



MKS PAMP GROUP

Daily Asia Wrap

23rd February 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1331.20/60	16.59/62	995/98	1040/42
HIGH	1331.90/30	16.61/64	999/02	1040/42
LOW	1326.50/90	16.55/58	993/96	1038/40
LAST	1327.50/0	16.56/59	996/99	1039/41

MARKETS/MACRO

US equities finished higher despite erasing some of the early gains. The Dow added 164.7 points, or 0.66%, to 24,962.48; the S&P 500 gained 2.63 points, or 0.10% to 2,733.96, while the Nasdaq lost 8.14 points, or 0.11%, to 7,210.09. There were wins for REITs (+1.14%) and energy (+1.08%), while financials (-0.78%) led the laggards. European shares were lower, the EuroSTOXX shed 0.76 points, or 0.20%, to 380.34, the German DAX slipped 8.58 points, or 0.07%, to 12,461.91, and the London FTSE 100 fell 29.18 points, or 0.40%, to 7,252.39. In the currencies, the US dollar index eased 0.30% to 89.72 after a week long rally the EUR surged to 1.2343 while USD/JPY was sold through 107 to trade as low as 106.61. US treasury yields were lower, the 2 year yield fell 1.61 bps to 2.2500% and the 10 year yield lost 3.3 bps to 2.9170%. In commodities news, oil markets rallied as US crude stocks fell unexpectedly, Brent advanced 1.24% to \$66.23 while WTI firmed 1.49% to \$62.60. Base metals were mostly lower with aluminium (-0.73%) taking the biggest hit, however copper bucked the trend and rose 0.60%. In US economic data, the Conference Board's leading economic index surged 1% in January, it's fourth straight monthly gain and the largest in three months. The main drivers were building permits and the financial sub-components, with 8 out of 10 indicators showing positive readings for the month. Initial jobless claims fell by 7k to 222k in the week ending February 17th, the reading was well below economists 230k forecast. Continuing claims fell by 73k to 1.88M. In Asia today, as I write the Nikkei is at +0.36%, the Shanghai composite is at +0.09%, the Hang Seng at +0.66%, and the ASX S&P 200 is at +0.83%. Tonight we have the Feds monetary report to Congress in the US; and inflation data from the Eurozone.

PRECIOUS

Better session for the precious as gold snaps a 4 day losing streak. Gold opened at \$1324 in Asia and traded up to \$1326 before the Chinese open. On the first day of trading following the Chinese New Year holidays, the SGE premium was around \$4-5 and we saw relatively light buying out of China, the market drifting to the days low of \$1320 late in the day. A mild bid tone through the London AM session led into a strong NY open as the greenback fell further out of favour. Gold made a push higher as USD/JPY traded below 107 and the EUR surged through 1.23. The yellow metal hit resistance at \$1330 in the form of resting COMEX orders before making another more successful move through the level later in the day. Gold closed a touch off the session high at \$1331. Silver tested the overnight lows around \$16.40 but found support in NY to print a high of \$16.67. Palladium was the pick of the PGMs, the metal added \$20 to the opening level to a high of \$1040. The Philadelphia gold and silver index lost 0.61% to 80.02. In today's trading, gold opened at \$1331.20 and has drifted lower through the day as the US dollar is firming. The SGE premium is slightly higher today at around \$6 but buying is still fairly light. The yellow metal reached a low of \$1326.50 and is at \$1327.50 as I write. Silver is drifting lower also, the grey metal sitting just off the low at 16.56 as I write. PGMs are flat. Gold should find support where the 50 DMA meets the overnight low at \$1319-20, and the Feb low of \$1308 below that. On the upside, broad resistance between \$1331-35 will be followed by the \$1350 psychological level. Have a good day head.



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