



## MKS PAMP GROUP

### Daily Asia Wrap

15<sup>th</sup> March 2018

Range Asian Hours  
(from Globex open)

	<b>GOLD</b>	<b>SILVER</b>	<b>PLATINUM</b>	<b>PALLADIUM</b>
<b>OPEN</b>	1324.30/70	16.53/55	961/63	990/92
<b>HIGH</b>	1327.40/80	16.56/58	963/65	993/95
<b>LOW</b>	1323.70/10	16.50/52	960/62	989/91
<b>LAST</b>	1326.30/70	16.54/56	962/64	992/94

#### MARKETS/MACRO

Stocks declined Wednesday, with major indices coming off early gains, as fears of a potential trade war resurfaced after President Donald Trump announced that his administration will seek to trim the U.S.'s trade deficit with China by \$100 billion via tariffs and U.S retail sales fell for a third consecutive month. The Dow Jones Industrial Average retreated -248.91 points, or -1.00%, to 24,758.12, the S&P500 sold off -15.83 points, or -0.57%, to 2,749.48 and the NASDAQ Composite trickled down -14.20 points, or -0.19%, to 7,496.811. European equities erased early gains and traded lower following the fall in the U.S. The Euro First 300 index declined -2.08 points, or -0.14% to 1,466.10 and the EuroStoxx 600 dipped -0.55 of a point (-0.15%) to 374.94. Crude oil prices fluctuated between gains and losses amid conflicting fundamental data, WTI ultimately closing at \$60.93 (+0.35%). The weekly EIA report showed that crude oil inventories recorded a strong gain last week of 5.02m barrels, while inventories at Cushing, the delivery point for WTI, also rose for the first time in 12 weeks. The EIA report also showed another rise in U.S output. This was acknowledged by OPEC, which raised its estimate of U.S production in 2018 and revised oil demand projections higher, with inventories expected to continue to decline. The USD traded fairly flat on the day, the dollar index up +0.12% to 89.768. EURUSD came off the high above 1.2400 after ECB President Mario Draghi's measured comments on the pace of rate hikes after it ends QE. It eventually closed just a touch lower by -0.2% to 1.2370. The U.S 10yr yield decreased -2.74bps to 2.8152% and the US 2yr yield rose 0.81bps to 2.2620%.

On the data front, U.S retail sales shrank -0.1% MoM in February (+0.3% expected), following an upwardly revised -0.1% decline (-0.3% prior) at the start of the year. It is the first time sales have shrunk three months in a row since April-June of 2012. Households cut back on purchases of motor vehicles and other big-ticket items which was the primary contributor to the fall. Core retail sales (ex auto and gas) edged up +0.3%, which was in-line with consensus. U.S. producer prices increased slightly more than expected in February as a rise in the cost of services offset a decline in the price of goods. The Labour Department said its PPI for final demand rose +0.2% last month (+0.1% expected), after increasing +0.4% in January. That lifted the YoY increase in the PPI to +2.8% in February from +2.7% a month prior. In Europe, German CPI eased to +1.4% in February (+1.4% expected), from 1.6% in January. This was the third consecutive decrease and the lowest since November 2016. On a monthly basis, consumer prices gained +0.5% largely due to higher prices of travel/holidays.

#### PRECIOUS

It was a relatively quiet session across the metals, with a modest turnover of 246k lots (GCJ8) on COMEX. We opened in Asia and once again saw some decent demand from SE Asian customers and China. Leading into the SGE open some light selling came about and we fell to the Asia lows, although this was swiftly swept higher from \$1325 up towards \$1329 over the morning. The metal tested \$1330 briefly, although there was some sizeable COMEX selling up around that area and the gold quickly turned south to \$1325-26 where it clung into the Asia



evening. London traders came in mildly on the offer and continued to steer the metals lower, catching a bid just before the U.S traders joined in. There was some volatility around the U.S PPI and retail sales figure, spiking briefly to \$1329, but just as quickly sinking to the days lows around \$1322. All in all a quiet inside day for the metals. The market continues to trade the range with Asian buyers stepping in under \$1320 and spec profit taking and producer selling capping the topside around \$1330-35. Gold will likely remain range-bound into next weeks FOMC, with the market eagerly anticipating a first rate rise for the year, given the economies improved data.

Once again Asia demand was prominent today, with the gold initially trading a dollar or so lower but stabilising around \$1324. Prior to the China open the spot market caught a bid, with some Japanese banks looking for offers and driving the price back through \$1325. The underlying bids persisted with the USD on the back-foot throughout the morning, predominantly vs. the JPY which traded through 106.00 to a low of 105.83. Into the afternoon the volume began to subside on COMEX and the SGE and the spot gold traded sideways at the upper end of the days range. At the time of writing the equity markets are all lower, led by the Nikkei which is currently down -0.7%, Hang Seng -0.65%, Shanghai Composite -0.15% and ASX200 -0.4%. WTI Crude is a touch firmer at \$61.06, up +0.2% and the USD is a slightly weaker to flat vs. the G10, the outlier USDJPY, which continues to look heavy under 106. Ahead on the data calendar today look out for French CPI and U.S Empire manufacturing, jobless claims and Philly Fed Business outlook All the best.

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