



## MKS PAMP GROUP

### Daily Asia Wrap

26<sup>th</sup> April 2018

Range Asian Hours  
(from Globex open)

	<b>GOLD</b>	<b>SILVER</b>	<b>PLATINUM</b>	<b>PALLADIUM</b>
<b>OPEN</b>	1322.00/40	16.55/57	910/12	977/79
<b>HIGH</b>	1324.50/90	16.58/60	913/15	978/80
<b>LOW</b>	1321.00/40	16.54/56	909/11	975/77
<b>LAST</b>	1323.40/80	16.57/59	911/13	975/77

#### MARKETS/MACRO

The Dow and S&P500 ended a volatile session slightly higher Wednesday, with the two market gauges erasing early losses to turn positive in afternoon trade as strong corporate earnings - Boeing/Facebook/Anthem - appeared to overshadow an ongoing rise in bond yields. The DJIA gained +59.7 points (0.25%), to 24,083.83, the S&P500 advanced +4.84 points (+0.18%), to 2,639.40 and The NASDAQ Composite cooled -3.615 points (-0.05%), to 6,513.94. The best performing sector was Telecom Services (+0.81%), while REITs struggled (-0.27%). European equity markets ticked back from Tuesday's gains as investor's reacted to a +3.00% U.S 10y bond yield. The Eurofirst 300 Index slid -11.29 points (-0.75%), to 1,491.73 and the Euro Stoxx retreated -2.94 points, or -0.77% to 380.17. Regionally the DAX shrugged off -1.02%, FTSE100 -0.62% and CAC40 -0.57%. The U.S 10y Treasury yield stayed above the 3.0% psychological level yesterday, rising to the day's high of 3.0334% before easing off into the close at 3.0259%. The higher interest rates helped to lift the USD higher, with the Dollar index rising +0.54% to 91.256 on the day. USDJPY jumped higher by +0.6% to 109.43 while the EURUSD eased -0.6% to 1.2161. In commodities, Aluminium prices rose +0.8% over the session and it seems the volatility that has typified the market in recent weeks has abated. This has been assisted by Monday's decision from the U.S to ease sanctions on Rusal and news that Glencore has restarted aluminium purchases from the Russian company. Nickel prices rose +1.1% as the Philippines government continued to move forwards with a plan that will limit the amount of land that miners can use at any given time. Oil gyrated on the day eventually settling higher - WTI up +\$0.31 (+0.465) to \$68.01/barrel. Early on, crude fell -0.9% on news that US oil inventories increased a larger-than-expected 2.17 million barrels last week as refinery utilisation ticked lower. However, prices rose in the afternoon as attention turned towards the prospects of a new nuclear agreement with Iran, which President Macron is trying to broker.

On the data front it was a very quiet session, U.S mortgage applications the only release of note, the figure dipping slightly (-0.2%) after increasing last week

#### PRECIOUS

Bullion remained on the back foot overnight, with decent selling seen throughout the session on COMEX as yields, the USD and equities all caught a bid. We opened just above \$1330 in Asia yesterday and gold had a very brief spike to the highs within the opening hour of trade. From there though it was all one way traffic lower, with COMEX offering clearly outweighing the very modest Chinese demand, with the premium still sitting unchanged around \$7-8 on the SGE. By the time London traders stepped in we were sitting around \$1325, with some SE Asian and Indian demand propping things up around that level. We broke lower however testing the previous days lows and held there, awaiting NY. Once U.S traders joined the party, the 10y yield began to break further above 3.0%, which prompted a sweep lower through the 100dma in gold. Once again though there were sizeable bids looking to the fade the dip and we ultimately held above \$1320 and closed at \$1322.50. With a number of factors posing headwinds for the gold price at the moment - rising USD, higher yields, cooling U.S relations with N Korea, stabilising



base metals, cleaner positioning, China closed 2 days next week - traders will be looking for a clear break of \$1320, to target the next support at \$1304.00 (\$200 dma). We tend to agree with consensus that gold will likely pullback further, although we do exercise caution, especially considering the previous 2 times the 100 dma has been tested (March), there was a sharp 3% reversal in the following days. The next risk event is the ECB rate decision tonight, which should be instrumental in the next direction for precious.

The market today was very quiet, gold confined to a \$3 range with very little seen in the way of flows. COMEX traffic was still skewed to the sell side, while very light buying from China was enough to balance things out. Silver and the PGM's were also very quiet the former inching slightly higher throughout the day, while the latter both traded sideways. The dollar was a little softer over the day, down between 10-20 pips vs. the G10 which kept gold bid. In other markets, Asian equities were soft despite the rise of their North American counterparts. At time of writing the Hang Seng is down -0.7%, Shanghai Composite -0.9% and ASX200 -0.20%, while the Nikkei has bucked the trend and is in the black up +0.55%. As mentioned earlier market focus will be on the ECB today, particularly Governor Draghi's speech where it is expected that he will outline the next stage of the central banks extremely loose monetary policy. There is also U.S jobless claims, durable and capital goods orders and wholesale inventories data to look out for. All the best and good day ahead.

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