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Daily Asia Wrap

14th March 2018

Range Asian Hours
(from Globex open)

	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1326.70/90	16.60/62	966/68	990/92
HIGH	1330.30/50	16.66/68	970/72	996/98
LOW	1324.30/50	16.57/59	965/67	990/92
LAST	1326.80/00	16.57/59	968/70	996/98

MARKETS/MACRO

In Trump related news, the President announced a shake-up of his administration, replacing secretary of state Rex Tillerson with C.I.A. director and former Tea Party congressman Mike Pompeo. Mr Tillerson at times clashed with the President on key issues, notably Russia's alleged involvement in U.S. elections. Headline CPI in the U.S. increased +0.2% MoM in February (exp: +0.2%) to follow a +0.5% increase the month prior, while on an annualised basis prices rose +2.2% YoY (exp: +2.2%) from +2.1% previously. Softer gasoline prices weighed upon the headline figure, with prices -0.9% lower over the month following January's +5.7% gain. The so called 'core' CPI that excludes the volatile food and energy components increased +0.2% MoM (exp: +0.2%) to follow a +0.3% increase in January, while on an annualised basis core inflation held at +1.8%. Equity markets in the U.S. ended lower on Tuesday as technology and financial sectors weighed upon the major bourse's, while participants largely ignored White House movements. The DJIA ended the session -0.68% lower at 25,007.03 points, while technology (-1.21%) weighed upon the S&P 500 to have the bourse -0.64% lower at 2,765.31 points. The greenback reversed Asian gains following the U.S. inflation data as interest rate expectations softened somewhat. The DXY index pulled back -0.25% against majors, paring early session gains against the yen after the pair pushed above 107.00. Treasury yields eased to see the 10-year around 2bps lower to 2.84%, while the two-year slipped less than 1bps to 2.254%. Oil futures traded lower on Tuesday, seeing whippy price action in New York as traders turned focus to Wednesday's EIA report, with expectations of a third consecutive weekly rise in U.S. crude supplies. WTI was the hardest hit and ended trade around -1% lower at USD \$60.70 per barrel, while Brent crude slipped -0.5% to USD \$64.60 per barrel.

PRECIOUS

A mixed session for bullion during Asian trade on Wednesday, softening modestly in early session flows, before Chinese interest stepped in to see the metal through the New York high print. Early gains to the greenback against the yen in Japan saw the yellow metal ease below USD \$1,325, however the metal soon reversed course on the back of USD/China weakness as the on-shore premium held around USD \$8 relative to London pricing. A test toward USD \$1,330 leading into the Shanghai lunch break ran into a wall of offers to restrict further top-side gains, however once the far East returned after the break, gold pushed, albeit unconvincingly, through the figure to print a session high of USD \$1,330.30. Early European offers capped any further attempts through the figure, as profit taking in conjunction with a mildly bid



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greenback saw gold retrace the majority of Asian session gains to end flat on the session. Offers toward USD \$1,330 and broadly beyond this between USD \$1,335 - \$1,340 remain formidable resistance levels for bullion, however conversely the metal continues to find layered bids underneath USD \$1,320, with extensions toward USD \$1,310. Near-term price action should remain with the recent range, leaning toward a sustained break higher once ETF's awaken from their recent slumber and Asian physical demand picks up as we move through the typically muted March flows. Data releases today include German CPI figures, Eurozone industrial production, U.S. retail sales and U.S. PPI.

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