



MKS PAMP GROUP

Daily Asia Wrap

20th September 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1310.80/00	17.30/32	953/55	911/13
HIGH	1314.30/50	17.36/38	957/59	916/18
LOW	1309.90/10	17.26/28	953/55	907/09
LAST	1313.50/70	17.36/38	955/57	908/10

MACRO

A powerful magnitude 7.1 earthquake has collapsed buildings in Mexico City and reportedly killed over 145 people across central Mexico. The Earthquakes epicentre was just 60 miles south of the capital in Chiautla de Tapia and struck on the anniversary of the devastating 1985 earthquake. U.S. President Donald Trump addressed the U.N. General Assembly on Tuesday, threatening to "totally destroy" North Korea if the hermit state attacks the U.S. or its allies, however adding further that "hopefully this will not be necessary." In a wide-ranging 40 minute speech in New York, President Trump identified rogue regimes as the "scourge of our planet today", while also taking aim at the "reckless regime" and "corrupt dictatorship" of Iran. In reference to Iran and the nuclear deal signed under the Obama administration, Mr Trump said "We cannot let a murderous regime continue these destabilising activities while building dangerous missiles and we cannot abide by an agreement if it provides cover for the eventual construction of a nuclear program," Housing starts in the U.S. declined for the second consecutive month during August, easing -0.8% MoM (exp: +1.7%) to follow an upwardly revised -2.2% (prev: -4.8%). Persistent weakness within the often volatile multi-family home segment weighed upon the headline figure to offset a rebound within the single-family home segment. Building permits meanwhile surged +5.7% MoM (exp: -0.8%) to a seven month high during August, however permits for single family homes (the largest share of the housing market) declined. Import prices in the U.S. increased by +0.6% MoM during August (exp: +0.4%) amid increases to the cost of petroleum products, marking the largest increase in seven months. On an annualised basis prices jumped +2.1% YoY (exp: +2.2%) from +1.2% previously. Another session and another record, as all three of the major U.S. equity bourse's booked fresh record high closing levels on Tuesday. The DJIA added +0.18% to 22,370.80 points, extending its winning streak to eight consecutive sessions. Gains across financials (+0.80%) and utilities (+0.76%) saw the S&P 500 +0.11% higher to its 36th record closing high this year, while the Nasdaq Composite tacked on +0.10% to 6,461.323 points for the 49th record close this year. Markets in Europe edged higher on Tuesday, swinging between gains and losses as investor's traded cautiously heading into the two-day FOMC meeting. The Stoxx Europe 600 ended trade with a modest +0.4% gain, while the German Dax added just +0.02% as ZEW survey results, expectations and current situation, both beat forecasts. In the U.K. a softer pound and gains to supermarkets saw the FTSE 100 end the session +0.30% higher.



PRECIOUS

After once again seeing solid underlying interest above USD \$1,300 on Tuesday, bullion pushed modestly higher during Asian trade today as participants positioned (or un-positioned) themselves into the upcoming FOMC announcement. A softer USD during late New York trade saw gold bounce off the recent USD \$1,305 - \$1,310 support level, closing toward the session high print to de-couple somewhat from rising UST yields following President Trump's tough rhetoric toward North Korea at the U.S. General Assembly. Interest around USD \$1,310 throughout Wednesday's Asian session saw the figure act as a support level, withstanding early session offers to once again push higher following the CNY fix. We once again saw volatile USD/CNH price action today, with the pair falling from 6.5840 pre fix to a low around 6.5667 during Shanghai's pre-lunch session. Decent physical interest out of the far East kept the yellow metal buoyant post-fix, while early European USD offers weighed upon the greenback to see bullion push toward USD \$1,315 and test outside of the recent resistance. Expectations are that bullion will hold the recent USD \$1,305 - \$1,315 range leading into today's FOMC announcement, with the broader market searching for details regarding the Fed's balance sheet normalisation in addition to the timing of interest rate increases (December still sitting around 55%). The key for the yellow metal is still the USD \$1,300 support level and should Janet Yellen stick to the expected script today we should see the figure hold with underlying geopolitical risks remaining. After once again surviving a test of the USD \$17.10 support in New York on Tuesday, silver pushed off the 200 DMA late in trade and continued its upward trajectory during Asian hours today. The key for the grey metal will be holding broad support between the USD \$17 pivot point and USD \$17.10 into tonight's FOMC announcement, while top-side targets extend to USD \$17.50. Platinum continues to scramble for bids after testing the 100 DMA at USD \$949 on Tuesday, while palladium has seen large liquidation to be -9% lower from the USD \$999 high only two weeks ago, as weak longs head for the exits. All eyes are undoubtedly on today's FOMC announcement and associated commentary, while in the lead up we see U.K. retail sales and U.S. existing home sales,

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