



MKS PAMP GROUP

Daily Asia Wrap

14th June 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1300.10/30	17.03/06	904/06	1012/14
HIGH	1302.10/30	17.10/12	904/06	1013/15
LOW	1297.70/90	16.93/95	898/00	1010/12
LAST	1302.10/30	17.10/12	904/06	1013/15

MARKETS/MACRO

As widely expected the FOMC voted to raise interest rates by 25bps during the June meeting to a range between 1.75 - 2%. Members surprised to the hawkish side and have forecasted a further two rate increases this year (total of four), to follow only three forecasted at the March meeting. Most expect three increases in 2019 and one in 2020 to see the benchmark rate at between 3.25 - 3.50% by the end of 2020. Economic forecasts were also interpreted as more hawkish with unemployment rate projections lowered, while growth and inflation were revised upwards for 2018. The U.S. PPI spiked +0.5% MoM during May (exp: +0.3%), underpinned by a surge in gasoline prices. On an annualised basis PPI increased +3.1% YoY (exp: +2.8%) to mark the biggest annual gain in over six years. Core PPI (ex food, energy and trade) meanwhile added +0.1% MoM to see the annualised figure to +2.6% YoY. Equity markets in the U.S. eased modestly on Wednesday following the FOMC announcement, while participants also considered President Trump's comments regarding aggressive trade action toward China. The DJIA declined -0.47% to 25,201.20 points, heavy trade to telecoms (-4.49%) as a result of falls to AT&T and Verizon saw the S&P 500 -0.4% lower to 2,775.63 points, while the Nasdaq Composite eased -0.11% to 7,695.699 points after hitting an intra-day record of 7,748.958 points. Currency majors ended higher against the greenback on Wednesday, however had to endure whippy price action around the FOMC announcement. The DXY index ended the session -0.3% lower as the euro headed back toward 1.18 and the buck eased toward 110.00 against the yen. Treasury yields pushed higher on the back of the FOMC meeting, seeing the 10-year spike briefly above 3% before settling around 0.5bps higher at 2.966%, while the two-year added around 3bps to 2.578% after spiking to a 3-week high. The pricing saw the yield curve flatten to the narrowest level since 2007.

PRECIOUS

A generally positive session for gold in Asia on Thursday, however still held within the recent range. The post-FOMC weakness to the greenback extended further in early Asian trade, however bullion struggled to find its footing after the New York close above USD \$1,300 and drifted back underneath the figure into the Chinese open. A Shanghai premium of around USD \$6 did little spark interest in the metal as participants on Comex looked to take profits around USD \$1,300 in respect of the recent range. Finally the greenback weakness began to awaken some interest in the metal during afternoon pricing, pushing



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gold back above USD \$1,300, however the move looked to be driven by a squeeze higher to silver as shorts came under pressure back above USD \$17 (likely Chinese driven). Concerns over an escalation in the trade war between the U.S. and China look to have overshadowed the FOMC decision, with participants on the bid into the European open to see bullion through Wednesday's high print. Gold continues to see heavy supply through USD \$1,305 - \$1,310 and will require a major shock either from ECB or the escalation of trade tensions to move through the resistance band. Likewise for silver we see a broad band of resistance through USD \$17.20 - \$17.40, while platinum has managed to regain the USD \$900 pivot point although hasn't been able to extend far from the figure. All eyes tonight on the ECB. while we also see German CPI, U.K. retail sales, U.S. retail sales, U.S. import price index, U.S. initial jobless claims and U.S. Bloomberg consumer confidence.

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