



MKS PAMP GROUP
Daily Asia Wrap
13th February 2018

Range Asian Hours
(from Globex open)

| | GOLD | SILVER | PLATINUM | PALLADIUM |
|-------------|-------------|---------------|-----------------|------------------|
| OPEN | 1322.90/10 | 16.54/56 | 970/72 | 986/88 |
| HIGH | 1328.60/80 | 16.65/67 | 973/75 | 989/91 |
| LOW | 1321.70/90 | 16.54/56 | 970/72 | 983/85 |
| LAST | 1325.80/00 | 16.63/65 | 973/75 | 989/91 |

MACRO

Equity markets in the U.S. continued their recent recovery on Monday, with bargain hunters bidding the major bourses up for the second straight session. The DJIA ended trade +1.70% higher at 24,601.27 points as 28 of the 30 components booked gains, while the S&P 500 saw materials (+2.55%) lead the bourse to a +1.39% return to close at 2,656.00 points. The VIX volatility index weakened further on Monday, sliding around -12% to 25.3. The greenback saw mixed trade on Monday, however ultimately finished the session lower, notably under pressure against the safe-haven yen. At the end of trade the DXY index was trading -0.3% down at 90.18. U.S. treasury yields strengthen further on Monday, seeing the two-year at +0.2bps to 2.075% and the ten-year 0.7bps higher to 2.858%. Crude prices in the U.S. edged modestly higher on Monday, however pared mid-session gains late in trade following and EIA report noting an expected increase in shale production in March. WTI closed just +0.15% higher at USD \$59.30 per barrel, while Brent crude slipped into negative territory in the final hours of trade, declining -0.3% to USD \$62.60 per barrel.

PRECIOUS

Bullion continued to see strength during Asian trade on Tuesday, with gains underpinned by a softer greenback. There was particular focus against the yen as pair collapsed to around 107.55, threatening a test of the September 2016 low (107.32). The stronger yen propelled bullion through the broad resistance level and overnight high around USD \$1,325 - \$1,326, triggering a brief but sharp stop loss run to the session high of USD \$1,328.60 before offers overcame the bid momentum to cap the move higher. Afternoon profit taking resulted in the yellow metal easing modestly as European names filtered in, with interest toward USD \$1,325 evident to restrict further retracement. Recent price action is indicative of short term positioning, with expectations of strength toward USD \$1,335 - \$1,340 as shorts are further tested. The caveat to a short-term push higher however is the upcoming Chinese New Year holiday which will remove physical demand from the market. Silver continues to test the recent short build up and has extended through USD \$16.50, while recent equity strength should support further palladium demand, with USD \$1,000 an initial target and key pivot point. Data releases today are unlikely to result in major market moves across the precious, with all eyes tomorrow on German GDP and CPI, Eurozone GDP and the all important U.S. CPI print.



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