



MKS PAMP GROUP

Daily Asia Wrap

3rd May 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1305.10/50	16.36/39	891/94	959/61
HIGH	1310.00/40	16.44/47	898/01	969/71
LOW	1305.10/50	16.36/39	891/94	959/61
LAST	1307.70/10	16.40/43	898/01	969/71

MARKETS/MACRO

The FOMC left interest rates unchanged overnight, as was widely expected by investors. Commentary from the Fed mentioned that "overall inflation and inflation for items other than food and energy have moved close to 2%" and suggested that it expects inflation to move close to the 2% target over the medium term. Traders were looking to the policy statement for clues as to whether the Fed may add another rate hike this year above the three already planned, however despite the slightly hawkish sentiment the statement offered no firm indication either way. US equities traded higher following the rates announcement, however the three major bourses finished in the red after a late sell-off. The Dow lost 174.07 points, or 0.72%, to 23,924.98, the S&P 500 fell 19.13 points, or 0.72% to 2,635.67, while the Nasdaq shed 29.808 points, or 0.42%, to 7,100.896. Energy (+0.39%) was the lone positive sector as consumer staples (-1.93%), telecoms (-1.76%) and health (-1.41%) weighed on the markets. European equities were higher, the EuroSTOXX rose 2.41 points, or 0.63%, to 387.44, the German DAX put on 190.14 points, or 1.51%, to 12,802.25, and the London FTSE 100 gained 22.84 points, or 0.30%, to 7,543.20. The currencies saw whippy trade following the FOMC announcement, the US dollar index initially dropped 0.38% on the news before rebounding even higher to 92.809, up 0.30% for the day. The EUR traded down to 1.1938 shortly after popping over 1.20, and USD/JPY was as high as 109.98. US treasury yields were mixed, the 2 year yield eased 1.60 bps to 2.4882% and the 10 year yield rose 0.19 bps to 2.9663%. In commodities news, oil prices were mixed as Brent lost 0.08% to \$73.07 and WTI added 0.64% to \$67.68. Base metals were mostly higher, with aluminium (+2.72%) leading the gains. In US economic data, ADP employment data showed the private sector added 204,000 jobs in April, this follows an increase in March of 228,000 jobs which was downwardly revised from the previously estimated 241,000. This is the sixth consecutive month of job growth above 200,000. In Asia today, as I write the Nikkei is at -0.16%, the Shanghai composite is at 0.62%, the Hang Seng is at -1.16%, and the ASX S&P 200 is at +0.80%. Tonight we have weekly jobless claims, trade deficit, productivity, unit labor costs, Markit services PMI, ISM non-manufacturing index, and factory orders out of the US; and PPI and inflation data out of the Eurozone.

PRECIOUS

Choppy session for the precious ahead of the FOMC rates announcement out of the US. Gold opened at \$1304 found a bid early as Asia returned from holidays, with short covering pushing the market to \$1311. The SGE premium was around \$8-9 which prompted early buying from the Chinese banks which turned into selling later in the day as the premium came off. London came in at \$1309 and hovered around that level through the AM session. From the opening bell in NY the greenback was bid as investors anticipated the afternoons FOMC announcement, gold was promptly sold to the days low at \$1303. The yellow metal spiked to a session high \$1312 on the rates news and quickly came crashing back down to test the \$1302 200 DMA once again. Gold finished flat for the day at \$1304. Silver had already rallied over 20c before popping up to the high of \$16.49, the grey metal closed ahead at \$16.35. Palladium was the pick of the PGMs, surging over 3% to a high of \$973. The Philadelphia gold and silver index added 0.61%. The SPDR



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gold trust holdings were unchanged at 866.77 metric tonnes. In Asia today, gold opened at \$1305 and traded up to \$1310 on broad USD weakness. The SGE premium is around \$7-8 over loco London. we are seeing increased selling as the day progresses. The yellow metal is at \$1307.70 as I write. Silver traded up to \$16.42 and has since eased back to the opening level at \$16.40. PGMs are creeping higher. Gold is close to the key 200 DMA technical support at \$1304, which is only just above the psychological \$1300 level. On the upside, the 100 DMA at \$1322 will be the first target. Have a good day ahead.

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