Key down-side support remains around USD \$1,236 - \$1,237, while USD \$1,245 will act as a top-side pivot point for an extension through USD \$1,250. Focus this week will be on Federal Reserve



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Chairman Jerome Powell's testimony before congress tomorrow, while on the data front today we see Empire manufacturing and U.S. retail sales.

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