



MKS PAMP GROUP

Daily Asia Wrap

18th May 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1290.20/60	16.41/44	889/92	977/79
HIGH	1290.60/00	16.43/46	890/93	981/83
LOW	1287.90/30	16.39/42	884/87	976/78
LAST	1290.00/40	16.42/45	888/91	978/80

MARKETS/MACRO

The US and China began a second round of trade talks in Washington on Thursday, however President Trump made it clear he does not expect a positive outcome, remarking that China has "become very spoiled". US equities were lower following Trump's comments, the Dow lost 54.95 points, or 0.22%, to 24,713.98, the S&P 500 fell 2.33 points, or 0.09% to 2,723.07, while the Nasdaq shed 15.823 points, or 0.21%, to 7,382.473. There were wins for energy (+1.31%) and industrials (+0.30%) while utilities (-0.90%) and telecoms (-0.56%) led the laggards. European equities were higher, the EuroSTOXX added 2.58 points, or 0.66%, to 395.79, the German DAX put on 118.28 points, or 0.91%, to 13,114.61, and the London FTSE 100 gained 53.77 points, or 0.70%, to 7,787.97. The US dollar index edged higher 0.08% to 93.471, the EUR traded down to 1.1780 while USD/JPY climbed to 110.84. US treasury yields were mixed, the 2 year yield eased 2.04 bps to 2.5647% and the 10 year yield rose 1.67 bps to 3.1131%. Oil prices were higher, Brent rallied 0.30% to \$79.52 and WTI firmed 0.13% to \$71.58. Base metals were mostly higher, with nickel (+0.83%) leading the gains. In US economic data, the Philly Fed manufacturing index climbed to 34.4 in May from 23.3 in April, the highest reading in 12 months. The Conference Board's leading economic index rose 0.4% in April from an upwardly revised 0.4% increase in March. Initial jobless claims rose by 11k to 222k in the week ending May 12th, continuing jobless claims fell by 87k to 1.71M. In Asia today, as I write the Nikkei is at +0.37%, the Shanghai composite is at +0.28%, the Hang Seng is at +0.17%, and the ASX S&P 200 is at -0.23%. No significant economic data slated for release tonight.

PRECIOUS

Quiet session for the precious as gold finishes the day where it started once again. Gold opened at \$1290 in Asia, the SGE premium was around \$8-9 and Chinese buying squeezed the market to the days high \$1294. Producer selling above \$1292 kept a lid on things gold was eventually sold off as the US dollar took off against the yen. London came in on the offer and sold the metal to a fresh 2018 low of \$1284 as the EUR traded below 1.18. The greenback plateaued during NY hours, and the yellow metal was able to grind higher in very quiet trading to finish flat at \$1290. Silver proved more resilient, the market held the opening level as gold came under pressure then climbed 19c to a high of \$16.48. Palladium saw the most volatility, closing lower at \$978 in whippy trade. The Philadelphia gold and silver index lost 0.12%. Very quiet trading in Asia today, gold eased off the \$1290 opening level as USD/JPY tested 111. The SGE premium is still around \$8-9 and Chinese buying appears to be supporting the market somewhat. The yellow metal is at \$1290.00 as I write. Silver has traded a very tight range in Asia, the grey metal is at \$16.42 as I write. Very little price action in the PGM's also. Gold remains under pressure with the US dollar still bid, however the market has stabilised over the past two sessions. There are buyers between \$1280 and \$1285 and below that the next solid technical support is at the December low at \$1237. On the upside, expect initial resistance at yesterday's high of \$1294 and the \$1300 level after that. Have a good day ahead.



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