



**MKS PAMP GROUP**  
**Europe / US Market Update**  
**12<sup>th</sup> June 2018**

Range Europe / US Markets

12-Jun-18	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
<b>OPEN</b>	1297.95	1298.45	16.8700	16.8900	908.75	910.75	1011.70	1016.70
<b>HIGH</b>	1302.55	1303.05	16.9400	16.9600	909.05	911.05	1022.30	1027.30
<b>LOW</b>	1293.75	1294.25	16.7600	16.7800	902.85	904.85	1011.30	1016.30
<b>CLOSE</b>	1300.05	1300.45	16.9300	16.9500	903.95	905.95	1022.30	1027.30
<b>EFP</b>	3.80	4.20	0.0050	0.0250	-0.25	0.75	-10.00	-5.00
<b>LBMA Prices</b>	AM	PM	16.7600		AM	PM	AM	PM
	1296.05	1299.60			904.00	906.00	1015.00	1019.00
<b>Active Contract</b>	GCQ8 Comdty		SIN8 Comdty		PLN8 Comdty		PAU8 Comdty	

**MACRO**

- Ahead of a major week for central bank meetings, key data releases and the US-North Korea Summit today, financial markets were becalmed, despite the G7 discord after Saturday's communique.
- U.S. stock-market indices closed mostly higher Monday, though the Dow faded to end essentially flat within the final minutes of the session.
- The DJIA gained closed up +5.78 points (+0.02%) to 25,322.31, the S&P500 accelerated +2.97 points (+0.11%) to 2,782.00 and the NASDAQ Composite advanced +14.415 points (+0.19%) to 7,659.925.
- The best performing sector was Consumer Staples (+0.8%), while the worst performing sector was Utilities (-0.3%).
- European equities began the week higher as investors pushed aside the weekend's spiteful G7 meeting in Canada and Italian stocks posted their best session in over a year (FTSE MIB+3.42%).
- The EuroFirst 300 climbed 10.85 points (+0.72%) to 1,516.35 and the EuroStoxx 600 jumped +2.82 points (+0.73%) to 387.94. Regionally the DAX rose +0.60%, the FTSE100 +0.73% and the CAC40 rallied +0.43%.
- The U.S 10y yield increased +0.55bps to 2.952% and the U.S 2y yield rose +2.25bps to 2.520%.
- Crude oil prices suffered a roller coaster ride as investors tried to make sense of the conflicting supply-side issues. Nigeria halted operation of its Bonny Light oil pipeline after new leaks were discovered, without giving a restart time. Bloomberg reported that Saudi Arabia had boosted output by 162,000 b/d in May to 10.03m b/d. While this is still below the output level agreed in the production cut agreement (10.058m b/d), it comes after it and Russia had proposed to increase production due to declines elsewhere in OPEC.



- July WTI crude finished up +\$0.33 (+0.50%) at \$66.07 a barrel and August Brent inched lower, down -\$0.06 (-0.08%) to \$76.40.
- German IP fell in April -1.0% MoM, adding to fears that Europe's powerhouse economy is slowing down.
- UK IP also fell in April -0.8% MoM, led by a falling factory production as well as energy supply and water usage.

## PRECIOUS

- Yet another inside session for gold, the metal dipping off to the lows throughout the European session and recovering throughout NY.
- When the market opened yesterday it was silver which drove the complex higher, the white metal surging into the low \$16.90's and dragging gold with it through \$1300. It was predominantly Chinese banks on the bid in silver.
- The silver buying eased after the first hour of SGE trade and we started to see both gold and silver begin to slide.
- Into the European morning the metals remained sluggish, silver trading back down to \$16.78 and gold \$1294.25, in what was quite an orderly sell-off.
- Later in the day EURUSD punched back through 1.18, and the precious began to climb. Gold posting a high of \$1302.55 late in the day and silver again robust, still falling short of hitting the \$17 handle.
- Producer selling in gold continues to cap a definitive move through \$1300-1305, while Asian buying in the low \$1290's continues to support on dips.

We expect gold to be volatile this week, ahead of today's U.S and North Korea meeting and central bank meetings Wednesday through Friday. We are looking for a clear break, one way or another, outside of \$1290-1310 range.

## PRE-ASIA COMMENTS

- Main event today is the meeting between U.S President Donald Trump and North Korean leader Kim Jong Un. As I write the two men are sitting down to discuss nuclear demilitarisation amongst other things.
- Any results or outcomes of the meeting are not expected for a few hours, but markets may be volatile once these outcomes begin being reported.
- USDJPY has accelerated this morning running from 110.00 to a 110.44 high, which has put a bit of pressure on gold the metal falling from \$1300 to \$1298.
- Given we are still trading the range, I do not expect too much from China when they open up for trade, although activity will likely be dependent on outcomes of the U.S and North Korea talks. Press conference by Trump is scheduled for 4:00pm Sydney time.
- On the data front today look out for:
  - Japanese PPI
  - Australian NAB Business Confidence and Conditions
  - Italian Employment
  - UK Employment and Jobless Claims
  - German and Eurozone ZEW survey
  - U.S CPI and the Monthly Budget Statement

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