



MKS PAMP GROUP

Daily Asia Wrap

24th October 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1282.30/50	17.07/09	925/27	960/62
HIGH	1283.80/00	17.13/15	930/32	966/68
LOW	1280.10/30	17.07/09	925/27	960/62
LAST	1282.50/70	17.13/15	928/30	966/68

MARKETS/MACRO

The Chicago Fed's National activity index rebounded during September, recovering to +0.17 (exp: -0.13) from a downwardly revised -0.37 (prev: -0.31) during August. Supporting the headline print higher was an improvement to production related indicators, increasing to +0.10 from -0.33 previously. Smoothing out the monthly volatility, the three-month moving average held unchanged at -0.16. U.S. equities snapped a six-session winning streak on Monday after touching all-time intra session highs in early trade, as euphoria surrounding potential tax reform abated for the time being. The DJIA pulled back -0.23% to 23,273.96 points, while broad based weakness led by industrials (-0.81%) and energy (-0.59%) saw the S&P 500 -0.40% lower to 2,564.98 points. In currency markets on Monday, USD/JPY remained in focus following the clear majority win for Shinzo Abe's ruling coalition. The pair saw strong early demand (jpy weakness) throughout Asia to break above 114.00, however came under pressure late in New York as equities softened and focus turned to President Trump's pick for the next Fed Chair. On the session the DXY was able to hold onto a modest gain of +0.1% after printing a three-month high against the Canadian dollar. Treasury yields generally tracked sideways on Monday, sliding late in trade to see both the 2-year and 10-year around 1bps lower at 1.568% and 2.375% respectively. European markets traded higher on Monday, however did see gains tempered somewhat as a result of continued tensions between Madrid and the Catalan region. The Stoxx Europe 600 added +0.16% to book a second consecutive session gain, while the German Dax ended trade +0.09% higher as the euro eased into this week's ECB meeting. In London the FTSE 100 inched just +0.02% higher in choppy trade ahead of U.K. GDP data on Wednesday.

PRECIOUS

A relatively positive close for gold on Monday paved the way for further interest during Asian trade today, with bullion remaining buoyant throughout the session, albeit within a narrow range. Monday's price action was largely driven by USD flows, with particular focus on USD/JPY post the weekend Japanese election. Bullion saw numerous tests toward support around USD \$1,270, however received a boost late in New York following reports that President Trump is "very close" to reaching a decision on the next Fed chair, with the mildly dovish Jerome Powell



the current front-runner. The greenback continued its late New York weakness to underpin price action across the Asian session today, however bullion did see a brief period of weakness around the Chinese open as the on-shore premium relative to loco London gold opened softer toward USD \$5. Afternoon interest was relatively modest to see gold hold mid-range into European hours, with participants looking toward this week's ECB meeting, U.S. data releases and clues as to the next Federal Reserve chair to dictate dollar flows. Initial support for gold sits around USD \$1,280, while below this we look broadly toward the 100 DMA at USD \$1,275 and Monday's USD \$1,270 support level. Top-side targets extent toward USD \$1,290 and above this the key USD \$1,300 level. Silver continued to edge higher in relatively uninspiring trade during Asian trade today, while platinum consolidated its New York gains and palladium recovered from Monday's softness. Data releases today include Markit manufacturing/services/composite PMI prints from France, Germany, the Eurozone and the U.S.

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