



## MKS PAMP GROUP

### Daily Asia Wrap

12<sup>th</sup> January 2018

Range Asian Hours  
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
<b>OPEN</b>	1322.10/30	16.97/99	985/87	1086/88
<b>HIGH</b>	1330.20/40	17.13/15	991/93	1091/93
<b>LOW</b>	1322.10/30	16.97/99	983/85	1085/87
<b>LAST</b>	1327.20/40	17.07/09	991/93	1087/89

#### MARKETS/MACRO

U.S. producer prices declined for the first time in over a year during December, slipping -0.1% MoM (exp: +0.2%) from +0.4% previously. On an annualised basis PPI increased +2.6% YoY (exp: +3.0%), tempering from the +3.1% pace recorded in the 12-months to November. The important core PPI (excluding food, energy and trade) ticked up +0.1% MoM (exp: +0.2%), while on an annualised basis increased +2.3% YoY from +2.4% in November. Initial jobless claims in the U.S. spiked higher during the week ended January 6, adding 11,000 to a seasonally adjusted 261,000 (exp: 245,000). The print was the highest level since late September, while the four-week moving average increased 9,000 to 250,750. Continuing claims for the week ended December 30 eased by 35,000 to 1.87 million (exp: 1.92 million). Equity markets in the U.S. ripped higher to fresh record closing levels on Thursday, with energy stocks benefitting from further declines to U.S. crude supplies to send oil prices to three-year highs. The DJIA posted a +0.81% gain to end at 25,574.73 points, while the S&P 500 bounced back from Wednesday's first negative close of 2018 to add +0.70% as energy stocks helped to underpin gains. Oil prices benefitted from further declines to U.S. crude stockpiles on Thursday, with the EIA reporting a drop of 4.9 million barrels over the week ended Jan 5, the eighth straight weekly decline. WTI added around +0.4% to settle at USD \$63.80 per barrel after touching an intra-session high of USD \$64.77, while Brent inched +0.1% higher to USD \$69.26 per barrel, breaking above USD \$70 per barrel briefly. News out of Europe on Thursday centred around the ECB December meeting minutes release, with the bank indicating it would need to gradually change its guidance to investors regarding future policy decisions. The bank is expected to water-down the importance of its quantitative easing policy, potentially even phasing out the program prior to reaching the 2% inflation target.

#### PRECIOUS

Onwards and upwards for bullion during Asian trade on Friday, as the metal continued to find favour among regional investors. Early session gains came amid a softer greenback, however the majority of the price action was reserved for afternoon flows, as the metal ran through the recent cycle high print to touch USD \$1,330.20 on a stoploss run above the previously tested USD \$1,325 - \$1,328 region. Physical interest out of Asia continues to remain muted, rather the metal continues to remain bid on the back of a weaker greenback, with particular focus on recent euro gains as the common currency sits around 3% higher over the last month. No doubt stretched shorts instigated over the past fortnight are playing a role in the price gains and you would have to think should gold break toward USD \$1,350 and



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test the recent high of USD \$1,357 (September 2017) we will see further aggressive short covering. Support for bullion now initially sits toward USD \$1,315, while USD \$1,308 should see further interest. With regards to resistance levels, further gains will require a consolidated move through USD \$1,330, with today's Asian run higher failing to capture the figure, while the ultimate near-term target for bulls will be the September high of USD \$1,357. Silver and palladium traded bid throughout today's session, however platinum has moved into focus as the metal breaks above a downtrend that extends back to 2011, opening up the potential for a sustained push higher that is likely to put pressure on stretched short positioning (key top-side level of USD \$1,022). All eyes today are undoubtedly on the U.S. CPI print, while we also see U.S. retail sales.

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