



## MKS PAMP GROUP

### Daily Asia Wrap

23<sup>rd</sup> October 2017

Range Asian Hours  
(from Globex open)

	<b>GOLD</b>	<b>SILVER</b>	<b>PLATINUM</b>	<b>PALLADIUM</b>
<b>OPEN</b>	1277.10/30	17.03/05	920/22	975/77
<b>HIGH</b>	1278.20/40	17.03/05	921/23	975/77
<b>LOW</b>	1274.30/50	16.94/96	917/19	966/68
<b>LAST</b>	1275.60/80	16.94/96	918/20	966/68

#### MARKETS/MACRO

Weekend news out of Japan indicates Japan's ruling coalition is headed for victory in Sunday's election. Shinzo Abe's Liberal Democratic Party (LDP) and junior partner Komeito look likely to at least hold onto two-thirds majority, with preliminary results indicating the coalition will win 312 seats of the 465 seat lower house. A victory for Mr Abe would increase his chances of securing a third three year term as leader of the LDP when the party votes next September.

Existing home sales in the U.S. rebounded during September, adding +0.7% MoM (exp: -0.9%) to follow a -1.7% fall during August. The September print saw sales increase to an annualised rate of 5.39 million (exp: 5.30 million) from 5.35 million previously, with sales in the West increasing +3.3%, sales in the Midwest gaining +1.6%, sales in the North East holding unchanged and storm disrupted sales in the South slipping -0.9%. Housing inventory increased +1.9% during September, however is still weighing upon sales to sit -6.4% down relative to this time 12-months ago. U.S. equities extended recent gains on Friday, buoyed by hopes for proposed tax reform after the senate passed a budget blueprint for the next fiscal year. The DJIA jumped +0.71% to a fresh all-time closing record of 23,328.63 points, ending the week +0.2% higher for the sixth consecutive weekly gain. The S&P 500 saw strength across financials (+1.16%) and industrials (+1.07%) take the bourse +0.51% higher to a record closing level of 2,575.21 points, while the Nasdaq added +0.36% to also book an all-time record close at 6,629.053. On a weekly basis the S&P 500 increased +0.9% for the sixth consecutive weekly gain and the Nasdaq Composite ended +0.4% higher on the week for a fourth consecutive weekly win. Oil futures recovered from European declines in New York to end modestly higher on the session, with participants considering remarks from OPEC and a reduction in active U.S. oil rigs. WTI saw strong interest during U.S. hours to pare declines and end +0.4% higher at USD \$51.50 per barrel to book a +0.6% weekly gain, while Brent crude added +0.9% to USD \$57.75 to end the week around +1% higher. The greenback strengthened on Friday following news of the budget blueprint passing the senate, seeing the DXY add around +0.4% for a +0.6% weekly return. The dollar pushed higher against the yen to hit the highest level since mid-July, while the euro slipped back underneath 1.1800.



## **PRECIOUS**

Gold extended recent declines during Asian trade today, under pressure right from the market open as the greenback pushed higher against the yen following early polling results out of Japan. The Japanese election news saw a continuation of Friday's senate driven dollar rally, seeing USD/JPY above 114.00 into the Tokyo market open and taking gold on a modest stop loss run through Thursday's USD \$1,277 low print. The sharp move lower was generally well supported toward USD \$1,274 - \$1,275, while a mild bid tone out of China buoyed the metal in early Shanghai trade. Gold settled into a relatively narrow range through the afternoon, with a modest pull-back to the greenback helping to keep the metal buoyant. As the path toward tax reform in the U.S. begins to take shape and the identity of next Fed Chair becomes clearer, we are likely to see the USD strengthen further against majors, with particular focus on the yen should Shinzo Abe's Liberal Democratic Party retain power to the extent expected. Tensions on the Korean peninsula however do continue to weigh upon participants minds and as a result we are likely to see interest toward USD \$1,250 restrict further declines over the near-term. Key support levels come in at USD \$1,272, USD \$1,260 (early October low) and broadly around the 200 DMA at USD \$1,258 and the psychological level of USD \$1,250. On the top-side we see offers around USD \$1,290 weighing upon moves higher and above this the key USD \$1,300 level.

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