



## MKS PAMP GROUP

### Daily Asia Wrap

19<sup>th</sup> December 2017

Range Asian Hours  
(from Globex open)

	<b>GOLD</b>	<b>SILVER</b>	<b>PLATINUM</b>	<b>PALLADIUM</b>
<b>OPEN</b>	1261.40/60	16.13/15	910/12	1020/22
<b>HIGH</b>	1264.10/30	16.14/16	911/13	1024/26
<b>LOW</b>	1260.00/20	16.10/12	907/09	1020/22
<b>LAST</b>	1263.70/90	16.14/16	911/13	1024/26

#### MARKETS/MACRO

The NAHB U.S. housing market index improved to 74 during December (exp: 70) from a read of 69 during November. Measures of home buyer traffic, current sales conditions and sales expectations all increased to see the headline figure to the highest level since mid 1999. Equity markets in the U.S. continued to extend recent gains on Monday as confidence grows that tax reform may pass as early as this week. Broad based gains saw eight of eleven sectors of the S&P end in positive territory as the bourse gained +0.54% to a fresh record closing level of 2,690.16 points. The DJIA added +0.57% to 24,792.20 points, the seventh positive close in eight sessions for the bourse and the 70<sup>th</sup> record close this year to mark the highest number of record closes in a single calendar year. Not to be outdone, the Nasdaq printed a fresh record close of its own, jumping +0.84% to 6,994.76 points as Google (+1.22%) helped the bourse through 7,000 points intra-session for the first time in history.

Oil futures reversed early European gains late in trade on Monday, with prices weighed down by an EIA forecast of increases in shale supply in January and position squaring ahead of the expiration of the January WTI contract on Tuesday. WTI ended the session around -0.3% lower at USD \$57.20 per barrel, while the continued closure of the North Sea Forties pipeline supported Brent prices as the global benchmark added around +0.2% to end at USD \$63.39 per barrel. The greenback reversed Friday's gains on Monday, slipping against major rivals to see the DXY index -0.3% lower. The euro clawed back ground to trade above 1.18, while the dollar also pulled back relative to the yen, however managed to pare declines late in trade. Treasury yields in the U.S. traded mixed, seeing the 10-year around 3bps higher to 2.39% and the two-year 0.8bps lower to 1.827%

Equity markets in Europe bounced on Monday, with the anticipated tax reform in the U.S. buoying financial stocks. The Stoxx Europe 600 jumped +1.2% to 392.66, marking the highest close since November 8, while the German Dax surged +1.59% and the French CAC 40 ripped +1.33% higher. In the U.K. the FTSE 100 posted its second consecutive session gain to end at the highest level in around 5-weeks. A stronger sterling weighed upon regional equities however, seeing the bourse add +0.62% to underperform European markets.



## PRECIOUS

It was generally one-way traffic for bullion on Monday, steadily climbing off early Asian lows toward USD \$1,250, before triggering a stop loss run through the USD \$1,260 resistance in New York to end +0.6% higher on the session. The metal saw sustained demand throughout the session, no doubt benefitting from a softer greenback. Asian trade on Tuesday saw a continuation of Monday's bid tone, albeit tied within a narrow range as bullion once again had to overcome early session offers. The previous session's resistance of USD \$1,260 has now turned supportive, providing a base as offers either side of the Chinese open weighed upon the price action. Further dollar declines into the afternoon underpinned a move higher in bullion, testing toward Monday's New York high print around USD \$1,264. Resistance for the metal now sits toward USD \$1,269, while support lies broadly between USD \$1,255 - \$1,260. Platinum was the stand-out performer on Monday, ripping nearly +2% higher to reclaim the USD \$900 handle. Over the past two sessions the metal has gained around +3.3% as a recently reported increase in European car registrations fuels speculative interest in the metal and the South African ZAR strengthens following the ANC leadership election. It is also worth noting that the latest CFTC data showed non-commercial shorts toward all-time high positioning, potentially opening up further top-side gains on a short squeeze should pricing remain bid. Data releases today include German IFO survey results, U.S. housing starts and building permits and the U.S. current account balance.

*Although the information in this report has been obtained from and is based upon sources MKS believes to be reliable, we do not guarantee its accuracy and it may be incomplete or condensed. All opinions and estimates constitute MKS' judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as investment advice, offer or solicitation for the purchase or sale of an investment. This report does not consider or take into account the investment objectives or financial situation of a particular party.*