



MKS PAMP GROUP

Daily Asia Wrap

18th June 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1277.70/90	16.54/56	886/88	989/91
HIGH	1281.90/10	16.58/60	888/90	990/92
LOW	1277.70/90	16.50/52	885/87	986/88
LAST	1280.10/30	16.55/57	885/87	986/88

MARKETS/MACRO

A further escalation in the trade war between the U.S and China over the weekend with Beijing moving to impose an additional 25 per cent tariff on 659 U.S. goods. The move comes following President Trump's announcement on Friday that the U.S. would impose fresh tariffs on 1102 Chinese product lines to the tune of USD \$50 billion per year. The trade tensions weighed upon equities in the U.S. as the major bourse's ended modestly lower on Friday. The DJIA eased -0.34% to 25,090.48 points, however was able to recover from early session weakness that saw the bourse off as much as -1.1%. The S&P 500 saw weakness across energy stocks (-2.11%) to slip -0.10% to 2,779.66 points, while the Nasdaq Composite pulled back -0.19% to 7,746.378 points. Over the week the DJIA fell -0.9%, the S&P inched +0.01% higher and the Nasdaq outperformed +1.3%. The Empire state manufacturing index increased 4.9 points in June to 25.0 (exp: 18.8), marking the highest read since October 2017 as new orders, shipments and employment all recorded solid gains. Industrial production in the U.S. fell into negative territory for the first time in 4-months, sliding -0.1% MoM (exp: +0.2%) to follow an upwardly revised +0.9% previously. The greenback held a narrow range on Friday following the recent central bank related strength, seeing the DXY ease -0.1% as participants considered the implications of fresh tariffs. European equities were sold-off on Friday as the U.S. and China resumed their 'trade war'. The Stoxx Europe 600 slumped -0.99% to 389.13 points, the German Dax declined -0.74% to 13,010.55 points and in the U.K. the FTSE 100 tanked -1.7% on the back of Chinese related weakness across mining stocks.

PRECIOUS

An outside session for gold on Friday as sellers swept the metal to a fresh 2018 low of USD \$1,276.30. Price action was generally restricted to New York hours as the yellow metal traded either side of USD \$1,300, finding layered bids underneath the figure to soak up producer selling. It was generally one-way traffic in New York however as participants triggered a number of stop loss orders through USD \$1,290 and again at the May low around USD \$1,282. The weakness looked to be a delayed reaction to greenback's ECB related gains on Thursday, squeezing out long positioning and finding little in the way of support on the back of 'trade war' headlines. Silver outpaced gold on Friday to tank a staggering -3.8% before finding supportive price action around USD \$16.50, while platinum made light work of the USD \$900 support and similarly palladium lost the USD \$1,000 handle.



A muted session for gold on Monday with China and Hong Kong taking leave. The yellow metal opened underneath Friday's close, however was generally well supported in early flows to push back above USD \$1,280. A modest bid to the greenback in the afternoon created some headwinds to drag bullion back underneath the figure, however the metal held a narrow range into the European open and didn't extend much lower. Dollar flows look likely to continue to be the main driver of price action over the near term, while we see support toward USD \$1,275 and resistance at the recently broken May low of USD \$1,282, with extension to USD \$1,285. Down-side risks continue to build as ETF positioning remains buoyant and should outflows drive a break of USD \$1,275 we could see an extension as far as USD \$1,250 - \$1,236 (Dec 2017 low). Silver remains above the USD \$16.50 pivot point, however is susceptible to a test toward USD \$16.10 should gold struggle to find footing at USD \$1,275.

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