



MKS PAMP GROUP

Daily Asia Wrap

18th January 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1320.00/40	17.13/16	968/71	1097/99
HIGH	1320.00/40	17.13/16	969/72	1110/12
LOW	1316.40/60	17.06/09	962/65	1097/99
LAST	1319.20/60	17.11/14	964/67	1106/08

MARKETS/MACRO

A bullish start to earnings season has translated into huge night for US equities as the three major bourses surged higher, the Dow posting it's first ever close above 26,000. Apple provided a boost for the tech sector, the tech giant tacked on 1.7% after announcing plans to repatriate billions in overseas cash back to the US. The Dow climbed 322.79 points, or 1.25%, to 26,115.65; the S&P 500 rose 26.14 points, or 0.94% to 2,802.56, while the Nasdaq surged 74.594 points, or 1.03%, to 7,298.279. Tech (+1.58%), consumer staples (+1.17%) and healthcare (+0.98%) led a broad advance in the markets. Across the Atlantic the stock markets did not fare as well, the EuroSTOXX fell 0.38 points, or 0.10%, to 397.97, the German DAX lost 62.37 points, or 0.47%, to 13,183.96, and the London FTSE 100 shed 30.5 points, or 0.39%, to 7,725.43. In the currencies, the US dollar index rallied 0.31% to 90.672 in volatile trading, the EUR traded down to 1.2193, while USD/JPY climbed to 111.34. US treasury yields were higher, the 2 year yield rose 2.48 bps to 2.0390% and the 10 year yield firmed 3.49 bps to 2.5720%. In commodities news, the oil markets were higher, Brent added 0.26% to \$69.33 while WTI advanced 0.30% to \$63.92. Base metals were mostly lower, with zinc (-1.09%) putting in the worst performance. In US economic data, the Fed advised that industrial production rose 0.9% in December following a 0.2% increase in November, the gain exceeded economists expectations of a more modest 0.6%. Production was up 3.6% over the calendar year, a significant improvement over the 0.8% rise in 2016. Capacity utilisation rose to 77.9% in December from 77.1% in November. The National Association of Home Builders monthly confidence index fell to 72 in January following December's 18 year high reading of 74. The Fed's Beige Book report said that the pace of growth in the US economy continues to be "modest to moderate", and the outlook for 2018 "remains optimistic for a majority of contacts across the country". In Asia today, as I write the Nikkei is at +0.60, the Shanghai composite is at +0.25%, the Hang Seng at +0.12%, and the ASX S&P 200 is at +0.11%. Tonight we have weekly jobless claims, housing starts, building permits, and the Philly Fed index out of the US.

PRECIOUS

It was a volatile session for the precious on the back of some sharp moves in the currencies. Gold opened at \$1338 in Asia and was promptly squeezed to the days high of \$1343 as the EUR spiked to 1.23 against the dollar. There was some demand out of China with the SGE premium around \$7, but it was not enough to support the market as the EUR pulled back and gold was sold down to \$1333. The market held around \$1335 during London's AM session before the fireworks in NY. The EUR spiked again in early NY hours and the corresponding sell-off in USD saw gold jump to \$1340, albeit very briefly. From here we had the release of the Fed's Beige Book and the Apple news to fuel demand for the greenback. The EUR dipped below 1.22, USD/JPY surged through 111, and the yellow metal plummeted to close at the days low of \$1325. Silver saw choppy trading as it tumbled to a close right on the psychological \$17 level. Palladium was the stand-out, picking up \$20 to close at the days high \$1115 while platinum held above \$995. The Philadelphia gold and silver index lost 1.27%. The SPDR gold trust holdings were unchanged at 828.9 metric tonnes. In today's trading, gold has been relatively quiet in comparison to last night's theatrics. The



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market opened at \$1325.90 and has traded and has oscillated between \$1325-29 through the day, the SGE premium is steady at \$7 over loco London. The yellow metal is sitting at \$1327.80 as I write. Silver has hovered around the \$17 level with a brief earlier in the day, the grey metal is at \$17.01 as I write. The PGMs have been range-bound, platinum and palladium are at \$996 and \$1112. Gold has pulled back from the 4 month high printed on Monday, however the metal looks well supported at \$1325 and below that we can expect plenty of buying interest ahead of \$1300. On the upside, first resistance should be at the 4 month high of \$1344 and the \$1350 level after that. Have a good day ahead.

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