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News Headlines

Asian share off 1 1/2-yr high, Trump's yuan comment in focus

- Solid global economy underpins world shares
- Lack of Trump's policy details undermine dollars
- Yuan flat after Trump calls the China "grand champions" of FX manipulation
(Reuters)

France's Macron raises curtain on election alliance to beat Le Pen

- Le Pen is "at the gates of power", warns Macron
- Says link with Bayrou will be turning point in campaign
- Green candidate pulls out in favour of Socialist Hamon
(Reuters)

Bonus squeeze as Europe's investment banks feel investor ire

- Barclays bonus pool shrank 56 pct since 2010
- HSBC bonus pool down 12 pct year-on-year
- Deutsche Bank paying zero bonuses to senior staff
(Reuters)

Stocks hit record highs on job, tax-cut hopes, oil gains

- Dow, S&P stay on winning streak, Nasdaq falls second day
- Crude futures rally on surprise drop in U.S. crude inventory
- Dollar index slips on perceived less hawkish Fed minutes
- U.S. 10-year yield hits 2-week low, gold reaches 3-month high
(Reuters)

U.S. labor, housing markets data underscore economy's stamina

- Weekly jobless claims increase 6,000
- Four-week average of claims lowest since 1973
- House prices rise 6.2 percent in December from year ago
(Reuters)

Precious Metals	High	Low	Close*	Chg.	% Chg.
Gold Spot (\$/oz)	1251.14	1235.13	1249.34	12.03	0.97%
COMEX Gold Apr17 (\$/oz)	1252.20	1236.40	1250.70	12.50	1.01%
Silver Spot (\$/oz)	18.2250	17.8900	18.1600	0.1370	0.76%
COMEX Silver Mar17 (\$/oz)	18.2100	17.9250	18.1650	0.1650	0.92%
Platinum Spot (\$/oz)	1017.10	989.65	1009.75	6.50	0.65%
NYMEX Platinum Apr17 (\$/oz)	1020.60	997.40	1012.20	5.80	0.58%
Palladium Spot (\$/oz)	780.25	760.02	775.25	4.25	0.55%
NYMEX Palladium Mar17 (\$/oz)	780.00	762.10	771.65	2.05	0.27%

London Fixes	Gold	Silver	Platinum	Palladium
AM (\$/oz)	1237.35	18.0000	995.00	766.00
PM (\$/oz)	1247.90		1014.00	779.00

Energy Products	High	Low	Close*	Chg.	% Chg.
NYMEX WTI Apr17 (\$/bl)	54.94	53.87	54.36	0.49	0.91%
ICE Brent Apr17 (\$/bl)	57.26	56.18	56.47	0.28	0.50%
NYMEX RBOB Gasoline Mar17 (\$/gal)	1.5586	1.5159	1.5241	0.0047	0.31%
NYMEX NY Harbor ULSD Mar17 (\$/gal)	1.6819	1.6371	1.6531	0.0156	0.95%
ICE Gasoil Mar17 (\$/mt)	505.75	495.00	498.50	3.50	0.71%
NYMEX Natural Gas Mar17 (\$/mmBtu)	2.704	2.569	2.626	0.026	1.00%

Currencies	High	Low	Close*	Chg.	% Chg.
EUR USD	1.0595	1.0536	1.0579	0.0024	0.23%
USD JPY	113.45	112.53	112.57	-0.70	-0.62%
AUD USD	0.7741	0.7662	0.7713	0.0011	0.14%
USD CHF	1.0117	1.0050	1.0060	-0.0042	-0.42%
USD CNH	6.8659	6.8436	6.8479	-0.0090	-0.13%
GBP USD	1.2559	1.2425	1.2552	0.0103	0.83%
DOLLAR INDEX SPOT (DXY)	101.4400	100.8700	101.0500	-0.1700	-0.17%

*The close price of a future contract represents the last trade price before the electronic session close yesterday
In the case of spot, the close price is as of 5pm NY Time

Market Highlights

Overseas markets

- Wall St. was mixed despite optimistic comments on tax cuts and economic growth from new US Treasury secretary, Steven Mnuchin. The DJIA booked a tenth-straight day of gains, rising 0.2%, while the S&P500 closed flat and the NASDAQ dropped 0.4%. Hong Kong ADRs lower.

China/Hong Kong markets

- Early gains were quickly wiped away as the HSI dropped nearly 170points from peak-to-trough during the morning session. The HSI/HSCEI slowly crawled back in the afternoon but still closed down by 87points/16points (-0.36%/-0.15%) at 24,114points/10,521points as oil and mainland banks fell. Turnover was reduced to HK\$81.8bn with blue-chips contributing 32.8%.
- Mainland markets saw selling pressure throughout the day. Selling intensified for the SSE as it neared the 3,301point mark with financials and steel producers pulling down the market. The index closed 9points (-0.30%) lower at 3,251points. Turnover at RMB236.8bn.
- HSI Feb AT futures traded higher but within a narrow 73point range as positions were closed out. The prompt month contract saw a high of 24,188points but fell as US markets opened lower, thus closing at 24,152points (+16points, +0.07%). Turnover reached 9,890 with NOI dropping to 23,666contracts.
- The HSI continues to consolidate around 24,364points with neither sufficient momentum to rise further nor enough selling to break below 24,000points. During this consolidation phase the RSI has dropped below 70, while the MACD positive divergence narrows to 15.5. However, funds continue to flow into the market with net inflows of around HK\$2.1bn seen yesterday.

Trading Idea – “Buy Copper on dips”

- LME Copper futures dropped by 3% as fear about reduced demand from China and a possible delay in US infrastructure projects caused profit-taking.
- Copper has retreated about 5.7% from a recent 21-month high but the “higher-highs, and higher-lows” pattern for the metal has not changed.
- LME copper inventories continue to decline as supply remains tight due to outages. We see temporary price weakness as a good entry level. Long LME/CME copper futures.

	Hang Seng Index (HSI)	Hang Seng China Enterprise Index (HSCEI)	Shanghai Comp (SSEC)
Open	24122.18	10527.67	3258.83
High	24216.53	10593.48	3264.08
Low	24046.91	10476.71	3236.35
Close	24114.86	10521.53	3251.38
Change	-87.10	-16.05	-9.84

(Reuters)



LME Copper 3M daily chart [Source: Reuters]

Precious Metals

Precious metals jumped higher in New York session amid weaker dollar as Fed dash hopes for March rate hike. The minutes of February FOMC meeting was more dovish than expected dimming hopes of a March interest rate hike. Gold Apr gained \$13 to \$1251, reached 3-month high. Silver Mar also raised 16 cents ending the day at \$18.16. Platinum Apr finished at \$1012, up \$6. Palladium Mar closed at \$772, gained only \$2.

The U.S. weekly initial jobless claims increased by 6k to 244k last week, added to the greenback woes. Precious metals especially gold are very sensitive to moves in U.S. rates, thus market is watching closely to the U.S. economic statues and its employment data. Since the yellow metal prices managed to perch atop \$1250 level, it is likely to sustain there to consolidate for another move. Meanwhile silver should be safe above \$18.



Gold spot daily chart [Source: Reuters]

Energy Products

Crude

US EIA data showed a less-than-expected increase in crude oil inventories, which rose 564,000bbl (versus est. of 3.475million bbl). This marks 7-straight weeks of increases despite OPEC production cuts and places US crude oil inventories at historic highs. However, crude oil prices rebounded by 0.91% (WTI) and 0.50% (Brent) on the news, to US\$54.36/bbl and US\$56.47/bbl, respectively. Although inventories for gasoline and diesel dropped 2.7million bbl and 5million bbl, the draw in refined product inventories corresponds with a decline in refining utilization, recorded at 84.3%. With crude oil inputs dropping to the lowest level in one-year (likely dues to refining maintenance) the draws are understandable and should not signal a fundamental change in the current supply-glut.

Inventories of Crude and Products In the week ending 17th Feb, 2017 (million barrels)

	Stocks	Weekly Change
Crude	518.7	+0.6
Gasoline	256.4	-2.7
Distillates	165.1	-5.0
Aggregated	2,044.0	-11.0

(EIA: Data released on 23 Feb, 2017)

(Next Release Date: 01 Mar, 2017)

Distillates

The Singapore onshore gasoil and jet fuel inventory fell in the past week but supply of the fuels remained ample with spot cargoes appearing from India. The city-state's middle distillates stocks fell 8 percent on the week to a five-week low of 12.587 million barrels in the week to Feb. 22. There were no diesel imports from India, while Chinese shipments of the fuel also fell, contributing to the drawdown in stocks. Diesel shipments to Australia increased to about 85,000 tonnes from 73,000 tonnes the previous week, though less volumes were shipped to Indonesia, Vietnam, Myanmar and Malaysia. Spot demand for jet fuel appeared from Vietnam with Petrolimex Aviation seeking 60,000 tonnes of the fuel for delivery over March to June. Diesel supply was ample with China and India stepping up exports of the fuel. India's Mangalore Refinery and Petrochemicals Ltd (MRPL) has offered a 50ppm sulphur diesel cargo for March in a rare move. The cargo was offered ahead of a nationwide switch to 50ppm from April, traders said. MRPL was a regular exporter of 500ppm sulphur diesel previously. India's Essar Oil also entered the spot market offering a third cargo for March. China's January exports of diesel fuel rose 32.5 percent from a year earlier to 960,000 tonnes. The figure was still well below a record amount of 1.78 million tonnes shipped out in December but this was likely due to the lull during the Lunar New Year in late January.

Fuel Oil

Asia's near-dated time spreads for 380-cst fuel oil regained losses from the previous session, ignoring a substantial build in onshore Singapore inventories and drifting away from near-term fundamentals. Singapore inventories of residual fuels rose 11 percent, or 386,000 tonne, to a seven-month high of 3.98 million tonnes in the week to Feb. 22, official data released on Thursday showed. The inventory increase followed a 47 percent drop in total exports from Singapore from the previous week to 455,000 tonnes, a three-week low. Premiums of the Intercontinental Exchange-traded traded 380-cst fuel oil March/April time spreads were about 35 cents a tonne higher from Wednesday's close at around \$2.10 a tonne by 1730 Singapore time (0930 GMT). Premiums for the 380-cst April/May contract also rose, up 20 cents a tonne from the previous session to plus 70 cents. Traders said it was difficult to attribute any supply-demand fundamentals to the near-term backwardated market structure for 380-cst fuel.

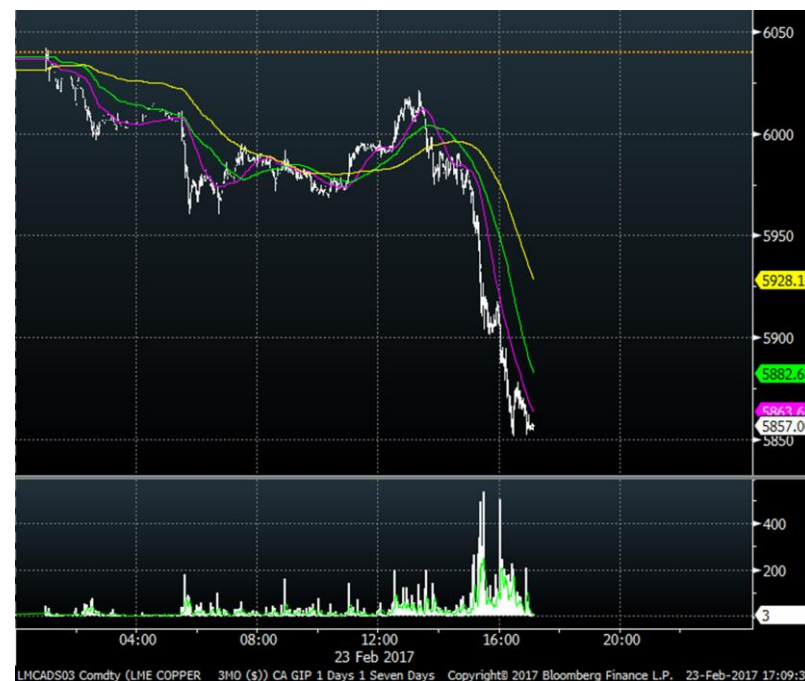
Base Metals

Base Metals	High	Low	Close	Chg.	% Chg.
LME Aluminum (\$/tonne)	1,890.00	1,867.00	1,867.00	-17.50	-0.93%
LME Copper (\$/tonne)	6,002.00	5,857.00	5,859.00	-181.00	-3.00%
LME Lead (\$/tonne)	2,275.00	2,237.00	2,238.00	-38.00	-1.67%
LME Nickel (\$/tonne)	10,715.00	10,580.00	10,580.00	-230.00	-2.13%
LME Tin (\$/tonne)	19,125.00	18,780.00	18,780.00	-545.00	-2.82%
LME Zinc (\$/tonne)	2,843.00	2,788.00	2,790.00	-75.00	-2.62%

Overnight Bulks sold off which had a knock on effect on Base Metals. The USD was also firmer after the FOMC minutes were released last night. Overall as we hinted at earlier in the week, with the market positioning long across the board, the lack of any serious momentum had some longs wondering what to do. Today we seem to have the answer as long liquidation was seen across the LME and stops uncovered as the price came off. Copper has broken a trend line at \$5943 and has the potential now to target the 50DMA at \$5788. Nickel is currently supported by its 100 DMA (10639) and a previous resistance line at \$10572. If Zinc breaks the previous lows (\$2770) where there is some small scale consumer buying it could come back to the 75DMA at \$2719. Aluminium, like Zinc is seeing some small consumer activity on the lows, but a breach of support at \$1867 could lead to a deeper pull back to \$1835. Aluminium stocks showed at further decrease of 31,400t today.

LME daily stock (in tonnes):

Base Metals	Total stock	Net change	Stock on warrant
LME Aluminum	2,186,475	-4,975	1,376,650
LME Copper	214,025	-5,400	125,900
LME Lead	189,800	0	119,500
LME Nickel	381,720	-2,280	278,976
LME Tin	5,820	0	4,700
LME Zinc	383,150	-2,775	216,375



LME Copper 3M chart [Source: Bloomberg]

What to Watch

Economic Data – Week of Feb 20 – Feb 26

Country/Region	Date	Time	Event	Period	Prior	Forecast	Source
Japan	20-Feb-2017	7:50	Trade Balance Total Yen	Jan. 2017	640.4B	-636.8B	Reuters Poll
Germany	20-Feb-2017	15:00	Producer Prices MM	Jan. 2017	0.4%	0.2%	--
Germany	20-Feb-2017	15:00	Producer Prices YY	Jan. 2017	1%	1.9%	Reuters Poll
Euro zone	20-Feb-2017	23:00	Consumer confidence, Flash	Feb. 2017	-4.7	-4.85	Reuters Poll
Japan	21-Feb-2017	8:30	Nikkei Mfg PMI	Feb. 2017	--	--	--
Euro zone	22-Feb-2017	18:00	Inflation Final MM	Jan. 2017	0.5%	-0.2%	Reuters Poll
Euro zone	22-Feb-2017	18:00	Inflation, Final YY	Jan. 2017	1.1%	1.8%	Reuters Poll
Euro zone	22-Feb-2017	18:00	Infl Ex Food & Energy YY	Jan. 2017	0.9%	0.9%	--
US	23-Feb-2017	05:30	API weekly crude stocks	w/o Feb. 13, 2017	--	9.941M	--
Germany	23-Feb-2017	15:00	GDP Detailed QQ	Q4 2016	0.1%	0.4%	Reuters Poll
Germany	23-Feb-2017	15:00	GDP Detailed YY	Q4 2016	1.5%	1.8%	Reuters Poll
US	23-Feb-2017	21:30	Initial Jobless Claims	w/o Feb. 13, 2017	239K	--	--
US	23-Feb-2017	21:30	Continued Jobless Claims	w/o Feb. 6, 2017	2.08M	2.05M	--
US	24-Feb-2017	23:00	U Mich Sentiment	Feb. 2017	98.5	96.8	Reuters Poll
US	24-Feb-2017	23:00	New Home Sales-Units	Jan. 2017	0.54M	0.57M	Reuters Poll

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