



## MKS PAMP GROUP

### Daily Asia Wrap

3<sup>rd</sup> November 2017

Range Asian Hours  
(from Globex open)

	<b>GOLD</b>	<b>SILVER</b>	<b>PLATINUM</b>	<b>PALLADIUM</b>
<b>OPEN</b>	1275.90/30	17.10/13	921/24	996/98
<b>HIGH</b>	1278.30/70	17.15/18	926/28	1001/03
<b>LOW</b>	1276.10/50	17.08/11	921/24	996/98
<b>LAST</b>	1276.50/90	17.11/14	922/25	999/01

#### MARKETS/MACRO

US House Republicans released their long anticipated tax plan on Thursday, however questions remain over whether it will have the support to guarantee congressional passage. The plan is for a complete overhaul of the tax system, and includes cutting the corporate tax rate from 35% to 20% and reducing the number of individual tax brackets to four from seven. President Trump has asked Congress to pass the bill by the Thanksgiving holiday on 23 November, an ambitious target given the breadth of the legislation. Also in the US, Trump has nominated Jerome Powell to run the Federal Reserve once Janet Yellen's term expires in February of next year. The move was widely anticipated and Powell is expected to adopt a gradual path to normalisation, similar to Yellen. US equities were mostly higher after a bumpy session, with the Dow closing at another record high. The Dow added 88.06 points, or 0.38%, to 23,523.07; the S&P 500 crept up 0.24 points, or 0.01% to 2,579.60, while the Nasdaq eased 1.60 points, or 0.02%, to 6,714.913. There were wins for REITs (+0.88%) and financials (+0.86%), with telecoms (-1.01%) and consumer discretionary (-0.77%) leading the losses. European shares were mixed EuroSTOXX fell 1.83 points, or 0.46%, to 394.94, the German DAX lost 24.58 points, or 0.18%, to 13,440.93, and the London FTSE 100 rose 67.36 points, or 0.90%, to 7,555.32. In the currencies, the US dollar index shed 0.14% to 94.68, the EUR traded up to 1.1676, while USD/JPY was as low as 113.65. US treasury yields were lower, the 2 year yield declined 0.39 bps to 1.6080% and the 10 year yield slipped 2.53 bps to 2.3468%. In commodities news, oil prices were higher as Brent added 0.36% to \$60.71 and WTI firmed 0.70% to \$54.68. Base metals were broadly lower, with nickel (-0.94%) leading the decline. In US economic data, the Labor Department advised that non-farm business sector productivity rose at a 3% annual rate in the third quarter of 2017. The result is a significant improvement over the 1.5% reported in the previous quarter, though analysts are saying that the rise might have been exaggerated by the hurricane activity in recent months. Unit labour costs rose 0.5% in the quarter, following a 0.3% rise in Q2. Initial jobless claims fell by 5k to 223k in the week ending October 28, continuing jobless claims fell by 15k to 1.884M. In Asia today, as I write the Nikkei sits at +0.53%, the Shanghai composite is at +0.74%, the Hang Seng at +0.31%, and the ASX S&P 200 at +0.44%. Tonight we have non-farm payrolls, unemployment rate, average hourly earnings, trade deficit, Markit services PMI, ISM non-manufacturing index, and factory orders out of the US.

#### PRECIOUS

Gold opened at \$1274 in Asia and found the bid early as USD/JPY slipped below 114. The market tested the resistance at \$1280 once again but met with resting orders, the SGE premium was around \$7-8 which didn't prompt much action flow-wise, Gold began to drift lower late in the Asian day as the greenback rallied, settling around \$1276 for a few hours following the open in London. The yellow metal popped to \$1283 early in NY as the dollar was sold sharply against the yen but again there too many sellers north of \$1280, the XAU finishing up only slightly ahead for the session at \$1275. Silver was also buffeted by movement in the USD, the grey metal opened at \$17.12 and was as low as \$17.05 before the spike to a session high \$17.20, finally closing near the lows at \$17.07. Palladium was unable to consolidate above \$1000 and



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platinum appeared to succumb to profit taking, closing at \$996 and \$924 respectively. The Philadelphia gold and silver index edged higher 0.03%. The SPDR gold trust holdings fell 0.42% to 846.04 metric tonnes. In today's trading, gold has remained within a tight \$2 range as with the Japanese out for Culture Day. The SGE premium is \$7-8 over loco London. The yellow metal sits at \$1276.50 as I write. Silver trading quietly also, the grey metal is at \$17.11 as I write. Palladium is making another move on the psychological level, currently sitting right on \$999. The general trend for gold over the last week has been positive, but the market will need to find a catalyst within the host of data released tonight to push through the strong resistance at \$1280. On the down side we should see close support at the 100 dma at \$1275. Have a good day ahead.

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