



MKS PAMP GROUP

Daily Asia Wrap

29th November 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1293.90/10	16.87/89	949/51	1030/32
HIGH	1296.10/30	16.90/92	951/53	1030/32
LOW	1293.00/20	16.86/88	947/49	1023/25
LAST	1295.80/00	16.89/91	950/52	1028/30

MARKETS

North Korea tested an intercontinental ballistic missile during the early hours of Tuesday morning, a launch that saw the missile fly higher and for longer than any previous test. The hermit state's advances in technology were on display during the 53 minute flight, concerning U.S. Defence Secretary Jim Mattis who commented, "The bottom line is, it's a continued effort to build a threat – a ballistic missile threat that endangers world peace, and certainly, the United States," President Trump was reportedly briefed while the missile was in the air according to the White House and he later spoke to South Korean President Moon Jae-in, reaffirming their "strong condemnation of North Korea's reckless campaign" Media reports on Wednesday in Asia noted that North Korea said the missile was a new type of ICBM that has the potential to reach the whole U.S. There were also further reports that North Korea had completed the state's nuclear force.

British media has reported that the U.K. and the European Union have reached an agreement on a Brexit 'divorce bill', with the final total expected to be between 45 – 55 billion euros. A U.K. government official cast doubt on the reported figures, while although the European Commission declined to comment, one EU diplomat said that with regards to the financial settlement, the two parties were "close to a deal".

Jerome Powell gave little away during his confirmation hearing to be chairman of the Federal Reserve, sticking to the status quo in prepared remarks. Mr Powell stated that he expects U.S. GDP to grow 2.5% in 2017 and continue at a similar pace in 2018. With regards to an interest rate rise in December, Mr Powell noted that the case for such an increase is "coming together", however separately admitted to some uncertainty surrounding relatively weak inflation figures.

The Conference Board reported consumer confidence in the U.S. edged 3.3 points higher to 129.5 (exp: 124.0) during November. Both the present situation and expectations sub-components posted gains, while the labor market differential that closely correlates to the unemployment rate in the Labor Department's employment report, touched the highest level in



more than 16 years. The S&P Case-Shiller 20-city house price index increased +6.19% during September (exp: +6.04%) to follow a +5.82% gain in August. Wholesale inventories in the U.S. declined -0.4% during October (exp: +0.4%) to follow a downwardly revised +0.1% gain in September. The Commerce Department reported the goods trade gap surged +6.5% to USD \$68.3 billion last month amid an increase to imports of industrial supplies and consumer goods, while exports declined -1.0%. Equity markets in the U.S. ripped higher on Tuesday following a Senate Budget Committee vote 12-11 to advance the Republican tax bill. The late session news came as stocks had pulled back from earlier gains as news of North Korea's missile test hit the wires. The DJIA surged +1.09% to close at a fresh all-time record closing high of 23,836.71 points, while an outstanding performance by the financial sector (+2.58%) helped see the S&P 500 +0.98% higher to 2,627.04 points, also a fresh all-time record close. Not to be left behind, the Nasdaq Composite added +0.49% to end at a fresh all-time record closing level of 6,912.358 points. Treasury yields in the U.S. increased on Tuesday following a poorly received auction of USD \$28 billion seven-year Treasury notes. The 10-year yield increased around 1.1 bps to 2.338% and the two-year added 1.4 bps to 1.758%. The greenback tracked higher on Tuesday to see the DXY end with a +0.44% gain, however the dollar didn't have it all its own way, as the pound ripped higher on late session Brexit news.

Markets across Europe posted strong gains on Tuesday, with the oil sector seeing broad interest following a raised outlook by Shell. The Stoxx Europe 600 closed +0.56% higher at 387.02 points, while the German Dax added +0.46% to 13,059.53 points. In the U.K. equities were buoyed by the news from shell and a rally in banking stocks following reports that the Bank of England had given the sector a clean bill of health in its recent stress tests. The FTSE 100 rebounded from three consecutive losses, ending trade +1.04% higher at 7,460.65 points.

PRECIOUS

A disappointing session for gold on Tuesday, generally held range-bound and unable to garner a safehaven bid following the news of a further North Korean missile launch. A stronger greenback and higher global equities combined to create headwinds for the yellow metal, however it must be said that underlying interest is still apparent and price action toward USD \$1,290 found solid support. There was little direction from Federal Reserve Governor Jerome Powell's confirmation hearing, while data releases were mixed, however the U.S. consumer confidence print did see the metal toward the session low. ETF holdings held relatively unchanged for the session as were vols (1m gold around 8.75) and gold ended the session flat as we rolled into February 2018 futures. Wednesday's Asian session adhered to the recent range-bound status quo, however afternoon headlines out of North Korea did give price action a modest boost, although offers around USD \$1,296 restricted any further top-side moves. The latest advances in missile technology in North Korea should provide an underlying bid tone for bullion, with the threat of a potential strike on the U.S. mainland increasing (albeit largely theoretical). In recent times such geopolitical tensions have resulted in only short-term price buoyancy and without further headlines to drive interest, participants will turn focus to the upcoming U.S. GDP and personal consumption data to put some of the final pieces of the puzzle



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together for a December interest rate increase. Support for the yellow metal should initially sit toward USD \$1,290, while below this USD \$1,285 (100 DMA) is a key level. Resistance continues to cut in around USD \$1,297 and above this USD \$1,300 looms as a formidable level. Silver saw muted interest today following Tuesday's collapse through the USD \$17 pivot point (-1.2% down on Tue), while platinum held a tight range around USD \$950 and palladium consolidated the staggering +2.2% overnight gain driven by supply constraints and solid auto demand.

Data releases today include French GDP, U.K. mortgage approvals, Eurozone consumer confidence, German CPI, U.S. GDP, U.S. personal consumption and U.S. pending home sales. Later today we also hear from Federal Reserve Chair Janet Yellen's testimony before the Joint Economic Committee.

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