



MKS PAMP GROUP

Daily Asia Wrap

22nd June 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1267.00/40	16.31/34	860/63	947/49
HIGH	1270.50/90	16.40/44	864/67	956/58
LOW	1266.60/00	16.28/31	854/57	947/49
LAST	1269.40/80	16.39/42	863/66	955/57

MARKETS/MACRO

US equities finished lower as fears of a global trade war persist. The Dow lost 196.1 points, or 0.80%, to 24,461.70 to continue an 8 day losing streak, the S&P 500 fell 17.56 points, or 0.63% to 2,749.76, while the Nasdaq sold off 68.563 points, or 0.88%, to 7,712.952. There were wins for REITs (0.62%) while heavy losses in energy (-1.93%) and industrials (1.19%) weighed on the markets. European equities were lower as Italian financial stocks were sold on reports that the country had appointed a Euroskeptic to its Senate finance committee. The EuroSTOXX gave up 3.44 points, or 0.90%, to 380.85, the German DAX slumped 183.25 points, or 1.44%, to 12,511.91, and the London FTSE 100 fell 70.96 points, or 0.93%, to 7,556.44. In the currencies, the US dollar index eased 0.25% to 94.883, the EUR 1.1624, while USD/JPY was as low as 109.84. US treasury yields were lower, the 2 year yield eased 2.9 bps to 2.5369% and the 10 year yield fell 4.22 bps to 2.8967%. Oil prices were mixed as OPEC and other key allies head toward a decision to raise global output, though US prices were supported by a sharp drop in inventories reported on Wednesday. Brent slipped 2.23% to \$73.07 while WTI firmed 0.14% to \$65.80. Base metals were moderately higher for the most part, though zinc (-2.57%) bucked the trend. In US economic data, the Philly Fed manufacturing index declined sharply to 19.9 in June from a reading of 34.4 in May. The new orders index tumbled by almost 23 points to 17.9. The Conference Board's leading economic index rose 0.2% in May following a 0.4% increase in April, a measure of current conditions also rose 0.2%. Initial jobless claims fell by 3k to 218k in the week ending June 16, while continuing claims rose by 22k to 1.72M. In Asia today, as I write the Nikkei is at -0.78%, the Shanghai composite is at -0.09%, the Hang Seng is at +0.02%, and the ASX S&P 200 is at -0.11%. Tonight we have Markit manufacturing PMI (flash) and Markit services PMI (flash) out of the US; and consumer confidence (flash), Markit manufacturing PMI (flash) and Markit services PMI (flash) out of the Eurozone.

PRECIOUS

Flat session for the precious as gold claws back early losses. Gold opened at \$1268 in Asia and, despite an early creep higher, was sold steadily through the day as the US dollar picked up ground against the yen. The SGE premium opened around \$4-5 and we did see some buying action on the way down, though not enough halt the decline which saw the market reach \$1262 as London came in. Gold then steadied around the Asian lows during the London AM session before dipping to a 6 month low of \$1261 on the open in NY. The yellow metal saw it's fortunes reversed during NY hours as investors turned on the greenback. Gold climbed steadily higher to the days high of \$1270 on broad USD weakness, before easing in the late afternoon to a close at \$1266. Silver dipped to a 3 week low \$16.17 before paring it's losses to finish at \$16.30. Palladium was the worst performer, slumping \$17 off the open and closing near the lows. In Asia today, gold has hovered around \$1267-69 before ticking up over \$1270 late in the day as the EUR firms. The SGE premium was around \$3-4 over loco London. The yellow metal is at \$1269.40 as I write. Silver reached a high of \$16.40 and is sitting at \$16.39 as I write. PGMs are edging higher also. Gold should find initial support at yesterdays low of \$1261 with the December 17 low of \$1641 below that. On the upside,



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expect broad resistance between \$1275-80, with the psychological \$1300 level the target above there. Have a good day ahead.

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