



MKS PAMP GROUP

Daily Asia Wrap

15th January 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1336.60/80	17.22/24	993/95	1124/26
HIGH	1344.70/90	17.40/42	1001/03	1136/38
LOW	1336.20/40	17.21/23	987/89	1121/23
LAST	1342.00/20	17.36/38	1000/02	1135/37

MARKETS/MACRO

Inflation figures out of the U.S. on Friday showed strengthening domestic demand, with consumer prices recording the largest increase in 11 months. The headline CPI figure increased +0.1% MoM (exp: +0.1%) during December, while the so-called core CPI print (ex food and energy) gained +0.3% MoM (exp: +0.2%) to mark the largest monthly increase since January 2017. On an annualised basis, prices eased to +2.1% YoY (exp: +2.1%), while the annualised core figure ticked higher to +1.8% YoY (exp: +1.7%). Underpinning the inflation figures were stronger rents (+0.4%), higher medical care costs (+0.3%) and a +0.2% increase in food prices, however a -2.7% fall to gasoline prices tempered gains somewhat. Retail sales in the U.S. increased +0.4% MoM (exp: +0.5%) during December to follow November's +0.9% pace, while core sales (ex auto, gas, building materials and food) gained +0.3% (exp: +0.4%) from an upwardly revised +1.4% the month prior (prev: +0.8%). Equities in the U.S. once again booked fresh record closes on Friday as solid data releases and positive earnings results buoyed investor sentiment. The DJIA ended the session +0.89% higher at 25,803.19 points, while broad based gains led by consumer discretionary stocks (+1.3%) saw the S&P 500 to a +0.67% return and the Nasdaq composite jumped +0.68% to 7,261.062 points. On a weekly basis, the DJIA added +2%, while the S&P 500 gained +1.6% and the Nasdaq composite rose +1.7%. The greenback extended recent weakness on Friday, seeing the DXY -0.86% lower, most notably against the euro (EUR/USD +1.35%) following news that Angela Merkel may be moving toward reaching an agreement for a coalition government.

PRECIOUS

Further dollar declines underpinned a leg higher to bullion on Friday, however it wasn't all one-way traffic as the metal endured whippy trade around the U.S. CPI print. After advancing through USD \$1,330 during London hours, the metal collapsed to a USD \$1,321.15 low, before underlying interest correct the price weakness. Afternoon pricing saw further dollar weakness as the yellow metal edged through the Trump election high of USD \$1,337.80, before pulling back marginally to end around the figure for a +1.3% session gain and the fifth consecutive weekly advance. Physical demand out of Asia remained relatively restrained on Monday, rather price action followed dollar flows, notably USD/China as both on-shore and off-shore Yuan strengthen considerably against the greenback. The metal made light work of Friday's high print in afternoon trade following an earlier attempt through USD \$1,340 and printed a USD \$1,344.80 high before the dollar regained composure in early European hours. We are



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likely to see further short squeezes over the near-term as the metal edges toward USD \$1,350 and above this the September 2017 high around USD \$1,357 will be the ultimate target for bulls. It is Dr. Martin Luther King Jr. Day in the U.S. today, which should see quiet trade into an early Comex close.

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