



MKS PAMP GROUP

Daily Asia Wrap

13th March 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1322.50/90	16.53/56	958/61	975/77
HIGH	1325.30/70	16.56/59	964/67	980/82
LOW	1318.90/30	16.47/50	958/61	975/77
LAST	1320.20/60	16.49/52	962/64	977/79

MARKETS/MACRO

US equities were mixed ahead of tonight's CPI data release, with buoyancy in the tech sector helping the Nasdaq to a fresh record high. The Dow lost 157.13 points, or 0.62%, to 25,178.13, the S&P 500 fell 3.55 points, or 0.13% to 2,783.02, while the Nasdaq gained 27.514 points, or 0.36%, to 7,588.325. There were wins for REITs (+0.49%) and utilities (+0.42%) while industrials (-1.17%) and health (-0.44%) led the laggards. European equities were mostly higher, the EuroSTOXX put on 0.96 points, or 0.25%, to 372.71, the German DAX added 71.71 points, or 0.58%, to 12,418.39, and the London FTSE 100 slipped 9.75 points, or 0.13%, to 7,214.76. In the currencies, the US dollar index lost 0.23% to 89.89, the EUR traded up to 1.2341, while USD/JPY traded down to 106.34. US treasury yields were mixed, the 2 year yield was unchanged at 2.2589% and the 10 year yield eased 3.12 bps to 2.8626%. In commodities, oil markets were lower on concerns over increasing US output, Brent dipped 0.79% to \$64.97 while WTI fell 1.11% to \$61.35. Base metals were broadly lower, with aluminium (-1.37%) the biggest loser. In US economic data, the monthly budget deficit rose to \$215 billion in February, an increase of 12% from the same month last year. Revenues were \$156 billion, down 9% from February last year, while outlays increase 2% to \$371 billion. Withholding taxes were 2% lower which analysts are attributing to the Trump administration's tax cut. In Asia today, as I write the Nikkei is at +0.06%, the Shanghai composite is at -0.23%, the Hang Seng at -0.27%, and the ASX S&P 200 is at -0.47%. Tonight we have NFIB small business index, consumer price index, and core CPI data out of the US.

PRECIOUS

The precious had a relatively quiet session ahead of the US CPI data release scheduled for tonight. Gold traded a tight range between \$1321-24 in Asia, with the \$8 SGE premium prompting sporadic buying out of China. The market started to slip on the London open, the EUR dipped below 1.23 during the AM session and the yellow metal was sold to the days low of \$1315. The EUR recovered as NY came in, the resulting USD sell-off propelled gold steadily higher through the remainder of the day. The metal closed all but flat at \$1322. Silver was quiet also, dipping to a low of \$16.44 in London before closing level. Palladium had a tough session, giving back the previous days gains to finish at \$978. The Philadelphia gold and silver index added 0.98%. The SPDR gold trust holdings were unchanged at 833.73 metric tonnes. In Asia today, gold ticked up a couple of dollars early on but has drifted lower as the day progresses. The SGE premium remains around \$8 but there has not been enough buying action to support the market in the face of a sharply rising USD/JPY. The yellow metal was as low as \$1318.90 and is at \$1320.20 as I write. Silver has eased off the open and sits at \$16.49 as I write. PGM's are flat. All eyes on the US tonight for the CPI data release, the effects of which should flow through to the precious complex. Gold should find initial support at \$1314-15 and the key technical \$1300 level below that. On the topside, expect first resistance around the 55 DMA at \$1327 followed by the March high \$1340 level. Have a good day ahead.



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