



MKS PAMP GROUP

Daily Asia Wrap

4th May 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1312.00/20	16.42/44	902/04	964/66
HIGH	1314.40/60	16.46/48	904/06	967/69
LOW	1311.10/30	16.41/43	900/02	963/65
LAST	1311.10/30	16.41/43	900/02	963/65

MARKETS/MACRO

Nonfarm productivity in the U.S. increased a seasonally adjusted +0.7% (exp: +0.9%) during Q1 2018, while unit labor costs increased +2.7% over the same period. Initial jobless claims inched just 2,000 higher to 211,000 during the week ended April 28 (exp: 225,000), while the four-week moving average declined 7,750 to 221,500 to mark the lowest level since March 1973. Continuing claims fell 77,000 to 1.756 million (exp: 1.835 million) during the week ended April 21. The ISM reported its U.S. non-manufacturing index declined to a four-month low of 56.8 in April (exp: 58.0), with rising labour and production costs reportedly a concern for respondents. Factory orders in the U.S. increased at a faster rate than expected during March, advancing +1.6% (exp: +1.4%) to follow an upwardly revised +1.6% increase (prev: +1.2%) the month prior. A +7.6% increase in orders for transportation goods underpinned the headline print, while ex-transportation orders added +0.3%. The closely watched orders for non-defence capital goods (ex-air) declined -0.4% to follow a -0.1% fall during February. The U.S. trade balance (deficit) shrank -15.2% MoM during March to USD \$49.0 billion, marking the largest monthly decline in two-years and the lowest level since September. Equity markets in the U.S. ended mixed on Thursday, however the major bourses were able to recover from sharp early session declines that saw both the S&P 500 and the DJIA trade briefly underneath their respective 200-day moving averages. The DJIA clawed its way back into positive territory late in trade to end +0.02% higher at 23,930.15 points, while the S&P 500 slipped -0.23% to 2,629.73 points, with healthcare (-0.87%) the main laggard. The greenback saw mixed trade on Thursday a day after the Federal Reserve's policy statement, however ultimately ended the session -0.2% lower



PRECIOUS

Gold pushed higher on Thursday after seeing support from a softer dollar and falling treasury yields. After testing below the 200 DMA late in New York trade on Wednesday, the metal climbed back above the important support level in early Asian trade and continued to strengthen toward USD \$1,310 on the back of early Chinese interest. A divergence from the recent correlation to the Euro saw a short squeeze above USD \$1,318 as New York filtered in, however the bid tone was relatively short lived and the metal settled back toward USD \$1,310 - \$1,312 for the remainder of the session with participants eyeing Friday's payrolls data.

Bullion price action during Asian trade on Friday was relatively subdued, with the metal seeing support toward USD \$1,311 amid modest early session offers. Shanghai interest once again provided a modest bid tone for the metal, extending briefly above USD \$1,314, however layered offers sitting broadly between USD \$1,315 and the previous session of USD \$1,318 restricted any further gains. The greenback skewed toward the downside to underpin bullion's price action, however flows were tempered somewhat as participants turn focus towards today's U.S. employment data. Expect today's payrolls data to be the major driver of near-term price action from here, with the 200 DMA at USD \$1,305.50 and the psychological USD \$1,300 looming as key supports. Any topside extensions will target USD \$1,320 initially, while above this 100 DMA (USD \$1,324.60) and the 50 DMA (USD \$1,328.30) will provide a broad band of resistance.

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