



	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1260.90/10	16.46/48	971/73	898/90
HIGH	1268.95/15	16.66/68	978/80	899/91
LOW	1260.90/10	16.46/48	971/73	893/95
LAST LEVEL	1268.95/15	16.66/68	976/78	893/95

Range Asian Hours (from Globex open)

MACRO: Tensions on the Korean peninsula have stepped up following reports from Japan that North Korea may have already developed nuclear warheads. Japan's annual Defence White Paper released on Tuesday noted that; "It is conceivable that North Korea's nuclear weapons program has already considerably advanced and it is possible that North Korea has already achieved the miniaturization of nuclear weapons and has acquired nuclear warheads," U.S. President Donald Trump increased his warnings to North Korea at an unrelated briefing in New Jersey, stating that; "North Korea best not make any more threats to the United States. They will be met with fire and fury like the world has never seen," Within hours of Trump's comments North Korea responded by saying they were "examining the operational plan" in reference to a potential strike on the U.S. Andersen Air Force base in Guam. Small business optimism in the U.S. increased to 105.2 during July (exp: 103.5) from 103.6 previously, marking the first increase since January. Business owners were buoyed in part by the pick-up in consumer spending, driving stronger hiring activity with a measure of those planning to add to payrolls relative to those planning to cut jobs currently sitting at the highest level since late 1999. The latest JOLTS job openings report increased by 461,000 to a seasonally adjusted 6.163 million during June (exp: 5.750 million), the largest monthly gain since July 2015. Professional and business services accounted for 179,000 vacancies, healthcare and social assistance had 125,000 openings, while construction had 62,000 unfilled positions. The print saw openings at the highest level since the data series began in December 2000 and saw the openings rate increase to a near 12-month high of 4.0%. The heightening tensions on the Korean peninsula saw equities in the U.S. sharply reverse early session gains on Tuesday, closing toward the low print to snap a recent run of positive closes. Following nine consecutive record closes the DJIA ended -0.15% lower at 22,085.34 points on Tuesday, as major financials reversed an early bid tone. The S&P 500 saw broad based declines as materials (-0.88%) and telecoms (-0.54%) led ten of eleven sectors lower to have the bourse down -0.24% at the closing bell. The greenback recovered from recent weakness on the back of the higher job vacancies report released in the U.S. on Tuesday, however pared some gains late in trade following the escalation in tensions with North Korea. After gaining as much as +0.6% intra-



session, the DXY eased late to add +0.2% for the session, with notable gains coming against the euro (+0.4%) and the yen (+0.35%). Markets in Europe avoided the escalation in geopolitical tensions on Tuesday to end the session at near two-week highs. The Stoxx Europe 600 added +0.17%, while a -2.8% MoM fall in German exports and a -4.5% MoM fall to imports during July tempered the regional gains somewhat, however the Dax was able to recover to end +0.28% higher. A softer sterling provided support to equities in the U.K. on Tuesday, seeing the FTSE 100 +0.14% higher after briefly trading above its all-time closing high of 7,547.63 printed in late May.

PRECIOUS: Geopolitical tensions saw a sharp reversal in fortunes for bullion on Tuesday, as the metal ripped higher in late U.S. hours after testing toward the USD \$1,250 support earlier in the session. Price action was generally at the whim of the greenback throughout Asian and European hours, breaking higher in Chinese trade as the local currencies gained ground, while interest out of Europe was sufficient to keep the price action buoyant above USD \$1,260. A break through broad resistance at USD \$1,260 - 1,263 saw a modest stop run and the session high of USD \$1,265.30 printed, however the move was well offered and as such short lived as New York opened for business. The stronger than expected U.S. job vacancies data soon put an end to the bid tone, seeing the greenback turn sharply higher and with it gold collapsed through mild bids around USD \$1,260, all the way to a USD \$1,251.70 low before underlying support emerged. Reports that North Korea has already achieved the miniaturization of nuclear weapons and President Trump's "fire and fury" comment pulled the metal off the canvas late in trade, closing around USD \$1,260 to surprisingly end with a modest gain on the session. Gold largely uncoupled from the greenback during Asian trade today, instead falling back to its position as a safe-haven asset following North Korea's comments regarding Guam. It was a generally orderly ascent for bullion today, punctuated by a brief stop loss run through Tuesday's high print, before piggybacking on a leg lower to USD/JPY as Europe began to filter in. The key for the metal in sustaining the bid tone will be a break through the USD \$1,270 - \$1,275 resistance level, keeping in mind that in recent times such geopolitical based moves have fizzled out, therefore the metal may need to rely on broad based USD weakness to sustain this move (focus on Friday's U.S. CPI). Platinum has continued to rally over the past 24 hours, pushing toward levels not seen since mid-April as President Jacob Zuma narrowly survives a no confidence vote, while palladium is attempting to break above USD \$900 once again. Data today includes U.S. MBA mortgage applications, Nonfarm productivity and wholesale inventories.