



MKS PAMP GROUP
Europe / US Market Update
18th June 2018

Range Europe / US Markets

18-Jun-18	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
OPEN	1302.00	1302.50	17.1850	17.2150	904.80	907.80	1010.20	1015.20
HIGH	1302.10	1302.60	17.2450	17.2750	905.90	908.90	1011.80	1016.80
LOW	1276.30	1276.80	16.5300	16.5600	885.60	888.60	988.30	993.30
CLOSE	1279.10	1279.60	16.5300	16.5600	886.10	889.10	989.10	994.10
EFP	2.50	3.00	0.0100	0.0300	-1.00	2.00	-10.00	-5.00
LBMA Prices	AM	PM	17.23		AM	PM	AM	PM
	1300.10	1285.25			903.00	898.00	1007.00	995.00
Active Contract	GCQ8 Comdty		SIN8 Comdty		PLN8 Comdty		PAU8 Comdty	

MACRO

- U.S. President Donald Trump announced hefty tariffs on \$50 billion of Chinese imports on Friday. The first USD \$34bn tranche will be a 25% rate on 818 product lines, starting 6 July 2018. The second USD \$16bn tranche is on 284 proposed lines which will undergo further review in a public notice and comment process.
- Trump also vowed further measures if Beijing struck back. On Friday he pledged more tariffs if China follows through on the retaliation threats, without specifying an amount. In April, he asked officials to consider an additional \$100 billion in levies.
- U.S. Trade Representative Robert Lighthizer said an announcement on U.S. investment restrictions on China will follow in the next two weeks.
- As expected, Beijing has retaliated against the U.S tariffs on Chinese goods by targeting high-value American exports — including farm products, cars, and crude oil — bringing the world's two biggest economies closer to an all-out trade war.
- In striking back at the U.S, China expanded the list of U.S products that would be subject to tariffs to 659 types of goods, from some 106 types it originally disclosed in April. Most of the added goods on China's retaliatory list are agricultural, seafood and energy products. Beijing is imposing the tariffs in two steps, as Washington is doing — picking the same amounts and same dates the US is choosing.
- Euro zone consumer prices increased as estimated in May. Inflation rose to +1.9% in May from revised +1.3% in April. Inflation was in line with the European Central Bank's target of 'below, but close to 2 percent'.
- The University of Michigan's consumer sentiment for the U.S increased to 99.3 in June of 2018 from 98 in May. Figures beat market expectations of 98.5, reaching the highest in three months due to consumers more



favourable assessments of their current financial situation and more favourable views of current buying conditions for household durables.

- U.S industrial production edged down -0.1% MoM in May 2018, following an upwardly revised 0.9 percent growth in April and missing market expectations of a 0.2 percent gain. Manufacturing production fell sharply largely because truck assemblies were disrupted by a major fire at a parts supplier.
- U.S equities closed lower, but well off the lows of the session, investors looking past the Washington-Beijing trade barbs.
- The Dow Jones Industrial Average fell -84.83 points (-0.34%) to 25,090.48, the S&P500 sold off -2.83 points (-0.10%) to 2,779.66 and the NASDAQ Composite retreated -14.664 points (-0.19%) to 7,746.378.
- European equities bore the brunt of the trade clash concerns, the Euro First 300 down -15.34 points (-1.00%) to 1,521.08 and the Euro Stoxx 600 came off -3.91 points (-0.99%) to 389.13. Regionally the FTSE100 fell -1.70%, DAX lost -0.74% and CAC40 relinquished -0.48%.
- The US 10y yield decreased -1.46bps to 2.921% and the US 2y yield fell -1.64bps to 2.547%
- JUL 18 WTI Crude sold off -\$1.83, or -2.74%, to \$65.06 and AUG 18 Brent Crude lost -\$2.50, or -3.29%, to \$73.44.

PRECIOUS

- The precious sector wasn't immune from the sell-off amid rising trade tensions on Friday - gold prices finally breaking out of the recent range and trading to its lowest levels of the year (\$1276.80).
- Gold ground its way sideways throughout the Asia session Friday, touching the absolute session highs not long after the open. Flows were very light in Asia as had been consistent the entire week - price action non-existent too.
- With the considerably lower EUR, gold played some catch up early in the European session, falling below \$1300 and failing to recover above there meaningfully.
- Despite the selling throughout Europe, the yellow metal did hang in fairly well, holding close to \$1300.
- Early selling from U.S banks and hedge funds drove the price below \$1295. The strong dollar helped push it lower and when we broke through \$1290 the buying - from predominantly Asian sources - had all but dried up.
- Gold traded reasonably swiftly down to the lows and only managed to recover a few dollars to close out the day around \$1280.
- Silver exhibited a more dramatic drop Friday, given that it had rallied well throughout the week (trading at \$17+). The white metal started to fall around the same time as gold (when the tariffs were announced) and never looked like being supported.
- From the highs, the metal fell some -4.5% to the low (\$16.56) and closed pretty much there. The metal erasing the gains built up over the previous 2 weeks in a session.
- Gold could undergo some follow through selling from here, it will be important to watch ETF flows.

PRE-ASIA COMMENTS

- It is a holiday in China, HK and Singapore today so liquidity will be lower than usual. Price action will also likely be rather static.
- So far we have seen some light buying from Asian names although so far we have not drifted far from \$1280.
- Quiet day on the data calendar today:
 - - Japanese Trade Balance
 - - Italian Trade Balance
 - - U.S NAHB Housing Market Index

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