



MKS PAMP GROUP

Europe / US Market Update

26th January 2018

Range Europe / US Markets
(from Globex open)

25 th January 2018	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
OPEN	1364.95	1365.45	17.6600	17.6900	1022.15	1025.15	1109.00	1113.00
HIGH	1365.95	1366.45	17.6900	17.7200	1027.55	1030.55	1110.35	1114.35
LOW	1342.00	1342.50	17.1400	17.1700	1007.10	1010.10	1094.50	1098.50
CLOSE	1347.00	1347.50	17.2800	17.3100	1013.00	1016.00	1096.00	1100.00
EFP	-0.90	-0.70	-0.0100	0.0000	3.25	4.25	-11.00	-9.00
LBMA Prices	AM 1360.25	PM 1354.95	17.5200		AM 1014	PM 1016	AM 1099.00	PM 1099.00
Active Contract	GCG8 Comdty		SIH8 Comdty		PLJ8 Comdty		PAH8 Comdty	

MACRO

- U.S equity markets were mixed overnight - Dow +140.67 points (+0.54%) at 26,392.79, S&P500 +1.71 points (+0.06%) at 2,839.25, NASDAQ Composite -3.895 points (-0.05%) at 7,411.164.
- European equity indices declined, reacting to the ECB's Draghi comments and a firmer EUR - EuroFirst 300 retreated -9.39 points (-0.60%) to 1,565.50, Euro Stoxx 600 was off -2.23 points (-0.56%) at 398.56.
- Regionally the DAX shed -116.38 (-0.87%) to 13,298.36, the FTSE100 declined -27.59 points (-0.36%) to 7,615.84 and the CAC40 was off -13.95 points (-0.25%) at 5,481.21.
- U.S 2y treasury closed up +0.4 bps at 2.084% and the 10y closed down 3bps at 2.617%
- The \$ ended the day essentially unchanged but masked a wild ride driven by a not so dovish ECB, ECB Draghi calling out the US administration for talking down the \$, and finally, Trump clarifying that U.S Treasury Secretary Mnuchin's comments were taken out of context earlier in the week and that he wants to see a 'strong' Dollar.
- The dollar index closed the day fairly flat (+0.08%) at 89.36 (low 88.44, high 89.57)
- EURUSD rallied post ECB to a peak of 1.2537 (1.24 open), following the ECB and Draghi's speech, yet reversed all the gains after the Trump interview in Davos. The pair at time of writing sits at 1.2385.
- President Trump said there would be a 'tremendous' increase in trade between the U.S and U.K in a meeting held with Prime Minister May.
- U.S new home sales dropped from elevated levels to 625k in December (675k expected, 689k prior). The Northeast fell -2.4%, Midwest declined by -10%, the West sunk -9.5% and the South dropped -9.8%.
- U.S initial jobless claims came in at 233k (235k expected, 216k prior) signalling a strong labour market.



- German IFO business climate remains elevated. Confidence rose to 117.6 in January (109.5 expected, 117 prior) with expectations down 1.1pts to 108.4 and the current assessment rising to 127.7 from 125.5.

PRECIOUS

- Volatile day for gold, rallying to fresh highs throughout the Asian day (\$1365.80) on the back of decent Chinese demand and a soft USD, before being slammed late in NYK following Trump telling CNBC ultimately he wanted to see a 'stronger dollar'.
- Thursday opened up with the USD still firmly on the back foot and the metals caught a bid from this. There was also strong Chinese demand once again, prompting gold to rally gradually from \$1356 to the days high later in the session.
- European traders were sellers of the yellow metal early on in there day in the lead up to the ECB.
- Investors read the ECB as a little less dovish than expected and the USD plunged again, rocketing the EURUSD to new cycle highs (1.2537). Golds reaction was a little more muted compared with the EUR/JPY/GBP/CHF and eventually even dipped off slightly, in contrast to its recent USD correlation.
- Gold did manage to slowly push back towards the earlier highs, but once the Trump headlines came out the metals and currencies all fell like stones. XAU was in free-fall from \$1360 down to the daily low of \$1342.50, with some Asian bids under \$1345 curbing any further damage
- Silver after pushing towards \$13.70 in Asia, shared the same fate as gold plunging from \$17.60 to \$17.17, with some heavy stop loss orders tripped through \$17.25-35 area.
- Huge volumes seen on Ecomex - 530,000 lots of GCG8 were exchanged.

PRE-ASIA COMMENTS

- Expect to see some physical demand in gold and silver from Chinese investors/banks today. Think investors will be nervous here and liquidity may be light during the Asian day.
- Since we have opened there still appears to be some liquidation of weak longs through Comex, although gold has so far held steady around \$1346-48.
- Ahead today we have Japanese CPI, French Consumer Confidence, U.K and U.S GDP and U.S durable goods, and wholesale inventories. Have a good weekend.

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