



MKS PAMP GROUP

Daily Asia Wrap

27th February 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1333.20/40	16.63/65	999/01	1061/63
HIGH	1336.80/00	16.69/71	1002/04	1064/66
LOW	1331.30/50	16.59/61	998/00	1060/62
LAST	1334.80/00	16.64/66	999/01	1064/66

MARKETS/MACRO

New home sales in the U.S. slipped to a 5-month low during January, falling -7.8% (exp: +3.5%) to book a second consecutive monthly decline following December's -7.6% print. Weakness in the Northeast (-33.3%) and the South (-14.2%) weighed upon the headline print, while sales in the West inched +1.0% higher and sales in the Midwest surged +15.4%. Near record low inventory, particularly within the lower end of the market is driving up prices and sidelining first home buyers. The Chicago Fed's index of national economic activity eased modestly during January, slipping to 0.12 (exp: 0.25) from a downwardly revised 0.14 (prev: 0.27) during December. Weakness across the factory sector was the main drag on the headline figure, sliding to -0.01 during January. Smoothing out month-to-month volatility, the three-month moving average declined to 0.12 in January from 0.26 in December. Equity markets in the U.S. ripped higher on Monday, buoyed by broad based gains led by technology shares. The DJIA ended trade +1.58% higher at 25,709.27 points, while gains to technology (+1.58%) and financials (+1.51%) saw the S&P 500 +1.18% higher to 2,779.60 points. Oil futures extended recent gains on Monday in New York, underpinned by political issues in Libya, which has shut down the el-Feel oil field. WTI ended the session +0.6% higher to USD \$63.98 per barrel, while Brent crude added +0.3% to USD \$67.50 per barrel. The greenback traded mixed, however ultimately ended the session with a modest decline as the DXY index eased -0.1%, while treasury yields softened to see the 10-year down around -0.9bps to 2.856%.

PRECIOUS

Bullion saw mixed trade on Monday, subject generally to dollar flows to extend to a USD \$1,341.50 session high in London, before paring gains in New York. Chinese interest pushed the on-shore premium higher to underpin the spot market, making light work of resistance around USD \$1,330 to extend gains to USD \$1,338 into the lunch break. Afternoon price action continued to see the yellow metal well supported, as early European names took over some of the heavy lifting from the far East to push the metal above USD \$1,340. The bid tone was however extinguished once New York opened and bullion pared gains against a stronger greenback, although notably able to hold USD \$1,330, which now will be viewed as a short-term pivot point. Vols softened modestly on Monday, with 1m sitting around 10.35, 6m at 11.3 and 1 year toward 12.25.



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Bullion opened with a mild offered bias in Asia on Tuesday amid light flows, holding within a narrow USD \$1,331 - \$1,333 range leading into the Chinese open. A break below 107.00 for USD/JPY leading into the Shanghai open gave the yellow metal a boost toward USD \$1,335, while further USD/China weakness further supported the metal to a USD \$1,336.80 session high. Firm interest on the Shanghai exchange kept bullion buoyant at a USD \$7 on shore premium relative to London pricing, however layered offers toward USD \$1,340 restricted further top-side price action throughout the afternoon. The metal continues to see interest amid stronger global equities, while the correlation to dollar movements has firmed over recent months. Inflationary pressures out of the U.S. are likely to see bullion supported over the medium-term, however susceptibility remains to a test toward USD \$1,305 - \$1,310 over the short-term. Initial support for the metal holds around USD \$1,325 - \$1,330, while resistance cuts in broadly between USD \$1,340 - \$1,345.

All eyes today on Federal Reserve Chairman Jerome Powell's first semi-annual testimony before the House Finance Committee, while data out of the U.S. includes durable goods, wholesale inventories, house prices and consumer confidence.

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