



MKS PAMP GROUP

Daily Asia Wrap

21st February 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1329.60/80	16.46/48	1000/02	1034/36
HIGH	1330.70/90	16.47/49	1001/03	1034/36
LOW	1325.30/50	16.39/41	995/97	1031/33
LAST	1326.80/00	16.43/45	997/99	1031/33

MARKETS/MACRO

Bond yields continued to climb higher on Tuesday and Walmart reported an earnings miss to spook investors and weigh upon equity markets in the U.S. The DJIA ended trade under 25,000 points as losses accelerated during the afternoon, ending the session -1.01% down at 24,964.75 points. Technology (+0.25%) was the only sector of the S&P 500 to end in positive territory, with the bourse sliding -0.58% to 2,716.26 points, while the Nasdaq composite eased just -0.07% to finish at 7,234.308 points. Treasury yields pushed higher on Tuesday, however tailed off modestly late in trade. A heavily oversubscribed two-year note auction saw 2.255% yield, while the 10-year traded to a 2.926% high before closing around 2.884%. The greenback continued to see supportive price action on Tuesday, finishing higher against all G10 currencies. The DXY index ended the session around +0.7% higher, breaking above 107.00 against the yen, while the euro lost touch with 1.24 and printed a 1.2320 session low to shed -0.55%. Oil futures finished mixed on Tuesday, with WTI trading higher on the back of reduced supplies to Cushing due to restricted pipeline capacity out of Canada. The U.S. benchmark added around +0.4% to USD 61.79 per barrel, while Brent crude dropped -0.6% to around USD \$65.25 per barrel. In European trade on Tuesday, equities were generally higher on the back of a weaker euro. The Europe Stoxx 600 gained +0.60% to 380.51 points, the German Dax jumped +0.83% to 12,487.90 points, while in the U.K. the FTSE 100 ended just -0.01% lower as HSBC and BHP reported disappointing financial updates.

PRECIOUS

It was a similar story on Tuesday, with the dollar bullying gold lower and losses accelerating upon New York's return following the President's Day holiday. Bullion drifted lower during Asian hours, with a lack of physical interest to prop up the market as Shanghai continued their New Year holidays. Interest around USD \$1,335 kept price action buoyant during European hours, however the figure soon gave way once New York opened and the greenback turned bid, triggering a stop loss run to USD \$1,330. Late session trade took bullion underneath USD \$1,330, however softer treasury yields and a lack of follow through selling restricted any further declines. Asian trade on Wednesday saw bullion take a further leg lower, albeit within a narrow range to test support at USD \$1,325. Continued dollar strength and higher treasury yields should continue to see the yellow metal under pressure over then near-term, while the return of China will be closely to watched for any renewed physical interest in Asia to stem the weakness. Interest around USD \$1,325 will be the key for price direction in the coming days/weeks, as a



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sustained move through this level should extend toward USD \$1,303 - \$1,310. Focus now turns to the Fed minutes released today, with further data releases including U.K. Jobs data, U.S. Markit manufacturing, services and composite PMI prints and existing home sales.

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