



## MKS PAMP GROUP

### Daily Asia Wrap

20<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>	1289.40/80	17.25/28	921/24	958/60
<b>HIGH</b>	1290.70/10	17.27/30	924/27	964/66
<b>LOW</b>	1281.90/30	17.13/16	917/20	958/60
<b>LAST</b>	1283.30/70	17.16/19	920/23	963/65

#### MARKETS/MACRO

Reports out of the US suggest Federal Reserve Governor Jerome Powell is the front-runner to become chair of the US central bank. The report followed President Trump's meetings with the five finalists for the position, including current Fed chair Janet Yellen, on Thursday. Powell is the candidate viewed as most similar to Yellen and would not be expected to greatly alter the Fed's current approach to monetary policy. US equities were mixed following a late rally in the Dow and S&P 500 on the Fed news, with both inching up to a record close. The Dow edged higher 5.44 points, or 0.02%, to 23,163.04; the S&P 500 crept up 0.84 points, or 0.03% to 2,562.10, while the tech-heavy Nasdaq eased 19.15 points, or 0.29%, to 6,605.07. There wins for utilities (+1.01%) and healthcare (+0.61%), while consumer staples (-0.61%) and tech (-0.35%) led the losses. European shares were lower as tensions escalate in Spain, the EuroSTOXX lost 2.45 points, or 0.63%, to 389.11, the German DAX fell 52.93 points, or 0.41%, to 12,990.10, and the London FTSE 100 retreated 19.83 points, or 0.26%, to 7,523.04. In currency majors, the US dollar index declined 0.09% to 93.276, the EUR traded up to 1.1857 while USD/JPY traded down to 112.35. US treasury yields were lower, the 2 year yield eased 2.64 bps to 1.5365% and the 10 year yield erased 3.05 bps to 2.3160%. In commodities news, oil prices were lower following 4 consecutive sessions of gains, Brent fell 1.62% to \$57.21 while WTI lost 1.29% to \$51.37. Base metals were mixed, with aluminium (+1.51%) the best performer. In US economic data, the Philly Fed index rose to 27.9 in October from 23.8 in September. The increase was largely due to a spike in the number of employees index, which jumped to 30.6 in October from 6.6 in September. Initial jobless claims decreased by 22k to 222k in the week ending October 14, the lowest figure since March 1973. Continuing jobless claims fell by 16k to 1.89M, Leading economic fell 0.2% in September following a 0.4% rise in October. This marks the first recorded monthly decline in 12 months and is at least partially due to the impact of the recent hurricanes. In news out of Asia, the Chinese economy grew 6.8% (YoY) in the third quarter of 2017, following a 6.9% reading in each of the previous two quarters. The figure is in line with economists expectations and represents the weakest rate of expansion since the fourth quarter of 2016. In Asia today, as I write the Nikkei sits at -0.03%, the Shanghai composite is at +0.05%, the Hang Seng at +0.98%, and the ASX S&P 200 at +0.21%. Tonight we have existing home sales out of the US and PPI data out of Germany.

#### PRECIOUS

A rally for the precious overnight as the US dollar softened. Gold opened at \$1280 in Asia and dipped to the days low of \$1277 as the opening SGE premium at \$10 failed to spark any buying. USD/JPY dropped in the Asian PM and gold bounced quickly, reaching \$1280 on the London open and \$1285 shortly after. Trade during NY hours was volatile as the greenback fluctuated, but the yellow metal held on to print the days high of \$1290 just before the close. Silver opened right on the \$17 level and drifted down to the low of \$16.90 during Asian hours. The grey metal caught a bid as London came in to trade back above \$17 and surged to a session high \$17.25 in NY before the close. In the PGMs, palladium survived some whippy NY trading to close all but flat while platinum slid \$10 to finish at \$920. The Philadelphia gold and silver index



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added 0.54%. SPDR Gold Trust holdings were unchanged at 853.13 metric tonnes. In today's trading, gold was testing the \$1290 level through the AM before a steep slide to \$1285 as USD/JPY jumped above 113. The SGE premium was lower at \$7 over loco London. The market has drifted lower through the afternoon to reach the day's low of \$1281.90, the yellow metal is at \$1283.30 as I write. Silver has drifted lower off the open before stabilising around \$17.15, the grey metal sits at \$17.16 as I write. Platinum is flat while Palladium grinds higher. Gold should see support at the 100 dma at \$1275 which has held over the previous two sessions, on the upside we can expect resistance at yesterday's high of \$1290 followed by the \$1300 psychological level. Have a good day ahead.

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