



MKS PAMP GROUP

Daily Asia Wrap

9th February 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1318.70/10	16.39/42	973/76	962/64
HIGH	1322.10/50	16.44/47	976/79	965/67
LOW	1316.50/90	16.36/39	968/71	961/63
LAST	1317.30/70	16.38/41	973/76	963/65

MARKETS/MACRO

US equities were hammered once again amid concerns over rising bond yields and inflation. The Dow dropped 1032.89 points, or 4.15%, to 23,860.46; the S&P 500 sold off 100.6 points, or 3.75% to 2,581.00, while the Nasdaq fell 274.824 points, or 3.90%, to 6,777.159. Tech (-4.22%), consumer discretionary (-4.02%) and industrials (-3.95%) led a broad decline in the markets. European shares were lower, the EuroSTOXX lost 6.1 points, or 1.60%, to 374.03, the German DAX dropped 330.14 points, or 2.62%, to 12,260.29, and the London FTSE 100 shed 108.73 points, or 1.49%, to 7,170.69. In the currencies, the US dollar index was flat at 90.25, the EUR traded up to 1.2291, while USD/JPY traded down to 108.66. The 2 year yield rose 0.63 bps to 2.1298% and the 10 year yield climbed 1.17 bps to 2.8476%, Oil extended its losing streak on the back of record weekly US crude output and a rise in inventories, Brent eased 1.54% to \$64.50 while WTI gave up 1.60% to \$60.80. Base metals were mixed, with zinc (+1.23%) the best performer. In US economic data, initial jobless claims fell by 9k to 221k in the week ending February 3. Continuing jobless claims decreased by 33k to 1.92M. In Asia today, as I write the Nikkei is at -3.22, the Shanghai composite is at -4.59%, the Hang Seng at -3.80%, and the ASX S&P 200 is at -0.90%. Not much on the data front tonight, just wholesale trade numbers out of the US.

PRECIOUS

Choppy session for the precious amid carnage in the stock market. Gold opened at \$1318 in Asia and was sold steadily lower through the day as USD/CNY made a move higher. The SGE premium at \$9-10 ensured there was onshore demand in China, which supported the market around \$1310 during Asian hours. The metal dipped to the days low of \$1307 during the London AM session but it's fortunes were reversed once NY came in. While the rout in equities intensified and USD/JPY dropped below 109 the yellow metal found a bid and traded to a session high \$1321. Resting orders on COMEX around the \$1320 level appeared to cap the market and gold eased to \$1318 at the close. Silver printed a fresh 2018 low of \$16.25 before finding buying support out of NY, the grey metal finished ahead at \$16.38. Palladium's tough stretch continued as the metal dipped below \$960 for the first time since October of last year. The Philadelphia gold and silver index lost 0.85%. The SPDR Gold Trust holdings fell 0.07% to 8266.31 metric tonnes. In today's trading, gold had another go at \$1320 early in the Asian session but was unable to punch through. The market has eased little with the SGE premium slightly lower at \$8-9 over loco London. The yellow metal is at \$1317.30 as I write. Silver is has been range-bound, the grey metal sits at \$16.38 as I write. PGMs are flat, with palladium keeping its head above \$960 following the sell off last night. Gold will find initial resistance at the \$1320 that has held a couple of times over the last 24 hours. On the lower side we should see some support around \$1308-10, a move through there will see the yellow metal testing the psychological \$1300 level. Have a good day ahead.



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