



MKS PAMP GROUP

Daily Asia Wrap

23rd July 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1231.50/70	15.50/52	827/29	892/94
HIGH	1235.10/30	15.55/57	831/33	898/00
LOW	1230.10/30	15.47/49	825/27	888/90
LAST	1230.40/60	15.48/50	827/29	892/94

MARKETS/MACRO

Equities in the U.S. ended modestly lower on Friday despite a number of positive earnings releases, with concerns over trade war headlines and comments from President Trump directed toward the Federal Reserve continuing to weigh upon investor appetite. The DJIA eased -0.03% to 25,058.12 points, while heavy trade to real estate (-0.92%) and utilities (-0.76%) saw the S&P 500 end -0.09% lower at 2,801.83 points. Over the week the DJIA notched a +0.2% gain and the S&P 500 inched just under +0.1% higher. The greenback was well offered on Friday following comments from President Trump accusing both China and the European Union of currency and interest rate manipulation. The DXY index ended the session -0.7% lower to slip into negative territory on the week, notably seeing high volatility against both CNY and CNH after the PBOC weakened the yuan by the most in 2-years on Friday via the setting of their reference rate. The euro consolidated through 1.17 to add +0.7% on the session and the yen jumped close to +0.9%. Treasury yields in the U.S. saw a steepening of the curve as the 10-year added 5.5bps to 2.893% and the two-year held relatively unchanged at 2.593%. European markets finished lower on Friday as trade wars concerns were stoked by President Trump and the euro pushed higher. Declines to autos weighed upon equities in Germany to see the DAX end -0.98% lower at 12,561.42 points, while the Stoxx Europe 600 slipped -0.15% to 385.62 points. In the U.K. the FTSE 100 inched -0.07% lower as the pound reversed early weakness against the dollar to add +0.9% on the session.

PRECIOUS

A positive session for gold on Friday after the metal was able to reverse previous session weakness and find support on the back of a softer dollar. It wasn't all smooth sailing for the yellow metal however, seeing early session weakness in Asia after the PBOC weakened the yuan by the most in 2-years. The initial dollar bid in Shanghai saw bullion turn sharply offered, breaking underneath USD \$1,220 and extending to a session low of USD \$1,215.70. The metal was able to climb back above USD \$1,220 during the Chinese lunchbreak and continued to see interest in London to test shorts on a move back through USD \$1,225. Further dollar declines in New York saw another round of short covering through USD \$1,230 and the metal was able to close above the figure even amid good supply to end +0.7% higher on the session.



Asian trade on Monday saw mixed price action for bullion, extending briefly through USD \$1,235 in early trade, however softening in China as the dollar regained footing amid once again volatile USD/China pricing. The early bid tone was largely driven by a leg lower to USD/JPY, moving underneath 111.00 following Friday's weakness. Interest toward USD \$1,230 has kept price action buoyant even as short-term players look to take profit above the figure, while USD \$1,240 looms as a key top-side pivot point. Recent price action suggests gold has been able to build a base around USD \$1,220, however near-term risks of a reversal toward USD \$1,210 - \$1,200 are still in play. Gold vols have firmed following the recent price action, with 1m edging toward 10.6 as participants look for exposure following the recent weakness. The latest COTR data shows (week ending July 17) gold positioning has lightened further to sit at around 15% of the all-time high, while platinum positioning remains net-short to open up top-side potential. Data releases today include the Chicago Fed National activity Index and U.S. existing home sales.

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