



## MKS PAMP GROUP

### Daily Asia Wrap

17<sup>th</sup> May 2018

Range Asian Hours  
(from Globex open)

	<b>GOLD</b>	<b>SILVER</b>	<b>PLATINUM</b>	<b>PALLADIUM</b>
<b>OPEN</b>	1290.80/00	16.37/39	891/93	988/90
<b>HIGH</b>	1294.10/30	16.42/44	893/95	990/92
<b>LOW</b>	1288.20/40	16.33/35	888/90	977/79
<b>LAST</b>	1288.70/90	16.40/42	890/92	980/82

#### MARKETS/MACRO

Industrial production in the U.S. rose +0.7% MoM during April (exp: +0.6%) to follow an upwardly revised +0.7% during March (prev: +0.5%). Manufacturing output, which accounts for more than 70% of industrial production, increased +0.5% and was largely driven by a +2.3% jump in machinery production. Industrial capacity utilisation increased to 78.0% from 77.6% to mark the highest reading since March 2015. Housing starts in the U.S. sunk -3.7% MoM during April (exp: -0.7%) to a seasonally adjusted rate of 1.287 million. Data for March was revised higher to 1.336 million from 1.319 million, while building permits declined -1.8% MoM during April (exp: -2.1%) from an upwardly revised +4.1% increase during March (prev: +2.5%). Equity markets in the U.S. once again advanced on Wednesday, with the small cap index, the Russell 2000 surging +1% to an all-time high of 1,620.64 points as well as a record closing level of 1,616.37 points. The DJIA booked its ninth gain in the past 10 sessions to end +0.25% higher at 24,768.93 points, while materials (+1.15%) led nine of eleven components of the S&P 500 higher to see the bourse end with a +0.41% gain to 2,722.46 points. The greenback strengthened further on Wednesday as the DXY (+0.2%) index touched a 2018 high of 93.63 before easing late in trade. The dollar took the euro below 1.18, however was little changed against the safe-haven yen. Treasury yields continued to run higher on Wednesday, seeing the 10-year to a seven-year high of 3.093% and the two-year 3.9bps higher to 2.585%.

#### PRECIOUS

Gold traded underneath USD \$1,300 for the second consecutive session on Wednesday, with price action weighed down by further dollar strength and higher U.S. treasury yields. After finding modest support during Asian trade, the metal turned offered into New York hours, dragged lower as the euro slipped underneath 1.18 and U.S. treasury yields traded to a seven-year high. Underlying interest through USD \$1,290 saw generally supportive price action throughout the New York session and the metal was able to close above the level to end with a modest decline of -0.2%. A relatively range-bound session for bullion during Asian trade on Thursday, once again tracking dollar movements while seeing interest toward USD \$1,290 restrict a further extension toward the New York low print of USD \$1,286.20. Headlines out of China regarding tariff concessions on U.S. products weighed upon the greenback around the Chinese open, supporting bullion price action to take the yellow metal to the session high of USD \$1,294.10. The bid tone was however short lived as the U.S. 10-year yield broke above 3.11% during afternoon trade,



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paring gains and taking the yellow metal underneath USD \$1,290 leading into European trade. Near-term support for gold sits around USD \$1,285.50 and below this USD \$1,278, while a break through these levels could see an extension toward USD \$1,250. Bulls will be looking toward geopolitical tensions to halt the yellow metal's slide against the rampant greenback, however layered offers from USD \$1,295 - \$1,300 will be difficult to break through. Data today includes U.S. initial jobless claims, the Philadelphia Fed business outlook, Bloomberg U.S. consumer confidence and the U.S. leading index.

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