



MKS PAMP GROUP

Daily Asia Wrap

4th June 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1293.00/20	16.40/42	903/05	1000/02
HIGH	1294.20/40	16.43/45	905/07	1007/09
LOW	1290.80/00	16.37/39	900/02	1000/02
LAST	1291.50/70	16.38/40	900/02	1007/09

MARKETS/MACRO

The May nonfarm payroll print outpaced expectations to increase 223k (exp: 190k), following a modestly downwardly revised 159k in April (prev: 164k). The U.S. unemployment rate declined to 3.8% from 3.9% to mark the lowest print since April 2000 and the participation rate eased to 62.7% from 62.8%. The broader 'U-6' measure of unemployment and underemployment, which includes those who have stopped looking and those in part-time jobs who want full-time positions eased to 7.6% from 7.8% previously. Average hourly earnings ticked up +0.3% MoM during April (exp: +0.2%) to see the annualised figure to +2.7% YoY from +2.6% previously, while average hours worked per week held at 34.5. The U.S. ISM manufacturing PMI rebounded during May, increasing to 58.7 (exp: 58.2) from 57.3 the month prior. Of the 18 manufacturing industries, 16 reported growth, while new orders, production and employment components all improved. Equities in the U.S. jumped on Friday following the stronger than expected jobs data. The DJIA added +0.90% to 24,635.21 points, strength across technology (+1.97%) helped the S&P 500 to a +1.08% gain and a close at 2,734.62 points, while the Nasdaq Composite ripped +1.51% higher and finished the session at 7,554.332 points. Over the week the DJIA sunk -0.5%, the S&P 500 booked a +0.5% gain and the Nasdaq Composite outperformed to add +1.6%. The greenback firmed modestly on Friday to see the DXY index +0.2% higher, making notable gains against the euro and pushing back above 109.00 relative to the yen. Following the U.S. payrolls data the market is now factoring in a 90% chance that interest rates will firm in the U.S. at next week's FOMC meeting. U.S. treasury yields edged higher on Friday following the jobs print. The 10-year gained around 6bps to 2.90% and the two-year added 5bps to 2.472%. Spanish Prime Minister Mariano Rajoy lost a vote of no-confidence in parliament on Friday. The vote was called for by the main opposition Socialist party, whose leader Pedro Sanchez will become the new Prime Minister. European markets posted gains on Friday following the easing of political tensions in Italy. The Stoxx Europe 600 jumped +1.01% to 386.91 points and the German Dax gained +0.95% to 12,724.27. In London the FTSE 100 gained +0.31% after finding support from positive performances across Europe. Oil futures settled lower on Friday on concerns over higher production levels from Saudi Arabia and Russia. WTI sunk -1.8% to USD \$65.81 per barrel to mark the lowest close since April 10, while Brent crude declined -1% to USD \$76.79 per barrel.



PRECIOUS

Gold disappointed on Friday to consolidate underneath USD \$1,300 following the strong jobs print in the U.S. Interest out of Asia kept price action buoyant around USD \$1,300, however the metal lacked the follow through buying required to consolidate above the figure and drifted lower on dollar strength in Europe. Gold held a narrow range into New York hours as the euro failed to capture 1.1700 and participants sat on the sidelines awaiting the jobs data release. The headline U.S. jobs print and fall to the unemployment rate further strengthened the case for an interest rate increase in June to weigh upon the yellow metal in New York. A sharp sweep lower saw the session low of USD \$1,289.50 printed, however underlying support was evident around USD \$1,292 and the metal held this level throughout the remainder of the session. ETF's have been relatively resilient in recent weeks as gold trades around USD \$1,300, however it is worth noting that outflows on Friday totalled close to 300k ounces. Silver saw whippy price action in New York and failed to claim the USD \$16.50 pivot point, while Palladium ripped +1.6% higher to close above USD \$1,000 and platinum traded resiliently to hold support at USD \$900.

A range-bound but generally soft session for gold in Asia on Monday, unable to benefit from a modestly softer greenback to test toward Friday's New York support level in afternoon pricing. Much like Friday, interest around USD \$1,292 kept price action buoyant throughout the majority of the session, however a break through the support triggered a stop loss run to the session low of USD \$1,290.80. We should see broad support toward USD \$1,289 - \$1,291, however it is currently difficult to see a catalyst for a retest of USD \$1,300 and the recent top and 200 DMA at USD \$1,307.80. Political issues in Italy and Spain have eased for now, however there are still simmering trade tensions between the U.S. and a number of parties that may play a supportive role over the near-term to more so restrict declines rather than see a test higher. Silver continues to respect the recent range and looks to USD \$16.50 as a pivot point, while platinum and palladium are holding the respective supports at USD \$900 and USD \$1,000. Data today includes U.S. factory orders and U.S. durable goods orders / capital goods orders

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