



MKS PAMP GROUP

Daily Asia Wrap

30th January 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1340.60/80	17.16/18	1006/08	1088/90
HIGH	1341.90/10	17.19/21	1007/09	1089/91
LOW	1334.50/70	17.10/12	997/99	1083/85
LAST	1335.40/60	17.10/12	997/99	1083/85

MARKETS/MACRO

U.S. personal income rose +0.4% MoM during December (exp: +0.3%) to follow a +0.3% increase during November, while personal spending increased +0.4% to be in-line with expectations. The robust print however came at the cost of savings, which fell to a 10-year low of 2.4% from 2.5% previously. The Federal Reserve's preferred measure of inflation, the personal consumption expenditures price index (core PCE) increased +0.2% MoM (exp: +0.2%) to see the annualised figure hold at +1.5% YoY during December. The Dallas Fed manufacturing index of general business activity jumped to 33.4 during January (exp: 25.4) from a 29.7 read the month prior. January's gains were largely attributed to strength across shipments (27.1 from 21.5 previously) and prices received (22.3 from 17.9 previously). U.S. equity markets tumbled on Monday as yields on the benchmark 10-year treasury note jumped above 2.7% to mark the highest level since April 2014. The DJIA sunk -0.67% to 26,438.48 points as Caterpillar Inc. (-2.7%) and Apple Inc. (-2.07%) saw the bourse to its worst single session result since September, while the broader S&P 500 saw heavy trade to energy stocks (-1.5%) also take the bourse -0.67% lower to 2,853.53 points. The Nasdaq composite didn't escape unscathed either, shedding -0.57% to 7,466.505 points. Wall street's 'fear gauge' the VIX jumped to the highest level in 5 months on Monday, surging nearly 25% to 13.84. Oil futures pulled back from recent highs on Monday, with the U.S. benchmark WTI handing back -0.9% following an increase in the domestic oil rig count by 12 to 759.

PRECIOUS

Higher treasury yields underpinned a bid session for the greenback on Monday, seeing the DXY around +0.33% higher to weigh upon bullion. Early Asian session weakness was compounded in late European / early U.S. trade as the yellow metal declined through USD \$1,345, before further extending underneath USD \$1,340 late in trade. CFTC positioning continues to increase, however the pace at which these increases are occurring has slowed. ETF demand remains elevated with further inflows recorded on Monday (holding +1.4% YTD), while vols remain firm out to 3m, with 1m extending to 10.25. Following a sluggish start, interest through Comex (J8 now most active) picked up on the break below New York's low print, as dollar driven weakness provided an opportunity for bargain hunters. We continue to see interest on dips, particularly around the fib retracement level (Dec low – Jan high) of USD \$1,335.50, however should further weakness become evident we are likely to stretch long positioning and could see an extension toward USD \$1,325 or even USD \$1,315. Although the FOMC are not expected to hike



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rates this week (rather in March) it will be interesting to see what language the committee uses in their statement, with many expecting a more hawkish bias that could give the greenback a boost and keep bullion under pressure. Silver continues to head toward another test of USD \$17 following Monday's - 1.6% move. The grey metal should see broad interest around USD \$17.10 - \$17.15, however may be setting up for a move through the figure like we saw only last week. After a break of the important USD \$1,000 level in New York (only to recover back through the figure), platinum has once again succumbed to selling pressure to trade sub USD \$1,000 during Asia today, while palladium has been offered throughout afternoon pricing but thus far has held the New York low print.

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