



## MKS PAMP GROUP

### Daily Asia Wrap

13<sup>th</sup> November 2017

Range Asian Hours  
(from Globex open)

	<b>GOLD</b>	<b>SILVER</b>	<b>PLATINUM</b>	<b>PALLADIUM</b>
<b>OPEN</b>	1274.70/90	16.87/89	928/30	998/00
<b>HIGH</b>	1276.90/10	16.92/94	931/33	1003/05
<b>LOW</b>	1274.40/60	16.87/89	928/30	998/00
<b>LAST</b>	1276.80/00	16.92/94	931/33	1003/05

#### MARKETS/MACRO

The University of Michigan's preliminary reading on consumer confidence for November declined to 97.8 (exp: 100.8), to follow a 100.7 read in October. Both current conditions and expectations weighed upon the headline figure, while short-term inflation expectations edged higher. Equity markets in the U.S. ended modestly lower on Friday, bringing to an end eight consecutive weekly gains as delays to tax reform weighed upon the major bourse's. The DJIA dipped -0.17% to end at 23,422.21 points, while the S&P 500 handed back -0.09% to 2,582.30 points as heavy trade to energy (-0.81%) weighed upon the bourse. Bucking the trend was the Nasdaq Composite, inching into positive territory for a +0.01% gain after recovering from early session weakness. Over the week the DJIA slipped -0.5% and both the S&P 500 and the Nasdaq declined -0.2%, the latter breaking a six session winning streak. Oil futures traded under pressure on Friday following a Baker Hughes report noting that active oil rigs in the U.S. increased by 9 to a total of 738. WTI closed the last session of the week down -0.8% to USD \$56.74 per barrel, while Brent crude finished -0.6% lower at USD \$63.52 per barrel. Both major benchmarks were able to book their fifth consecutive weekly gain following the heightened geopolitical concerns in the Middle East, seeing WTI +2.3% higher on the week and Brent crude +2% higher. The greenback eased modestly lower on Friday, retracing early New York declines to finish down just -0.05%, while treasury yields picked up on the back of tax reform jitters to see the 10-year end just shy of 2.4% and the two-year at 1.65%. Up to forty U.K. Conservative Party members have reportedly agreed to sign a letter of no confidence in Prime Minister Theresa May, just eight short of the required number to trigger a leadership contest. The chaotic situation is impacting upon the U.K.'s position leading into further Brexit negotiations and has seen the pound under pressure during Asian trade today. In the U.K. on Friday, it was a stronger sterling that kept equities in London in the red, seeing the FTSE 100 to a -0.68% decline as healthcare and telecoms led declines. European markets also suffered from a stronger regional currency, marking the worst weekly result in three months following a number of earnings misses. The Stoxx Europe 600 posted a -0.35% decline to close the week -1.8% lower, while the German Dax shed -0.42% for a -2.6% weekly fall.



## **PRECIOUS**

What had been a relatively quiet session for bullion on Friday quickly changed course, as close to 4 million ounces of gold were liquidated over a ten minute period in New York. Stops triggered around the 100 DMA (\$1,278) exacerbated the liquidation, seeing the metal give back USD \$10 to a USD \$1,273.10 session low, with muted interest into the close having gold end -0.8% down at USD \$1,274.80. It was an interesting move for bullion considering the weaker greenback and softer global equities, bucking the recent bid trend that saw the yellow metal still hold onto a +0.4% gain on the week, even amid Friday's late weakness. Asian trade on Monday kicked off the week in a rather subdued fashion, with price action held within a tight range throughout the session as participants looked for direction following Friday's decline. Chinese interest provided a mild bid as the metal held an on-shore premium above USD \$10 in early Shanghai trade, however we saw this drift off toward the lunch break and as such bullion eased back marginally toward USD \$1,275. Middle Eastern tensions, U.S. tax reform and U.S. - North Korean relations remain present as upside shocks to the precious complex, however in lieu of major developments it is difficult to see gold finding the support necessary for a move back toward USD \$1,300 over the near-term. As recent dollar weakness looks to abate and treasury yields recommence their upward trajectory from recent tests of support levels, we may see gold pressured toward support levels around USD \$1,260 - \$1,265 (200 DMA USD \$1,263.80). Topside levels to watch initially come in around the 100 DMA pivot point at USD \$1,278 and above this USD \$1,282 - USD \$1,285. Following Friday's collapse through USD \$17, silver failed to retake the figure during Asian trade today and struggled for support amid modest volumes through Globex, while palladium initially opened south of USD \$1,000 however was able to consolidate above the figure in afternoon pricing.

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