



## MKS PAMP GROUP

### Daily Asia Wrap

7<sup>th</sup> February 2018

Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
<b>OPEN</b>	1324.50/70	16.63/65	989/91	1013/15
<b>HIGH</b>	1330.70/90	16.75/77	992/94	1015/17
<b>LOW</b>	1324.50/70	16.63/65	989/91	1010/12
<b>LAST</b>	1330.70/90	16.75/77	992/94	1012/14

#### MARKETS/MACRO

The U.S. trade deficit increased 5.3% during December to \$53.1 billion, the widest since October 2008 as imports outpaced exports. The Labor Department's monthly JOLTS report showed job openings decreased 167,000 to a seasonally adjusted 5.8 million during December, led by a decline of 119,000 to the professional and business service sector. The number of workers willingly leaving their jobs increased by 98,000 to 3.259 million, the highest level since January 2001. Equity markets in the U.S. endured a wild ride on Tuesday, however ultimately ended the session in the black following early session weakness. After opening over 500 points lower, the DJIA sharply reversed to book the best single session percentage gain in over 12-months, adding +2.33% to finish at 24,912.77 points. The S&P 500 added +1.74% to 2,695.14 points as materials led the bourse higher, while the Nasdaq Composite ended +2.13% higher. The VIX volatility index pulled back following Monday's +116% increase, easing around -20% as some stability crept back into the market. Treasury yields were back on the march higher on Tuesday, with the 10-year yield pushing through 2.8% once again.

#### PRECIOUS

A resurgent greenback kept bullion under pressure on Tuesday as safe-haven interest was further scuttled by a recovering stock market. Asia opened to a stronger precious complex, as early indications from U.S. equity futures markets pointed toward further weakness on Tuesday. After pushing above USD \$1,340 in early Shanghai trade, price action remained buoyant above the figure throughout European hours, seeing further support from an offered dollar. What initially looked like a promising session for gold soon reversed course in New York as equities erased early session weakness, the dollar ripped higher and treasury yields popped. Stops around USD \$1,340 gave way to interest toward USD \$1,335, however the metal soon ran out of supporters to take a fresh leg lower underneath USD \$1,330 and then finally collapsed late in trade to a USD \$1,321.50 session low. Vols eased into Tuesday's close as 1m dipped underneath 11, while ETF's reported modest outflows.

Asian trade on Wednesday saw bullion stage a modest recovery following Tuesday's collapse, pushing toward USD \$1,330 in a generally orderly fashion, however unable to make a meaningful break above the figure. Tuesday's price action has no doubt spooked investors, in particular fresh long positioning that would have been instigated on the back of the flight out of equity markets. It is worth noting we are seeing a minor slowdown in Chinese demand as we head toward Chinese New Year and this is likely to



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accelerate and remove some of the supportive interest out of Asia in the coming sessions. Expect to see supportive price action broadly between USD \$1,316 - \$1,320, while offers around USD \$1,330 have capped top-side moves thus far today, however more important levels extend between USD \$1,335 - \$1,340.

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