



MKS PAMP GROUP

Daily Asia Wrap

19th June 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1278.90/10	16.49/51	884/86	989/91
HIGH	1284.00/20	16.53/55	885/87	991/93
LOW	1278.90/10	16.47/49	883/85	988/90
LAST	1280.70/90	16.47/49	883/85	988/90

MARKETS/MACRO

Equities in the U.S. ended generally lower on Monday, with a lack of economic data for direction participants took their lead from trade tensions between the U.S. and China. The DJIA pulled back -0.41% or 103.01 points to 24,987.47 points, booking a fifth consecutive decline, however able to bounce off early session lows that saw the bourse down 264 points at one stage. Weakness to telecommunication stocks (-1.97%) outweighed gains to energy (+1.12%) to see the S&P 500 -0.21% down to 2,773.75 points, while the Nasdaq Composite reversed early session declines to inch +0.01% higher to 7,747.025 points. On the data front, the U.S. National Association of Home Builders housing market index eased to 68 during June (exp: 70) to follow 70 during May. Sales expectations for the next six months declined from 77 to 76. Currency majors clawed back ground against the greenback (DXY -0.13%) on Monday, with safe-haven currencies the Japanese yen and Swiss franc gaining ground on the back of 'trade war' fears, while the euro was able to recover from weakness in Asia to break back above 1.16. Oil futures turned higher on Monday to see WTI gain around +2% to USD \$65.80 per barrel and Brent crude jumped +2.8% to USD \$75.39 per barrel. Stock markets in Europe traded under pressure on Monday, with participants spooked by further 'trade war' concerns and a political stalemate in Germany over migrant issues. German Chancellor Angela Merkel's coalition government is coming under increasing strain over migrant issues and it was reported that she has been handed a two-week ultimatum by her coalition partners to secure a deal on migrants with the country's European neighbours. The news saw the German Dax heavily sold, collapsing -1.36% to 12,834.11 points, while the Stoxx Europe 600 ended trade -0.83% lower at 385.91 points. In the U.K. the FTSE 100 tracked European markets lower, giving back -0.03% to 7,631.33 points, however finding some respite from a softer pound.

PRECIOUS

Gold held around the USD \$1,280 pivot point on Monday, seeing little interest from the on-going trade saga between the U.S. and China. Price action out of Asia was a generally muted affair with China and Hong Kong on leave, seeing offers toward USD \$1,282 restrict any further top-side moves. European hours saw a mild bid on the back of a softer dollar (euro back above 1.16), however once again topping out around USD \$1,282 and easing in New York. Silver remained drawn toward the USD \$16.50 pivot point, testing below the figure in New York, however able to recover into the close, while the white



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metals pared an early New York bid to close generally unchanged and still well below their respective recent support levels.

Fresh tariff related news from President Trump today, announcing that he has directed the United States Trade Representative to identify USD \$200 billion worth of Chinese goods for additional tariffs at a rate of 10 percent. The headlines gave gold a boost in Asia today, breaking back above USD \$1,280 and moving through the New York high and recent resistance level around USD \$1,282. We saw modest interest out of China at a USD \$5 premium, however the metal failed to extend further as offers through USD \$1,283 - \$1,284 restricted top-side gains. We will be keeping an eye on trade war headlines that may give bullion a modest geopolitical boost, especially considering the most recent announcement, however we expect the dollar to remain bid even amid today's pricing (DXY -0.25% in Asia) to weigh upon price action over the near term. Resistance comes in around USD \$1,283 - \$1,285 as we have seen throughout Asia today, while support sits at USD \$1,275 - \$1,277.

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