



MKS PAMP GROUP

Daily Asia Wrap

24th August 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1185.50/90	14.49/52	774/77	912/14
HIGH	1189.40/80	14.58/61	782/85	922/24
LOW	1183.20/60	14.47/50	770/73	911/13
LAST	1188.90/40	14.57/60	781/84	919/21

MARKETS/MACRO

US equities finished lower on low trading volumes ahead of this weekend's symposium at Jackson Hole. The Dow lost 76.62 points, or 0.30%, to 25,656.68, the S&P 500 slipped 4.84 points, or 0.17%, to 2,856.98, while the Nasdaq fell 10.64 points, or 0.13%, to 7,878.46. Tech (+0.18%) was the only positive sector as materials (-0.70%), energy (-0.52%), and financials (-0.51%) dragged the markets lower. European equities were lower, the EuroSTOXX dropped 0.64 points, or 0.17%, to 383.38, the German DAX shed 20.12 points, or 0.16%, to 12,365.58, and the London FTSE 100 sold off 11.02 points, or 0.15%, to 7,563.22. In the currencies, the US dollar index firmed 0.50% to 95.62, the EUR was as low as 1.1532, and USD/JPY traded up to 111.28. The Australian dollar was dumped 1.5% as Prime Minister Malcom Turnbull faced a leadership challenge from within his own party. US treasury yields were higher, the 2 year yield firmed 2.5 bps to 2.616% while the 10 year yield added 0.7 bps to 2.826%. Oil prices remained pretty much unchanged after yesterday's rally, Brent crept up 0.07% to \$74.83 while WTI edged lower 0.03% to \$67.84. Base metals were mixed, with nickel (-1.85%) the biggest mover. In US economic data, the IHS Markit's manufacturing index flash reading fell to a nine month low of 54.5 in August from 55.3 in July. The services index flash reading fell to 55.2 from 56.0 in July. Economists believe the slowdown is largely due to a shortage of skilled labor and an increase in the cost of wages and some raw materials. New home sales declined to 627k in July from 638k in June. Initial jobless claims fell 2k to 210k in the week ending August 12. Continuing claims were unchanged at 1.73 million. In Asia today, as I write the Nikkei is at +0.71%, the Shanghai composite is at -0.35%, the Hang Seng is at -0.69%, and the ASX S&P 200 is at +0.29%. On the data front, tonight we have durable goods orders and core capital goods orders out of the US, plus US Fed Chair Jerome Powell's address at the Jackson Hole symposium; and GDP growth numbers out of Germany.

PRECIOUS

Tough day for the precious as gold finishes around the lows on broad USD strength. Gold opened at \$1195 in Asia and spent the first hour around \$1196, which would ultimately be the high of the day. The AUD was sharply sold against USD as it became increasingly probable that PM Malcom Turnbull would resign, we saw gold trade steadily lower to \$1190 as a result. The SGE premium eased to \$5-6 and which prompted decent selling flows out of China. Towards the end of the Asian session there was a small bounce followed by a gap lower to \$1186 right on the London open. The market consolidated between



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\$1186-89 through most of the AM session in London before popping up above \$1190 just ahead of the NY opening bell. Gold got as high as \$1192 in NY before thing turned around, the greenback became broadly bid and the yellow metal was sold to a session low \$1183 just before the close. Silver was under selling pressure right from the open in Asia, the grey metal closed right on the week low \$14.47. PGMs were lower also, with platinum and palladium finishing at \$775 and \$915 respectively. The Philadelphia gold and silver index lost 3.15%. The SPDR Gold Trust holdings were down 0.19% to \$767.23 metric tonnes. In Asia today, former treasurer Scott Morrison has replaced Malcom Turnbull as the new Prime Minister of Australia. The Aussie dollar recovered to 0.7282 on the news and gold is creeping higher. The SGE premium is back at \$6-7 over loco London and we have seen decent buying out of China. The yellow metal is at \$1188.90 as I write. Silver is also making a slow grind higher, the grey metal is currently sitting at \$14.57. PGMs edging higher also. Gold should find resistance at yesterday's \$1192 high and the psychological \$1200 level above that. On the downside, there appears to be buying interest around \$1183 and further support at \$1170. Have a good day ahead.

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