



MKS PAMP GROUP

Daily Asia Wrap

21st March 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1310.90/30	16.16/19	940/43	979/81
HIGH	1314.20/60	16.25/28	945/48	983/85
LOW	1309.80/20	16.16/19	939/42	979/81
LAST	1313.20/60	16.23/26	941/44	980/82

MARKETS/MACRO

The US Federal Reserve began their 2 day monetary policy meeting on Tuesday, with a 0.25% rate hike the outcome expected by most analysts. Investors will be paying close attention to the commentary from Chairman Powell for any indication as to whether the Fed will remain on track to hike rates three times this year, or look to tighten further. US equities rallied Tuesday following the previous sessions tech led sell-off. The Dow added 116.36 points, or 0.47%, to 24,727.27, the S&P 500 rose 4.02 points, or 0.15% to 2,716.94, while the Nasdaq gained 20.06 points, or 0.27%, to 7,364.300. There were wins for energy (+0.84%) and consumer discretionary (+0.62%) while telecoms (-1.01%) and utilities (-0.46%) led the laggards. European equities were higher, the EuroSTOXX put on 1.89 points, or 0.51%, to 375.57, the German DAX added 90.31 points, or 0.74%, to 12,307.33, and the London FTSE 100 picked up 18.34 points, or 0.26%, to 7,061.27. In the currencies, the EUR suffered a sharp sell off on the back of a disappointing economic sentiment reading out of Germany. The US dollar index firmed 0.75% to 90.435, the EUR tumbled to 1.2240 while USD/JPY traded up to 106.64. US treasury yields were higher, the 2 year yield rose 3.11 bps to 2.3386% and the 10 year yield gained 3.49 bps to 2.8904%. In commodities, oil markets rallied on concerns that increasing tension between Saudi Arabia and Iran could negatively affect supply. Brent firmed 2.01% to \$67.38 while WTI climbed 2.16% to \$63.40. Base metals were broadly lower on the stronger US dollar, with zinc (-1.78%) leading the losses. There was no significant economic data releases out of the US overnight. In Asia today, as I write the Nikkei is at -0.47%, the Shanghai composite is at +0.48%, the Hang Seng at +1.21%, and the ASX S&P 200 is at +0.24%. Tonight we have current account deficit, existing home sales, and the FOMC rates announcement out of the US.

PRECIOUS

US dollar strength weighs on the precious complex ahead of tonight's FOMC announcement. Gold opened at \$1316 in Asia and printed the session high \$1318 early on in proceedings. The SGE premium was around \$7-8 and buying was muted, the market drifted lower through the day as the greenback firmed. The EUR was sold sharply against the dollar during the London AM session which accelerated gold's decline. The yellow metal printed the days lows of \$1307 early in NY trading but, as it did yesterday, found enough support to bounce back above \$1310. Silver was sold to a fresh 2018 low at \$16.12 followed bow a bounce up to \$16.18 at the close. PGMs were lower also, palladium in particular lost \$19 off the high. The Philadelphia gold and silver index lost 0.68%. The SPDR gold trust holdings fell 0.04% to 850.54 metric tonnes. In todays trading, gold is up few dollars off the open with the \$8.50 SGE premium prompting light buying out of China. The yellow metal is at \$1313.0 as I write. Silver is grinding higher as the day progresses, the grey metal sits at \$16.23 as I write. PGM's are all but flat. The US dollar has been the primary driver of the gold price over the last week, and market reaction to tonight's FOMC announcement is likely to dictate any near term move. Gold should find support at the \$1307-08 level that has held over the last couple of sessions, and at the psychological \$1300 level below that. On the upside, expect firm resistance at the 55 DMA \$1329. Have a good day ahead.



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