



MKS PAMP GROUP

Daily Asia Wrap

8th December 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1247.30/70	15.70/73	894/96	1015/17
HIGH	1249.30/70	15.76/79	896/98	1016/18
LOW	1246.80/20	15.70/73	893/95	1012/14
LAST	1248.70/10	15.75/78	895/97	1014/16

MARKETS/MACRO

Equities climbed overnight, treasury yields eased and the USD appreciated with global markets generally on the quieter side leading into tonight's NFP's. The main U.S stock benchmarks edged higher in early Thursday trade and maintained these gains throughout, driven by gains in the tech, industrial and materials sectors. The DJIA gained +70.57 points, or +0.29%, to 24,211.48, the S&P500 rallied +7.71 points, or +0.29%, to 2,636.98 and the NASDAQ appreciated +36.466 points, or +0.54%, to 6,812.841. The best performing sector was Industrials up +0.93%, while the worst performing sector was Consumer Staples -0.87%. Stocks across Europe wobbled into the close, settling generally unchanged as traders digested economic growth data and look forward to today's data. The Euro First 300 Index inched down -0.13 of a point, or -0.01% to 1,520.12 and the Euro Stoxx 600 crept up +0.09 of a point, or +0.02% to 386.41. Regionally the moves were more diverse, the FTSE100 fell -0.37%, DAX was up +0.36% and CAC40 +0.18%. In FX focus was centred around GBP, with Brexit negotiation headlines (ECJ STUMBLING BLOCK IN BREXIT TALKS SAID TO BE RESOLVED), driving GBP as low as 1.3320, only to surge to a 1.3485 high late in NYK. The change in tone for the GBP later in the day was brought about by reports that a deal with the European Court of Justice had been struck. Crude oil prices rose strongly (WTI +\$0.70, or +1.25% to \$56.66 bbl), as buyers returned to the market after some heavy liquidation over the past couple of days. There was very little data to drive prices, with investors left to ponder the recent OPEC production cut extensions amid the rising oil product inventories in the US. The market was spooked by the rise in gasoline inventories in the US (+6.78 million barrels), however, it appeared a classic knee-jerk reaction, with stockpiles normally rising at this time of the year. A mixed theme in treasuries, beginning the NY session well bid at the lows seemingly as a result of short covering/position squaring ahead of Friday's jobs report. Later in the session however, dealers and fast money sold into the bid, with the pullback accompanied by a steeper curve. The US 10y yield increased +2.67bps to 2.3652% and the US 2y yield fell -0.4bps to 1.8024%.

Data was light overnight, the only real thing of note U.S jobless claims. The labour Department said new unemployment benefits slipped by -2k to 236k for the week ended Dec 2nd. It was the third straight weekly decline in claims and marked the 144th straight week that new claims remained below the 300k threshold - which is associated with a strong labour market. Further, this is the longest stretch since the early 1970's. Continuing claims fell 52k to 1.91 million.

Bitcoin continues to entertain, surging to a fresh high overnight just above \$17,000, then settling around \$15,000 to be up a mere +12.5% on the day. The crypto currency has surged an astonishing +60% this week alone, baffling traders.



PRECIOUS

It was a very soft night for the precious complex, gold, silver and platinum breaking down through a number of technical levels as investors continue to focus on imminent rate hikes and progress to U.S tax reform. Despite some support in Asia throughout the morning evident by the SGE premium shifting to the right to \$8, gold ultimately broke through the \$1260 support in the Asia PM session. Momentum began to build on the move as weak intra-day longs capitulated, the metal shrugging off \$4 and never really looking like moving higher throughout the rest of the day. It was a slow and gradual sell-off throughout the European hours which continued into the NY morning. USD and equities continued their upward momentum which continued the downward pressure on precious and base metals. During the afternoon gold plunged through \$1250 to fresh multi-month lows, with some huge volume churning through Comex. We sharply traded to an intra-day low of \$1244.50 before some profit taking was seen with an hour and half to go, closing at \$1247.00. The gold has now cleared the weekly 100 dma on the downside and bears will now be looking to target the 76.4% retracement (\$1240.70) and then the weekly 200 dma at \$1233.20. On the side we should see resistance at \$1260-63 (sequence of monthly lows, base of old range, 61.8% retracement). Platinum has fallen over 4% this week, putting it on track for its biggest weekly loss in months, resulting in a XPTXPD ratio of 0.88. The metal now sits below \$900 and just above a significant support zone between \$890-895 (multiple low crossings dating back to November 2016). Silver has had a rough week too, down -3.3% at current levels and looking soggy. The outlier is palladium, which bucked the trend overnight and pushed aggressively back through \$1000 to just above \$1020, adding +2.0% on the day and returning to where it started the week. Elsewhere, China's gold reserves remain unchanged for a 13th month in succession, maintaining a holding of 1824 tons even as overall FX reserves grew to a high of \$3.2 trillion.

Asia were on the bid this morning, although there remained decent selling pressure from Comex which kept the gold range fairly tight throughout the day. Gold opened at \$1247.50 and traded sideways over the first few hours of the day. When China came in they were initial buyers with the premium for onshore traders a little higher (\$8.50-9.50), although the demand was relatively light considering the scale of the move lower. The fact we have NFP's tonight may also have given reason for pause amongst investors. Silver and the PGM's were much the same, contained to quiet ranges with modest flows seen. Other markets were equally quiet, the USD on hold against the majors (EUR 1.1765, GBP 1.3490, JPY 113.40, AUD 0.7515), while equities were strong, the Nikkei currently up +1.1%, Hang Seng +0.85%, Shanghai Composite +0.2% and ASX200 +0.3%. There is a fair bit of data out today including German trade data, French and UK manufacturing data, Canadian housing starts and U.S uni of Michigan sentiment, wholesale inventories and of course the Non Farm Payrolls. Have a great weekend.

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