



## MKS PAMP GROUP

### Daily Asia Wrap

8<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>	1324.90/30	16.47/50	951/54	970/72
<b>HIGH</b>	1327.70/10	16.54/57	954/57	975/77
<b>LOW</b>	1323.80/20	16.46/49	948/51	969/71
<b>LAST</b>	1327.30/70	16.51/54	951/54	974/76

#### MARKETS/MACRO

US equities were mixed in the first trading session following the resignation of Gary Cohn, the head of Trump's National Economic Council, on Tuesday night. Markets were hammered early, the Dow was down 350 points at one stage, but managed to pare some of the early losses. The Dow lost 82.76 points, or 0.33%, to 24,801.36, the S&P 500 edged lower 1.32 points, or 0.05% to 2,726.80, while the Nasdaq gained 24.64 points, or 0.33%, to 7,396.650. There were wins for tech (+0.55%) and REITs (+0.52%) while consumer staples (-0.93%) and energy (-0.83%) led the laggards. European shares were higher, the EuroSTOXX put on 1.34 points, or 0.36%, to 372.71, the German DAX rose 131.49 points, or 1.09%, to 12,245.36, and the London FTSE 100 put on 11.09 points, or 0.16%, to 7,157.84. In the currencies, the US dollar index was all but flat at 89.615, the EUR traded down to 1.2387, while USD/JPY was as high as 106.12. US treasury yields were mixed, the 2 year yield firmed 0.4 bps to 2.2539% and the 10 year yield eased 0.18 bps to 2.8845%. In commodities, oil markets were sharply lower as the EIA reported a second straight rise in US crude inventories, Brent sold off 2.05% to \$64.44 while WTI gave up 2.17% to \$61.24. Base metals were broadly lower, with aluminium (-2.33%) leading the losses. In US economic data, ADP reported that the private sector added 235k jobs in February following an upwardly revised 243k in January. The US trade deficit rose 5% to \$56.6 billion in January from \$53.9 billion in December, exports fell 1.3% while imports were unchanged. The deficit is close to a 10 year high and is 16% higher than January 2017, the month Trump took office. Productivity for the fourth quarter 2018 was revised upward from -0.1% to show no change, while unit labor costs were revised to show a 2.5% instead of 2% rise. The Federal Reserve's Beige Book reported growth at a moderate to modest pace in January and February, districts are reporting an increase in wages but so far no significant increase in prices. Consumer credit rose \$13.9 billion to a seasonally adjusted \$3.85 trillion in January, reporting an annual growth rate of 4.3%. In Asia today, as I write the Nikkei is at +0.45%, the Shanghai composite is at +0.25%, the Hang Seng at +1.44%, and the ASX S&P 200 is at +0.52%. Tonight we have household debt and weekly jobless claims out of the US; and the ECB interest rate decision out of the Eurozone.

#### PRECIOUS

Fairly disappointing session for the precious as gold fails to consolidate above \$1330. Gold opened sharply higher at \$1338 as USD/JPY plunged below 106, testing \$1340 a couple of times during the morning. The Chinese were sellers with the SGE premium easing to \$5-6 and the market drifted to \$1331-32 by the time London came in. The metal looked fairly heavy through the London AM session and into NY trading and dropped to \$1323 when the EUR dipped below 1.24. There was a brief bounce back to \$1327 followed by a retreat to the days low of \$1322. The yellow metal firmed a little late in the day to close at \$1325. Silver opened at the days high around \$16.80 and only travelled one way as the day progressed. The grey metal stalled around \$16.68 through London AM before dropping to the \$16.44 low in NY. The PGM's were also heavily sold, palladium printed a 4 week low of \$964 while platinum tumbled to a 2 month low of \$948. The Philadelphia gold and silver index lost 2.48%. The SPDR Gold Trust holdings fell 0.3% to 833.73 metric



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tonnes. In Asia today, gold has remained range-bound after an early dip. The SGE premium was slightly firmer at \$8 over loco London, Chinese buying has helped support the market at \$1327, the yellow metal is at \$1327.30 as I write. Silver is flat, the grey metal sits at \$16.51 as I write. In the PGMs, palladium is creeping higher, sitting around the highs at \$975. Gold should find close support at \$1316-18 with the psychological \$1300 level below that. On the upside, first target will be the key resistance at \$1340. Have a good day ahead.

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