



MKS PAMP GROUP

Daily Asia Wrap

4th October 2017

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1271.40/60	16.63/65	912/14	918/20
HIGH	1276.10/30	16.75/77	916/18	924/26
LOW	1271.30/50	16.62/64	912/14	918/20
LAST	1275.50/70	16.74/76	916/18	924/26

MACRO

Major U.S. automakers reported higher new vehicle sales during September as consumers in storm hit areas of the country replace damaged vehicles. According to automakers, while increases were recorded outside of the storm zones, much of the September gains came after Hurricane Harvey hit Texas. General Motor's reported a +11.8% jump in sales relative to the same period 12-months ago, while importantly, inventory dropped to 76 days from 88 days in August. Ford reported a +8.9% gain in sales, led by a 21.4% increase in purchases of the F-Series pickup, Toyota sales soared +14.9%, Honda sales increased +7%, Nissan sales rose +9.5%, while Fiat Chrysler lagged to report a -10% decline. In a session void of major economic data, U.S. equities once again pushed to fresh record closing levels as investor's reacted to the latest auto sales data. The DJIA ended trade +0.37% higher at 22,641.67 points to notch its fifth consecutive daily gain, while the S&P 500 tacked on +0.22% to 2,534.58 points to mark six consecutive session gains as industrials (+0.48%) and technology (+0.46%) underpinned the bourse. The Nasdaq Composite edged +0.23% higher to 6,531.714 points to post a sixth consecutive session gain, while the Russell 200 small cap index added +0.17% to close at a second consecutive all-time record. Oil futures eased modestly lower on Tuesday as participants considered the implications of the decline in adherence to OPEC production cuts. WTI declined around -0.3% to USD \$50.45 per barrel, while Brent crude dipped -0.35% to end underneath USD \$56 per barrel. The greenback traded mixed on Tuesday, however continues to hold around a seven-month high as declines against the euro were offset by continued strength in USD/JPY. European stock markets firmed on Tuesday, with investors turning focus to developments in Spain following the weekend Catalanian Independence Referendum. The Stoxx Europe 600 continued its recent strength to add +0.15% and book a ninth consecutive session gain, while the French CAC 40 added +0.32% and the German Dax was closed for Unity Day. Data released out of the U.K. showed the construction sector unexpectedly contracted during September, seeing the Markit construction PMI below 50 for the first time in 13-months. The index sunk to 48.1 (exp: 51.1) from 51.1 previously as a shortfall in new work weighs upon the sector. Equities in the U.K. ended trade +0.39% higher on Tuesday as the softer than expected construction data weighed upon the pound.



PRECIOUS

A generally muted session for bullion on Tuesday, with early dollar strength dissipating to see the metal recover from weakness in Asia and end importantly around the 100 DMA (USD \$1,272.50). Further risk-on trade saw U.S. and European equity markets continue higher (fresh records in the U.S.), however a strengthening euro to cap dollar gains and mildly softening U.S. treasury yields provided an underlying level of support for gold as the metal held a relatively tight range. Asian trade on Wednesday saw a modest recovery to bullion on the back of dollar weakness around the Japanese open, notably against the yen, however also against the euro. The yellow metal triggered a mild stop loss run above USD \$1,275 (previous session high) and saw sustained strength throughout the afternoon to consolidate gains in relatively thin trade on account of China's holiday. The yellow metal looks to be settling in for a period of consolidation around current levels as interest out of Asia remains muted due to the Chinese holiday period. The short-term key support for the metal remains the 100 DMA pivot point, while should bullion extend recent weakness, the next target will be the 200 DMA and key psychological level around USD \$1,250, where we expect to see strong support. We expect positioning data to show a lightening of longs following the recent weakness and a healthy reduction would bode well for the metal over the short to medium term. The U.S. tax reform package poses a short-term risk to the precious complex, with the potential to influence GDP projections and the expected path of interest rate increases. Currently however, there still seems to be a number of hurdles in the way of the Republican's planned reform. Silver price action remained buoyant during Asian trade today, adding around +0.7% to a USD \$16.75 session high, while palladium regained some of Monday's decline to once again trade at a premium to platinum. Data releases today include Markit services/composite PMI prints out of France, Germany, the Eurozone, the U.K. and the U.S. We will also see out of the U.S. the ISM non-manufacturing composite PMI, vehicle sales and ADP employment data.

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