



MKS PAMP GROUP

Daily Asia Wrap

2nd January 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1303.00/40	16.96/98	931/33	1065/67
HIGH	1307.80/20	17.00/02	934/36	1071/73
LOW	1302.70/10	16.93/95	930/32	1065/67
LAST	1307.80/20	17.00/02	934/36	1071/73

MARKETS/MACRO

In what was an extremely strong year for U.S equities they did close on a low point for the final day of trade in very thin holiday conditions. The Dow Jones Industrial Average dipped -118.29 points, or -0.48% to 24,719.22 (+20% over 2017), the S&P500 retreated -13.93 points, or -0.52% to 2,673.61 (+19% over 2017) and the NASDAQ composite relinquished -46.77 points, or -0.67% to 6,903.389 (+27.5% over 2017). Euro area stock indices fared better with the Euro First 100 Index off -1.31 points (-0.09%) to 1,529.57 and the Euro Stoxx 600 declining -0.36 of a point (-0.09%) to 389.18 to round out 2017. U.S 10y treasury yield was unchanged at 2.41% while the 10y German bund rose to 0.44%. In the currency space, USD retreated against most of its counterparts as the dollar index dipped -0.5% to 92.12, and down just under -10% over the course of the year. USDJPY was down slightly to 112.69 and EURUSD was up +0.5% to 1.20. Meanwhile, oil prices continued to rise as WTI crude oil climbed 1% to \$60.42 (+12% over 2017).

North Korean leader Kim Jong Un began the new year with the offer of an olive branch to South Korea, raising the possibility of dialogue to ease tensions on the Korean peninsula. In a change of tone, Mr Kim on Monday acknowledged the need to reduce military tension with the South and said the path to dialogue was open, raising expectations for an improvement in North-South Korean relations. The dictator also said Pyongyang would consider sending a delegation to the Winter Olympics which will be held in South Korea next month. In terms of the U.S however, Mr Kim again reiterated that the entire country was in range of the North Korean nuclear arsenal.

PRECIOUS

Gold finished the year on a positive note last Friday, continuing its steady climb seen over the final week of the year and ultimately closing above \$1300 (\$1303), up +13% for the calendar year. During Asian trade Friday, the yellow metal initially hovered around \$1295. Very light interest from onshore Chinese traders was seen as the SGE remained level around USD \$8-\$9 premium. With soft USD throughout early NY, gold took-out the resistance and quickly traded to highs of \$1307.50 easily absorbing any year-end selling. On the forward side, the market has been normalising with the year-end turn out of the way, short dates are back trading ~1.8%, and the GC Feb EFP is down to around \$1.80-1.90. Interest has been fairly muted in Asia over the past few weeks as the premium stayed fairly range bound around \$8-\$10, although seasonal buying in January ahead of Chinese New Year should provide support in our time zone. So there is very real potential for physical interest to drive the XAU price even higher throughout January. From here, dips below \$1290 should be well supported, while next major resistance stands around \$1325-\$1330. Silver was firmer Friday breaking through \$17.00 but ultimately closing around \$16.93 (+6% over 2017), platinum was fairly flat on the day and up +2.75% for the year, while palladium was slightly lower Friday yet took the gong for most impressive performance amongst its precious peers, up a whopping +56% for the calendar year.



MKS PAMP
GROUP

The first trade day of the year carried on Friday's momentum with gold opening a touch higher and running strongly in thin, pre-SGE trade. The yellow metal after opening around \$1303 swiftly made its way higher in the first 30 minutes to the Friday highs of \$1307.50 before running into resistance. Decent sell orders in Feb gold were seen up around that spot equivalent and capped proceedings over the day. Despite not being able to break through the Friday peak, any dips throughout the AM were well supported by SE Asian and Chinese buyers. The SGE was still largely inactive with light selling seen initially which gave way to small buy clips later during the morning session - premium was unchanged around \$8-9. This kept spot gold for the most part range-bound between \$1305-1308. Silver followed the gold higher initially although continued to run into offers around the \$17 handle, while the PGM's both traded in narrow ranges and at this point in time are both higher. Wishing you all a very happy and prosperous 2018 from all of us here at MKS.

Although the information in this report has been obtained from and is based upon sources MKS believes to be reliable, we do not guarantee its accuracy and it may be incomplete or condensed. All opinions and estimates constitute MKS' judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as investment advice, offer or solicitation for the purchase or sale of an investment. This report does not consider or take into account the investment objectives or financial situation of a particular party.