



MKS PAMP GROUP

Daily Asia Wrap

27th July 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1222.80/20	15.39/42	825/28	929/31
HIGH	1224.50/90	15.42/45	828/31	931/33
LOW	1222.00/40	15.38/41	821/24	926/28
LAST	1223.60/00	15.41/44	825/28	930/32

MARKETS/MACRO

US equities ended Thursday mixed following heavy losses in the technology sector. Facebook shares were routed after the social media giant reported underwhelming revenue for the second quarter and a disappointing read on global daily active users. The US\$119 billion wiped off the company's market cap represented the largest one day loss in US stock market history. The Dow added 112.97 points, or 0.44%, to 25,527.07, the S&P 500 lost 8.63 points, or 0.30% to 2,837.44, while the Nasdaq slumped 80.054 points, or 1.01%, to 7,852.185. There were wins for utilities (+1.14%) and energy (+0.99%), though losses in tech (-1.64%) weighed heavily on the markets. European equities were higher following the EU meeting with Trump on Wednesday, the EuroSTOXX rose 3.36 points, or 0.67%, to 390.53, the German DAX climbed 229.9 points, or 1.83%, to 12,809.23, and the London FTSE 100 crept up 4.91 points, or 0.06%, to 7,663.17. In the currencies, the US dollar index rose 0.59% to 94.785, the EUR was sold to 1.1638 while USD/JPY was as high as 111.24. US treasury yields were higher, the 2 year yield firmed 1.21 bps to 2.6815% and the 10 year yield rose 0.18 bps to 2.9764%. Oil prices were mixed, Brent firmed 0.83% while WTI slipped 0.09% to \$69.55. Base metals were mostly higher, with nickel (+0.69%) leading the gains. In US economic data, durable goods orders rose 1% in June following a 0.3% decrease in May. Core capital equipment orders were up 6% in June after a 0.7% rise in May. The US goods trade deficit widened 5.5% to \$68.3 billion in June as reported by the Commerce Department. Initial jobless claims rose 9k to 217k in the week ending July 21, continuing claims fell by 8k to 1.75 million. In Asia today, as I write the Nikkei is at +0.44%, the Shanghai composite is at -0.24%, the Hang Seng is at -0.15%, and the ASX S&P 200 is at +0.79%. On the data front, tonight we have gross domestic product, and consumer sentiment out of the US; and business confidence, services sentiment, consumer confidence, economic and industrial sentiment out of the Eurozone.

PRECIOUS

A soft session for the precious on broad strength in the USD. Gold opened at \$1231 in Asia and traded to recent high \$1235 in early hours. The Chinese were sellers as soon as they came in with the SGE premium around \$1-2. and the market drifted lower through the afternoon. The market gapped lower to \$1237 just after the open in London as USD/JPY started to bounce, then consolidated around \$1228 through the morning session. The broader greenback rally picked up steam in early NY trading, the EUR was dumped through 1.17 and the gold was promptly sold off. The yellow closed the day right on the days low at \$1222. After an early, and brief, foray above \$15.60, silver spent the remainder of the session trading steadily lower. The grey metal closed on the low of \$15.36. PGMs were lower, with platinum and palladium finishing at \$823 and \$927 respectively. Very subdued trading in Asia today, gold opened at \$1222.80 and has remained within a tight \$2.50 range all day. USD/JPY dipped below 111 earlier but there has been very little interest in the metal, SGE premium is flat. Gold is sitting at \$1223.60 as I write. Silver currently just above the opening level at \$15.41 and PGMs have traded sideways. Looking ahead, if gold slips below last nights low of \$1222 we could soon be re-testing the 2018 low of \$1212, with the psychological \$1200 level



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as the next step. On the upside, the metal has made a couple of attempts at \$1235 over the last couple of weeks and that should remain first resistance to a move higher. Have a good day ahead.

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