



MKS PAMP GROUP

Daily Asia Wrap

14th February 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1329.30/70	16.56/58	973/75	986/88
HIGH	1336.90/30	16.67/69	981/83	991/93
LOW	1329.30/70	16.56/58	973/75	986/88
LAST	1334.40/80	16.63/65	979/81	990/92

MARKETS/MACRO

U.S. stocks edged slightly higher on Tuesday, but were still showing signs of renewed intra-day turbulence as markets struggled to extend a powerful two session recovery to a third day. This ahead of key inflation data and doubts that last week's brutal sell-off will be short-lived. The Dow Jones Industrial Average gained +39.18 points, or +0.16%, to 24,640.45, the S&P500 rose +6.94 points, or +0.26%, to 2,662.94 and the NASDAQ Composite inclined +31.546 points, or +0.45%, to 7,013.51. The best performing sector on the day was Telecom Services (+0.58%) while the worst performing sector was Energy (-0.34%). European equities failed to make it a second consecutive day in the black despite advances in mining and travel shares. The Euro First 300 Index retreated -9.26 points, or -0.63% to 1,454.02 and the Euro Stoxx 600 gave up -2.35 points, or -0.63% to 370.58. Regionally the DAX shed -0.7%, FTSE100 -0.13% and CAC40 -0.6%. Crude oil prices were relatively unchanged (WTI -\$0.13 to \$59.16), as reports suggesting further falls in global inventories eased concerns around rising U.S output. The IEA reported that oil inventories in the OECD fell by the most in more than six years. They now suggest they are only 52 million barrels above the five year average, which is a drop of ~80% from this time last year. This comes on the back of data released earlier this week showing further falls in OPEC production. OPEC's monthly report highlighted that compliance with the production cut agreement climbed to 136% in January, the highest level achieved since it was implemented at the start of 2017. The DXY softened by -0.6% to 89.663, reflected mostly in USDJPY and EURUSD pairs, while the cable failed to push higher last night despite a UK CPI print that came in a touch hotter than expected.

A quiet night in terms of data with the market zeroing in on today's U.S CPI print. The only data of note from the U.S was NFIB Small Business Optimism index, which rose by 2 points to 106.9 (105.3 expected), close to November's 107.5 reading that was highest in monthly data to 1986. 32% of respondents said now was a good time to expand businesses, exceeding all monthly figures to 1986 and quarterly readings back to 1973 according to JP Morgan analysts. Six of the 10 components that make up the small-business optimism index increased in January, producing one of the strongest readings in the 45 year history of the survey. The figures show sustained, sturdy business sentiment since the November 2016 election. Across the Atlantic, annual inflation for the UK remained at 3% in January, compared with estimated reading of 2.9%. Inflation is well above the Bank of England's target of 2% sparking speculation of a rate rise in May.

PRECIOUS

Gold was steadier on Tuesday, with the metal advancing towards \$1330 during the London session and again at the back-end of New York as the dollar dipped. The metal opened the day close to the lows and progressed slowly higher as China opened. The premium has understandably deteriorated as we drift closer and closer to the Chinese holiday break, falling to about \$6 yesterday and trading continuously lower throughout the session. Spot gold caught a bid though trading up through \$1325 as the USDJPY broke through 108, then continued on to just short of \$1330 by the time London traders manned their desks. The metal then turned lower during the NY morning, trading back



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down towards the opening levels, yet recovered late in the session to close around \$1330. Flow-wise there has been a definite downturn in volumes both through Comex and ETF's over the past week, with this expected to continue through Chinese new year. Resistance currently sits at around \$1350, while support at \$1320-25 looks strong for now.

Today marks the final day before China takes a week long holiday for their Lunar New Year celebrations, and as expected, volumes were again lower than the previous day. We opened around \$1330 this morning and the yellow metal was swiftly paid higher, with some light stops tripped around \$1330.50. The move was mainly based on the weaker dollar, particularly against the USDJPY which has fallen to a low so far of 107.00 (-0.7%). The yellow metal has continued to angle higher throughout the day currently trading through \$1335 and holding above there in line with the soft Greenback. In other markets equities are mixed the Nikkei at time of writing is trading down -0.75%, Shanghai Composite is down -0.3%, ASX200 is -0.25%, while the Hang Seng is bucking the trend up +0.9%. WTI crude is currently little firmer on the day at \$59.17 (+\$0.21 or +0.36%) and the USD as mentioned is currently weaker across the board - USDJPY -0.95 points on the day at 106.90, EURUSD +39 points at 1.2390, USDCHF -40 pips at 0.9310. All eyes will be focussed on today's U.S CPI print to gain more understanding to the path of the Fed's monetary policy, with this data likely to instill some volatility. We also have U.S retail sales, Euro Zone GDP and Industrial Production and German CPI. Good luck ahead and Kung Hei Fat Choy!

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