



MKS PAMP GROUP

Daily Asia Wrap

22nd March 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1331.80/20	16.55/58	957/60	988/90
HIGH	1334.20/60	16.57/60	961/64	995/97
LOW	1327.60/00	16.49/52	953/56	987/89
LAST	1329.40/80	16.51/53	958/61	991/93

MARKETS/MACRO

The US Federal Reserve increased overnight interest rates by 25 basis points, in line with market expectations. The Fed's statement said that "The economic outlook has strengthened in recent months", their projections for the federal funds rate remained unchanged for 2018, however the forecast 2019 benchmark rate was upwardly revised to 2.9% from 2.7%. In the press conference that followed the announcement, Fed Chair Powell addressed the issue of tariffs, commenting that "there is no thought that changes in trade policy should have any effect on the current outlook". The White House advised that President Trump will sign a memorandum "targeting China's economic aggression" at 12:30pm on Thursday. Earlier in the day there were reports that China is threatening to retaliate to import tariffs by targeting US agricultural exports, heightening the fear of a trade war. US equities finished lower following the rate hike announcement after a volatile session. The Dow lost 44.96 points, or 0.18%, to 24,682.31 despite being up more than 250 at one stage, the S&P 500 fell 5.01 points, or 0.18% to 2,711.93, while the Nasdaq erased 19.02 points, or 0.26%, to 7,345.290. There were big wins for energy (+2.63%) and materials (+1.11%), while consumer staples (-1.32%) and REITs (-0.93%) led the losses. European equities were mostly lower, the EuroSTOXX shed 0.61 points, or 0.16%, to 374.96, the German DAX inched higher 1.82 points, or 0.01%, to 12,309.15, and the London FTSE 100 slipped 22.3 points, or 0.32%, to 7,038.97. In the currencies, investors dumped the US dollar following the FOMC rate hike announcement and accompanying press conference. The US dollar index dropped 0.77% to 89.678, the EUR traded up to 1.2347 while USD/JPY slumped to 105.91. US treasury yields were higher, the 2 year yield declined 4.55 bps to 2.2993% and the 10 year yield eased 1.84 bps to 2.8775%. The oil market rally continued as the EIA reported a decline in US crude inventories and the tension between Saudi Arabia and Iran appeared to escalate. Brent climbed 3.43% to \$69.73 while WTI jumped 3.05% to \$65.48. Base metals were broadly higher on the US dollar weakness, with zinc (1.44%) leading the gains. In US economic data, the current account deficit widened 26% to \$128.2 bln in the fourth quarter of 2017, up from a revised \$101.5 bln in the third quarter. The National Association of Realtors reported that existing home sales increased 3% in February to a seasonally adjusted annualised rate of 5.54M, the rise comes after two straight months of declines. In Asia today, as I write the Nikkei is at +0.71%, the Shanghai composite is at -0.81%, the Hang Seng at -0.63%, and the ASX S&P 200 is at -0.26%. Tonight we have weekly jobless claims, Markit manufacturing PMI (flash), Markit services PMI (flash) and leading indicators out of the US; Markit manufacturing PMI (flash), Markit services PMI (flash) out of the Eurozone; along with Markit manufacturing PMI (flash), Markit services PMI (flash), Ifo current conditions, and Ifo business climate out of Germany.

PRECIOUS

A bumper session for the precious as currency markets reacted to the news from the FOMC. Gold opened \$1310 in Asia and we saw a mild bid tone throughout the session with investors remaining fairly subdued ahead of the FOMC announcement. The SGE premium was steady at \$8 over loco London. The market plateaued at \$1316-17 through London's AM session with traders were happy to sit on the fence. Gold



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started to tick up in early NY trading on headlines that China was preparing a retaliation to the US tariffs, the metal traded up to \$1326 around lunchtime before easing to \$1321 just ahead of the Fed's announcement. The greenback was sold sharply as the rate hike was announced and lost further ground following Powell's press conference, the move sent the yellow metal surging to the days high of \$1336 before settling to a close at \$1331. Silver surged almost 3% during NY hours to a week high \$16.64. The PGMs caught a bid, with platinum and palladium finishing at \$957 and \$990 respectively. The Philadelphia gold and silver index jumped 3.16%. Quiet trading in Asia today, gold opened at \$1331 and has remained within a \$7 range. The SGE premium is steady at \$8. There appears to be some softness creeping in during the afternoon as USD/JPY finds some support, the yellow metal is at \$1329.40 as I write. Silver is still holding in above \$16.50, the grey metal sits at \$16.51 as I write. PGMs are in the black, with platinum posting a week high \$962 earlier in the day. From a technical perspective, gold is sitting just under the 55 DMA at \$1329.70, a consolidation above that level could see the metal make another move on the key resistance at \$1340 and potentially the 2018 high after that. A rejection of the 55 DMA could see gold testing the support around \$1318. Have a good day ahead.

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