



MKS PAMP GROUP

Daily Asia Wrap

15th May 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1313.40/60	16.52/54	910/12	996/98
HIGH	1314.30/50	16.54/56	912/14	997/99
LOW	1310.70/90	16.46/48	908/10	962/64
LAST	1312.20/40	16.46/48	908/10	980/82

MARKETS/MACRO

Cleveland Fed President Loretta Mester spoke in Paris on Monday, discussing the federal funds pathway and noting that the rate may need to exceed the long run targeted level for a brief period of time in order to maintain policy goals. Mester also commented that she does not expect inflation to pick up sharply, and while close to the Fed's 2 per cent target, it is likely to take one to two years to reach this on a sustainable basis. Equity markets in the U.S. posted modest gains on Monday, finding direction from an easing of trade tensions between the U.S. and China in lieu of major data releases. The DJIA once again ended higher, marking the eighth consecutive positive session, adding +0.27% to 24,899.41 points. The S&P 500 benefitted from strength across healthcare (+0.65%) and energy (+0.63%) to end +0.09% higher at 2,730.13 points and the Nasdaq crept +0.11% higher to 7,411.32 points. The greenback recovered sharply from early session weakness in New York on Monday, in the process snapping a three-session losing streak as the buck made notable gains against the Euro as political risks continue in Italy. Treasury yields in the U.S. edged higher on Monday as the 10-year test 3% and the two-year added +0.7bps to 2.545%. Oil futures spiked higher on Monday to reverse the majority of Friday's declines, with gains underpinned by fresh violence in the Middle East. WTI added +0.8% to just over USD \$70 per barrel, while Brent crude surged +1.8% to USD \$78.50 per barrel.

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Another soft session for bullion during Asian hours on Tuesday, as the greenback ripped higher and U.S. 10-year yields pushed above 3%. Offers toward USD \$1,315 capped any early session gains, and it soon became apparent that bullion would test toward USD \$1,310 following the previous session failure to hold USD \$1,320 even amid a stronger euro. It's difficult to find a catalyst for the continued dollar strength and conversely bullion weakness, however the trend is currently skewed to the downside and we are likely to once again test toward the lower end of the recent range. Silver's recent inability to consolidate through USD \$16.80 has now opened up a test of the recent lower end of the range toward USD \$16.00 - 16.20, however much like gold there does not currently look to be any catalysts to push the metal through the



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level. The major market mover today was palladium, collapsing around -3% with no material news to trigger the decline, however around 500 lots passed through Comex to see the metal print to a USD \$962 low.

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