



MKS PAMP GROUP

Daily Asia Wrap

5th December 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1276.20/40	16.32/35	927/29	995/97
HIGH	1277.40/60	16.35/37	929/31	1000/02
LOW	1274.30/50	16.31/33	926/28	995/97
LAST	1274.80/00	16.33/35	926/28	998/00

MARKETS

U.S. factory orders declined less than expected during October, easing just -0.1% (exp: -0.4%) as demand for both civilian and defence aircraft softened, while excluding transportation orders increased +0.8%. Durable goods orders declined -0.8% (exp: -1.1%), while orders for non-defence capital goods, often viewed as a measure of business spending plans, edged +0.3% higher and the so called core capital goods that are used in the calculation of GDP jumped +1.1%. Equity markets in the U.S. ended trade on Monday mixed, with late session weakness seeing the S&P 500 fall into negative territory as technology names weighed upon the bourse. The DJIA opened well bid following the weekend tax reform news and was able to hold onto a +0.24% gain to 24,290.25 points, however well down on the 24,534.04 intra-session high. Declines to technology (-1.93%) and real estate (-1.29%) outweighed strength across financials (+1.55%) to see the S&P 500 (-0.11%) hand back early session gains, while the Nasdaq saw heavy trade from major tech players take the bourse -1.05% lower.

Oil futures posted declines on Monday as participants largely ignored OPEC data showing a 300k daily decline in member production. WTI declined around -1.6% to end the session at USD \$57.47 per barrel, while Brent crude sunk -2% to USD \$62.45 per barrel. Tax reform headlines saw the DXY open around +0.2% stronger in Asia from Friday's closing levels, however the greenback failed to add to these early session gains and held around opening levels into the close. U.S. treasury yields edged marginally higher on Monday as the 10-year added around 1.6bps to 2.377% and the two-year gained 3.4bps to 1.806%

Equity markets in Europe ripped higher on Monday, buoyed by tax reform headlines out of the U.S. over the weekend. A strong performance from the financial sector helped the Stoxx Europe 600 to a +0.91% gain to 387.47 points, while a stronger dollar created headwinds for the euro to help the export heavy German Dax +1.53% higher. In the U.K. the pound endured whippy trade around Brexit headlines following reports that parties had failed to reach an agreement in Brussels, however it was noted that progress had been made. Equities in London held onto the majority of early session gains, ending +0.53% higher as shares in homebuilders rose following a robust HIS Markit/CIPS construction PMI print of 53.1, marking the highest level in five months.



PRECIOUS

Bullion held a relatively narrow range during Monday's session, continuing to see firm interest toward USD \$1,270 during modest early European weakness, before recovering into the close to end generally flat on the session. The yellow metal generally tracked dollar flows throughout the session, seeing little direction otherwise with ETF interest notably absent following Friday's large inflows. Gold vols continued to ease amid the muted price action, with 1m sliding underneath 8.4. Asian trade on Tuesday saw early session interest leading into the Chinese open, once again directed by dollar flows as the greenback opened offered. Physical interest out of Shanghai failed to keep the early bid tone buoyant, with an on-shore premium of around USD \$6 relative to London bullion doing little to spur interest out of the far east. It seems for now that bullion will continue to find direction from USD flows, while remaining sensitive to headlines regarding U.S. tax reforms and the FBI probe. Near-term USD \$1,270 will be the key for the metal, with support extending toward the all-important 200 DMA at USD \$1,267.40. On the Top-side we see resistance at USD \$1,281.40 (50 DMA) and 1,286.80 (100 DMA).

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