



MKS PAMP GROUP

Daily Asia Wrap

12th October 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1291.70/90	17.18/20	932/34	963/65
HIGH	1296.30/50	17.23/25	935/37	963/65
LOW	1291.70/90	17.18/20	932/34	957/59
LAST	1295.90/10	17.21/23	935/37	958/60

MACRO

The minutes from the September FOMC meeting released on Wednesday discussed the short-term effects of recent weather activity in the U.S., with members suggesting these events would change little with regards to near-term economic activity and inflation. With regards to inflation, there were discussions on both downside and upside risks over the medium-term, while the statement language was altered to describe inflation expectations as edging higher rather than increasing as noted in the July minutes. That being said, it is expected that inflation will reach the committee's longer-run objective by 2019. Growth outlook was generally unchanged, with economic activity described as "rising moderately", job gains were referred to as "solid" and it was noted the unemployment rate remained low. Many participants believe a further interest rate increase this year to be warranted "if the medium term outlook remained broadly unchanged.", however some did strike a more dovish tone and noted that a further hike this year would be dependent upon data releases that increased their confidence that inflation was moving toward the target. U.S. equity markets pushed higher late in trade following the minutes of the Federal Reserve's September meeting, with some committee members expressing concern as to whether inflation was on track to meet the Fed's target. The DJIA added +0.18% to end at a fresh all-time record of 22,872.89 points, while gains across real estate (+0.54%) and technology (+0.47%) saw the S&P 500 also +0.18% higher to a fresh record close at 2,555.24 points. The Nasdaq Composite meanwhile jumped +0.25% to notch a fresh all-time closing high of its own at 6,603.548 points. Crude prices pushed higher on Wednesday following an OPEC report raising global demand for this year and 2018, however gains were tempered somewhat by reports output by member countries increased during September. WTI added around +0.8% to end the session at USD \$51.30 per barrel, while Brent crude climbed +0.6% to USD \$56.94 per barrel. The greenback experienced weakness against majors on Wednesday, sliding lower during U.S. hours to see the DXY post a -0.3% decline as a number of FOMC members expressed concern over inflation. European equities ended mixed on Wednesday, with the Spanish IBEX 35 (+1.34%) leading regionals following Catalan leader Carles Puigdemont announcing, although he intended to declare independence, he was suspending the secession process to allow negotiations with Madrid. The German Dax closed +0.17% higher and the Stoxx Europe 600 ended flat. In the U.K. the FTSE 100 held around all-time high levels, however lacked the impetus required for a fresh move higher and ended the session just -0.06% down.



PRECIOUS

Bullion saw mixed trade on Wednesday, however ultimately ended the session higher following the release of the mildly dovish FOMC minutes. Gold held a relatively narrow range throughout the session, unable to make a consolidated break above USD \$1,290, however never trading too far off the figure as a softening USD provided an underlying level of support. Initial offers once New York opened saw the session low of USD \$1,284.80 printed, however interest around this level kept price action buoyant into the FOMC minutes release, while the dovish skew regarding inflation expectations weighed upon the dollar to see gold well bid into the close. Asian trade today saw the bid tone continue for bullion, as the USD extended declines to see the yellow metal break through the recent up-trend cycle highs. Offers around the overnight high print kept the early session rally in check, however a Shanghai on-shore premium of around USD \$10 continued to underpin physical demand out of the Far East. The metal failed to give up any gains during the Chinese lunch break and traded to a session high of USD \$1,296.30 as European names filtered in. Initial support for the metal sits around Wednesday's low print of USD \$1,285 and below this the 100 DMA at USD \$1,275, while topside targets are clustered between USD \$1,297 - \$1,300. Although it seems likely that the FOMC will increase U.S. rates in December, the upcoming U.S. inflation data will be closely watched following comments released in the minutes on Wednesday, with softer than expected data expected to provide bullion with impetus for a sustained push back above USD \$1,300. With regards to the remainder of the precious, palladium was the standout performer on Wednesday, with rumors of sponge demand driving tightness and specs piling in behind this to see the metal add over +2%. We expect this tightness to continue and underpin further strength for the white metal. Data releases today include French CPI, Eurozone industrial production, U.S. PPI, U.S. initial jobless claims and U.S. Bloomberg consumer confidence.

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