



MKS PAMP GROUP

Daily Asia Wrap

25th April 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1330.00/40	16.71/73	931/33	975/77
HIGH	1331.90/30	16.72/74	931/33	975/77
LOW	1324.60/00	16.64/66	924/26	966/68
LAST	1325.20/60	16.65/67	925/27	970/72

MARKETS/MACRO

Global markets traded with a stronger risk off tone yesterday with equities in the New York session closing sharply lower, particularly so for industrial and technology names. The Dow Jones Industrial Average plunged -424.56 points (-1.74%) to 24,024.13, the S&P500 shed -35.73 points (-1.34%) to 2,634.56 and the NASDAQ Composite retreated -121.249 points (-1.70%) to 7,007.353. European bourses weathered the storm a little better with mixed results across major indices. The EuroFirst 300 was pretty much flat up +0.48 of a point (+0.03%) to 1,503.02 and the Euro Stoxx 600 eased slightly down -0.07 of a point (-0.02%) to 383.11. Regionally the FTSE100 rose +0.36%, the DAX fell -0.17% and CAC40 inched up +0.10%. In commodities, Crude fell overnight (WTI down -\$1.20, -1.7% to \$67.72) amid speculation that the U.S would not withdraw from the Joint Comprehensive Plan Of Action (JCPOA) following the Trump/Macron conference. Aluminium softened further as the U.S stance on Russian producer Rusal's sanctions appeared to soften further, though the metal remains roughly +12.6% above the lows. Copper outperformed the base complex amid concerns regarding a mining strike in Chile as well as headlines that suggest China is loosening its monetary policy stance - in line with the recent RRR cut. The main focus overnight was on the rates space after the U.S 10y touched 3.00%, to settle and close just below there (2.999%). The broader DXY correlated well to the higher yields last night, rising in line with the 10yr before paring back gains as yields retraced slightly and equities slid. USDJPY held onto the previous day's gains and closed a touch higher around 108.80, EUR-USD closed a touch higher to 1.2230 and AUD-USD was range bound and closed unchanged at 0.7600, although has now slipped below this level.

On the data front, March new home sales rose +4.0% MoM (+1.9% expected) to 694k and February was revised up strongly to +3.6% from -0.6%. The U.S Conference Board's April consumer confidence rose to 128.7 (126.0 expected) from 127.0 previously - which was revised lower by -0.7. In Europe, Germany's latest IFO business climate reading fell noticeably again in April from 103.3 to 102.1 (102.8 expected) - the trend continuing to point downwards. The German economy's upturn will lose some of its momentum in the coming quarters which will leave the ECB unimpressed.

PRECIOUS

Gold held in rather well overnight considering the sell-off in bonds and base metals, once again showing resilience ahead of the 100 dma (\$1320.30) thanks to notable onshore Chinese demand. The yellow metal opened at \$1325 yesterday and from the get-go there were profit taking specs looking for offers, expecting China to be on the bid when they opened up for trade. The gold inched higher in the lead up to the China open toward \$1327, although when they came in demand was not what was expected and the metal sharply sold off to the days low around \$1322.50. As mentioned earlier there were decent bids on both Ecomex and SGE ahead of the 100 dma and the metal just as quickly popped back to \$1328 where it traded quietly throughout the rest of the Asia session. It remained in a narrow band through out Europe (\$1324-28) and began to catch a bid during NY, due to the sliding equity market. It was a gradual incline throughout the rest of the session pushing as high as \$1332.50 and managing



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to close just above \$1330. ETF flows were again skewed to the buy side, with speculators adding a further 95k oz worth of length overnight. That takes the monthly accrued buying to ~1.6 mio ozs across gold ETF's according to Bloomberg and we feel that if this continues, gold should remain supported above \$1300-1310. We see strong resistance at \$1360-70 area, where we have stalled numerous times. It feels like the market wants to try the low side major support now which sits at that \$1300-1310 level. Elsewhere, palladium was still volatile overnight yet continued to slip on the back of the weaker base metals touching a low of \$967.75 - a long way from the \$1056 peak hit only a week ago.

Gold opened on the back foot today, with a stronger USD providing some headwind for the metal. The initial move was higher towards \$1332 over the first hour or so of trade, although this turned once the AUDUSD broke down through 0.7600, gold slipping to \$1330 right around the SGE open. The metal remained weak throughout most of the morning session with the SGE premium stable around \$7.50-8.50 for the most part. Persistent Comex selling was the continued to pressure the gold throughout the AM China session although \$1328 did manage to hold throughout. Once lunch came around though the yellow metal continued its slow descent hitting \$1326.00 just before the SGE re-open. There was a brief pop higher at the China open, but Comex was offering into this and we traded back down towards \$1325 where we currently sit looking a little soggy. In other markets AUDUSD continues its weakness down 35 pips on the day to 0.7567 at present, and the rest of the G10 is also soft. Major Asian equity indices are lower at time of writing and crude is flat. Have a great day ahead.

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