



## MKS PAMP GROUP

### Daily Asia Wrap

30<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>	1283.90/30	16.52/55	938/40	1015/17
<b>HIGH</b>	1285.00/40	16.58/62	946/48	1021/23
<b>LOW</b>	1282.80/20	16.50/53	937/39	1015/17
<b>LAST</b>	1284.20/60	16.57/60	944/46	1020/22

#### MARKETS/MACRO

The Dow Jones Industrial Average maintained gains yesterday after earlier notching an intra-day record, however, a sell-off in large cap technology shares such as Facebook Inc., Apple Inc., and Amazon.com Inc. weighed on the S&P 500 index and Nasdaq. The Dow Jones Industrial Average ended the day up +103.97 points, or +0.44%, to 23,940.68, the S&P500 declined -0.97 of a point, or -0.04%, to 2,626.07 and the NASDAQ shed -87.97 points, or -1.27%, to 6,824.391. The best performing sector was Telecom Services up +2.72%, while the worst was Tech stocks down a sizeable -2.64%. European stocks closed at close to 3 week highs, boosted by a rally in the region's banks a day after U.S. Federal Reserve Chairman nominee Jerome Powell said he hopes to ease financial regulations. The Euro First 300 Index rallied +3.80 points, or +0.25% to 1,526.14 and the Euro Stoxx 600 index rose +0.94 of a point (+0.24%) to 387.96. Crude oil prices fell as investors continue to await confirmation of an OPEC deal extension - WTI off -\$0.56 or -0.97% to \$57.70. With a steady stream of headlines to digest and confuse, prices drifted lower. The reports do suggest that an extension is likely, however the devil is in the detail, with Russia still not expressing publically that it is fully behind any deal. Russian Energy Minister, Alexander Novak, said that the Joint Ministerial Monitoring committee had reached a consensus, yet "concrete parameters will only be announced tomorrow when everybody confirms". Treasuries were down across the curve as a number of factors weighed. After a choppy previous session, treasuries sold off in sympathy with Gilts (Brexit) and Bunds (ECB hawkish comments and uptick in German inflation). Hawkish comments from Yellen/Dudley then added to the sell-off, as well as the GDP data. The US 10y yield increased +4.62bps to 2.374% and the US 2y yield rose +1.2bps to 1.758%.

On the data front, Wednesday's report from the Commerce Department showed U.S GDP had expanded at a +3.3% annual rate (+3.2% expected) in the third quarter, up from +3.0% prior. It was the strongest quarter in three years, and an upward revision from the government's initial estimate of 3.0% growth. It was the first time actual gross domestic product had exceeded potential GDP since the fourth quarter of 2007, suggesting the nation's economic resources are being used efficiently. An acceleration in growth at this point could generate overheating that produces financial excess or long elusive consumer price pressures. Still in the U.S., the pending home sales index rose to a reading of 109.3, up from September's downwardly revised figure of 105.6. The move represented a +3.5% MoM increase (+1.0% expected) for the index. The housing sector has regained some momentum recently after treading water for much of the year because of a lack of inventory which has driven up prices, and both labour and land shortages. "Until new home construction climbs even higher and more investors and homeowners put their home on the market, sales will continue to severely trail underlying demand," mentioned Lawrence Yun, the National Association of Realtor's chief economist.

#### PRECIOUS

After looking like testing the range highs in Asia yesterday, gold quickly reversed during NY trade amidst rising rates and strong U.S GDP data. Gold opened in a fairly positive manner in Asia, the metal trading just beneath \$1295 and



holding in well throughout the morning into the China open. Just before this there was some headlines doing the rounds that North Korea was going to make an 'important announcement' at 11:30 HK time, which prompted the USDJPY 25 pips lower. Gold edged through \$1295 as a result. Soon after, PyongYang released a statement that the ICBM that they had launched earlier in the day could fly far enough to target the entire mainland U.S, and that this was a 'great achievement'. Gold continued to push higher, although again ran into some very stiff resistance around the previous highs \$1296-98, with some chunky visible offers on Comex. As London traders walked in for the day the yellow metal gave back some of the gains, in line with the USD clawing back some ground against the majors. Volatility stepped up on the NY open, following some relatively upbeat commentary from Fed Chair Yellen on growth and an emphasis that transitory factors were still likely affecting inflation. This was backed up by strong 3Q GDP figures, which prompted rates to soar, USD rally and gold tumble \$10. Strength in yields and USD persisted throughout the session, capping gold beneath \$1286 to eventually close at \$1284. Silver followed gold lower, continuing its poor form this week, trading as low as \$16.55 after trading at \$17.20 Monday (-3.8%). PGM's slowed also, palladium putting on the breaks for the first time in a week or so and dropping back from \$1030 to \$1015 on the day.

Despite the volatility overnight it was another subdued session across the precious complex today in Asia. Gold opened with some expected light buying from SE Asian physicals and fast money type traders, which inched the metal a few dollars higher over the first few hours of trade. China came in and were light buyers as a result of the lower prices, increasing the SGE premium towards \$7-8 for onshore traders. It didn't really translate into a higher spot price however, the yellow metal struggling above \$1285 consistently. It was a similar scenario for silver, with some light physical buying assisting it higher but \$16.60 proving a sturdy ceiling. Platinum and palladium fared better, particularly the latter with investors looking to buy the metal cheaply, Pd currently up around \$5 on the day. The USD was generally softer against the majors, GBPUSD leading the charge up a further +0.5% today (+65 pips) to 1.3475 after trading at 1.3220 on Tuesday. USDJPY remains fairly flat however at 111.95. Regional stock indices are lower, the Nikkei currently trading down -0.1%, Hang Seng -1.15%, Shanghai Composite -0.2% and ASX200 down -0.7%. WTI Crude is currently flat at \$57.40. On the data calendar today, look out for a number of Euro Zone CPI numbers, U.S. jobless claims, personal Income/spending and Chicago PMI. All the best.

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