



MKS PAMP GROUP

Daily Asia Wrap

15th February 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1349.60/00	16.85/88	991/94	1000/02
HIGH	1355.00/40	16.92/95	1001/04	1007/09
LOW	1349.60/00	16.85/88	991/94	1000/02
LAST	1354.20/60	16.91/94	1001/04	1007/09

MARKETS/MACRO

The US Labor Department reported CPI surged 0.5% in January, the rise exceeded economists 0.4% prediction and was the largest increase in 5 months. Core CPI rose 0.3% in January following the 0.2% increase in December. Retail sales fell by 0.3% in January following the downwardly revised flat reading in December. Retail sales ex-autos were flat. Business inventories rose 0.4% in December, matching the 0.4% recorded in November. Sales rose by 0.6% and the ratio of inventories to sales was unchanged at 1.33. US equities overcame early inflation concerns to rise sharply through the session, the major bourses have enjoyed a four day winning streak since the big sell-off last week. The Dow added 253.04 points, or 1.03%, to 24,893.49; the S&P 500 gained 35.69 points, or 1.34% to 2,698.63, while the Nasdaq rose 130.11 points, or 1.86%, to 7,143.62. There were wins for financials (+2.32%) and tech (1.95%) while utilities (-1.19%) led the laggards. European shares were higher, the EuroSTOXX advanced 3.95 points, or 1.04%, to 374.53, the German DAX put on 142.66 points, or 1.17%, to 12,339.16, and the London FTSE 100 ticked up 45.96 points, or 0.64%, to 7,213.97. Further volatility in the currency markets overnight on the CPI data, the US dollar index spiked above 90 on the release before tumbling 1.1% to 89.087. Inversely, the EUR dipped briefly below 1.23 before surging up to 1.2462, while USD /JPY traded down to 106.75. US treasury yields powered higher, the 2 year yield rose 6.78 bps to 2.1718% and the 10 year yield climbed 8.74 bps to 2.9168%. In the commodities, oil markets were higher as the EIA reported US inventories rose less than expected, Brent rose 2.81% to \$64.48 while WTI firmed 2.74% to \$60.81. Base metals were broadly higher, with nickel (4.83%) leading the gains. In Asia today, as I write the Nikkei is at +1.43%, the Shanghai composite is at +0.45%, the Hang Seng at +1.61%, and the ASX S&P 200 is at +0.90%. Tonight we have weekly jobless claims, the Empire State index, the Philly Fed index, producer prices, industrial production, capacity utilisation, and the NAHB home builders index out of the US; and December balance of trade from the Eurozone.

PRECIOUS

Wild session for the precious in NY following the CPI data release. Gold opened at \$1329 in Asia and traded steadily higher despite the SGE premium easing to \$2-3 which prompted decent selling out of China. The market reached \$1336 fuelled by weakness in USD/JPY, which dipped below 107. We saw a drift lower into London open and the metal remained around \$1330-31 through the AM session. As soon as the higher-than-expected US CPI numbers were reported the yellow metal gapped \$11 lower to \$1319, before rebounding quickly to the NY open level. Gold surged a further \$20 to \$1350 as the USD was broadly sold, there was some resistance at this level and we saw relative calm for the next couple of hours as the market hovered between \$1345-50. Another wave of buying propelled the metal through the \$1350 level the days high of \$1355, before settling to close just ahead of \$1350. Silver followed a similar trajectory, dipping to the low of \$16.41 just after NY open before climbing almost 3%. Big moves for the PGMs also, platinum and palladium added 2.7% and 1.6% respectively. The Philadelphia gold and silver index added 5.46%. The SPDR Gold Trust holdings were unchanged at 823.66 metric tonnes. In todays trading, gold has tested



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the overnight high of \$1355 a couple of times, volumes are pretty thin with SGE closed for Chinese New Year. The yellow metal is at \$1354.20 as I write. Silver is edging higher, the grey metal sits at \$16.91 as I write. PGMs are higher, with platinum trading above \$1000 for the first time in a couple of weeks. Gold is likely to find downside support around \$1341. On the topside, a break above yesterdays NY high should see the metal testing the Jan high at \$1265. Have a good day ahead.

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