



MKS PAMP GROUP

Daily Asia Wrap

25th October 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1276.70/90	16.95/97	923/25	965/67
HIGH	1277.15/35	16.95/97	923/25	965/67
LOW	1271.90/10	16.87/89	918/20	955/57
LAST	1272.50/70	16.91/93	918/20	962/64

MARKETS/MACRO

Data out of IHS Markit on Tuesday showed both the U.S. manufacturing and services sectors grew faster than expected during October. The flash manufacturing PMI hit an eight month high of 54.5 (exp: 53.4) from 53.1 in September, supported by the sharpest rate of job creation since June 2015, while export orders recorded the highest rate of expansion in 14-months. The flash services PMI continued to rise during October, printing 55.9 (exp: 55.2) from 55.3 previously to mark the second fastest rate of expansion since late 2015. Commenting on the flash PMI data, Tim Moore, Associate Director at IHS Markit commented that "The US economy seems to have made a strong start to the final quarter of 2017. Resilient service sector growth and an encouraging rebound in manufacturing production combined to generate one of the sharpest rises in private sector output for two-and-a-half years during October." Equities in the U.S. rebounded from Monday's weakness, seeing the DJIA to a fresh record close largely courtesy of a +5.9% gain to 3M Co. and a +4.98% jump to Caterpillar Inc. The bourse ended +0.72% higher at 23,441.76 points, while the S&P 500 ended with a +0.16% gain at 2,569.13 points following strength across financials (+0.74%) to lead seven of eleven main sectors higher. The Nasdaq also ended trade in positive territory, holding on for a +0.18% gain as heavy trade across biotech shares restricted the bourse. Treasury yields kicked higher on Tuesday following speculation President Trump may select hawkish candidate John Taylor as the next chair of the Federal Reserve. The news saw the 10-year yield through 2.4% to the highest level since early May, ending the session around 2.414%. Oil futures ripped higher on Tuesday following reports that Saudi Arabia is willing to "do whatever it takes" to bring global crude inventories back to their five-year average. WTI settled +1.1% higher at USD \$52.47 per barrel to mark the highest level since mid-April, while Brent crude spiked +1.7% to USD \$58.33 per barrel. The Greenback endured a whippy end to Tuesday's session, however ultimately ended higher as participants turned focus toward the upcoming European Central Bank meeting. The buck collapsed toward the end of the session on headlines that a number of republican candidates may not support the proposed tax reforms, however soon recovered on the news of the potential nomination of John Taylor as the next chair of the Federal Reserve. The DXY ended the session +0.15% higher after pushing through 114.00 against the yen.



PRECIOUS

Bullion reversed previous session gains on Tuesday as the dollar resumed its upward trajectory, ending the session precariously placed around the 100 DMA (USD \$1,275.50). Further dollar gains during Asian trade on Wednesday, although modest, saw participants offer bullion throughout the session, with the yellow metal sitting around USD \$1,275 leading into the Chinese open after struggling to find bids in early trade. With gold trading around USD \$8 lower (loco London) than the previous session, demand out of Shanghai emerged in early Chinese flows to see the on-shore premium edge back toward USD \$8 relative to London gold (opened around USD \$5 premium on Tuesday). The early Shanghai interest acted only to provide a brief period of respite for bullion, as the metal soon fell through support around the 100 DMA, before making a further leg lower into the Chinese lunch break to print a session low of USD \$1,271.90. Afternoon trade was a relatively subdued affair with gold continuing to trade offered toward USD \$1,274, however seeing limited downside as the greenback softened to restrict further declines. Once again tested and once again held, the USD \$1,270 support remains intact, while below this the early October low print (USD \$1,260) and the 200 DMA (USD \$1,259) converge to provide strong support. With regards to the topside, the metal is likely to see resistance around USD \$1,280 and above this USD \$1,290. After losing the USD \$17 handle on Tuesday, silver saw reasonable support underneath USD \$17.90, while the white metals followed the remainder of the precious lower. Key data today includes German IFO survey results, U.K. GDP, U.S. durable goods orders, FHFA house prices, new home sales and the Bank of Canada rates decision.

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