



MKS PAMP GROUP

Daily Asia Wrap

7th March 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1338.80/20	16.80/83	966/69	983/85
HIGH	1339.90/30	16.82/85	970/73	985/87
LOW	1334.50/90	16.69/72	964/67	980/82
LAST	1335.10/50	16.70/73	966/69	982/84

MARKETS/MACRO

In the US, Gary Cohn has resigned as White House chief economic advisor, the decision comes after Cohn clashed with President Trump over the issue of proposed tariffs in the steel and aluminium industries. Earlier in the day, the Mexican peso and Canadian dollar rallied as Treasury Secretary Steve Mnuchin said that the tariffs may not apply to Mexico and Canada provided the renegotiation of NAFTA is successful. US equities endured a turbulent session as investors consider the potential impact a trade war would have on the stock market. The Dow edged higher 9.36 points, or 0.04%, to 24,884.12 but was down over 150 points at one stage during the session; the S&P 500 added 7.18 points, or 0.26% to 2,728.12, while the Nasdaq gained 41.302 points, or 0.56%, to 7,372.007. There were wins for materials (+1.09) and consumer discretionary (+0.72%) while utilities (-1.36%) led the laggards. European shares were higher, the EuroSTOXX put on 0.5 points, or 0.13%, to 371.37, the German DAX advanced 23 points, or 0.19%, to 12,090.87, and the London FTSE 100 rose 30.77 points, or 0.43%, to 7,146.75. In the currencies, the US dollar came under pressure as amid the tariffs debate. The US dollar index slipped 0.50% to 89.634, the EUR traded up to 1.2419, while USD/JPY traded down to 105.83. US treasury yields were mixed, the 2 year yield firmed 0.4 bps to 2.2481% and the 10 year yield eased 0.91 bps to 2.8717%. In commodities, oil markets were mixed as Brent added 0.24% to \$65.70 and WTI gave up 0.11% to \$62.50. Base metals were broadly higher on the dollar weakness, with nickel (+1.86%) leading the gains. In US economic data, factory goods orders fell 1.4% in January following a 1.8% rise in December, orders for capital goods excluding aircraft fell 0.3% in January. In Asia today, as I write the Nikkei is at -0.11%, the Shanghai composite is at +0.34%, the Hang Seng at +0.02%, and the ASX S&P 200 is at -0.88%. Tonight we have ADP employment, trade deficit, productivity, unit labor costs, the beige book, and consumer credit out of the US; and GPD growth rate out of the Eurozone.

PRECIOUS

A strong session for the precious complex overnight as the greenback came under pressure amid further trade war speculation. Gold opened at \$1319 in Asia and traded up to \$1324 with the SGE premium constant at \$8. London were on the bid from the opening bell as first the sterling and then the euro were bought heavily against USD. Gold had firmed to \$1328 by the time NY came in and they were happy to buy into the strength. The yellow metal ran into resting orders ahead of \$1340, printing the days high of \$1338 before settling to \$1334 at the close. In a similar session, silver traded sideways through Asian hours before surging over 40c to a March high \$16.86. Palladium was the lone disappointment, finishing flat after a whippy session. The Philadelphia gold and silver index added 2.15%. In Asia today, gold opened \$4 higher at \$1338.80 as USD/JPY plunged below 106. The market tested the \$1340 level a couple of times during the morning but has drifted lower on Chinese selling with the SGE premium easing to \$5-6. The yellow metal sits at \$1335.10 as I write. Silver opened higher but has been on a downward trajectory ever since, the grey metal is at 16.70 as I write. PGMs are flat. Gold is sitting just ahead of the near support at \$1333



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and we would expect to see buying interest below that at \$1320-25. Resistance remains at \$1340 and the \$1350 level above that. Have a good day ahead.

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