



MKS PAMP GROUP

Daily Asia Wrap

28th February 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1317.90/30	16.42/45	977/80	1039/41
HIGH	1318.80/20	16.43/46	983/86	1048/50
LOW	1315.90/30	16.37/40	976/79	1037/39
LAST	1317.70/10	16.38/41	977/80	1046/48

MARKETS/MACRO

Federal Reserve Chairman Jerome Powell made his first address to Congress since taking over the role earlier this month. Powell said he is optimistic about the economy, and that "further gradual increases in the federal-funds rate " will allow the Fed to meet it's goals. US equities finished lower following the Powell testimony as the hawkish comments spooked investors that were already concerned about the effect of further rate hikes on the markets. The Dow lost 299.24 points, or 1.16%, to 25,410.03; the S&P 500 fell 35.32 points, or 1.27% to 2,744.28, while the Nasdaq sold off 91.11 points, or 1.23%, to 7,330.35. There were no winners in the stock markets today as REIT's (-2.15%), consumer discretionary (-2.12%) and telecoms (-1.84%) led a broad sell-off. European shares were lower, the EuroSTOXX shed 0.76 points, or 0.20%, to 380.34, the German DAX slipped 8.58 points, or 0.07%, to 12,461.91, and the London FTSE 100 fell 29.18 points, or 0.40%, to 7,252.39. European shares were also lower, the EuroSTOXX shed 0.70 points, or 0.18%, to 382.36, the German DAX slipped 36.31 points, or 0.29%, to 12,490.73, and the London FTSE 100 fell 7.13 points, or 0.10%, to 7,282.45. In the currencies, the greenback found broad support on the back of the new Fed Chair's testimony, the US dollar index climbed 0.56% to 90.352. The EUR traded down to 1.2226, while USD/JPY rose as high as 107.56. US treasury yields were higher, the 2 year yield firmed 4.02 bps to 2.2621% and the 10 year yield rose 3.66 bps to 2.8989%. In commodities news, oil markets were lower on the USD strength, Brent fell 1.53% to \$66.47 and WTI slashed 1.60% to \$62.89. Base metals were mostly lower, with copper (-1.25%) the big mover. In US economic data, durable goods orders dropped 3.7% in January, the decline was well in excess of economists 1.7% expectation. Core capital goods orders fell 0.2% in January following a 0.6% drop in December. The Conference Board's consumer confidence index rose to 130.8 in February from 124.3 in January, the highest reading since November 2000. The S&P/Case-Shiller national home price index rose a seasonally adjusted 0.7% in the December quarter and was up 6.4% compared to a year before. In Asia today, as I write the Nikkei is at -0.36%, the Shanghai composite is at -1.15%, the Hang Seng at -1.49%, and the ASX S&P 200 is at -0.56%. Tonight we have GDP, Chicago PMI and pending home sales out of the US; inflation data out of the Eurozone; and consumer confidence and unemployment numbers out of Germany.

PRECIOUS

A rough session for the precious as markets take a hit on broad strength in the greenback. Gold opened at \$1332 in Asia and traded up to what would be the days high of \$1336 as Chinese markets opened. The SGE premium started around \$9 which prompted strong buying action out of China, which only served to support the market around the opening levels as weakness crept in. The metal was range-bound between \$1332-35 through the London AM. NY were on the offer from the opening bell, gold was quickly dumped to \$1325 on the broad strength of the dollar before bouncing back to \$1330. By the time Fed Chair Powell began his testimony the yellow metal was back at \$1325, it was clear investors had interpreted his comments as hawkish as the USD rally gained velocity and gold plunged to the days low of \$1313. The yellow metal firmed a little through the afternoon and closed the session at \$1318. Silver sold off nearly 2%



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to a 2 week low of \$16.34. PGMs were hammered also, platinum and palladium shed \$16 and \$29 respectively. The Philadelphia gold and silver index dropped 2.82%. The SPDR Gold Trust holdings were unchanged at 831.03 metric tonnes. In today's trading, gold has been range-bound through Asian hours, the \$10 SGE premium failing to spark much buying out of China. The yellow metal is at \$1317.70 as I write. Silver has drifted slowly lower since the open and is trading around last night's low, the grey metal sits at \$16.37 as I write. Palladium has seen the biggest move today, grinding higher off the open to print a high of \$1047. Expect gold to find first resistance at the post-CPI release low of \$1321 and the \$1330 level above that. We should see support at the Feb lows around \$1307-10 and at the key \$1300 level after that, a break below here could be the catalyst for a significant sell off. Have a good day ahead.

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