



	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1243.00/40	16.28/31	926/29	865/67
HIGH	1243.40/80	16.30/33	927/30	865/67
LOW	1240.50/90	16.22/25	923/26	862/64
LAST LEVEL	1241.00/40	16.22/25	923/26	863/65

Range Asian Hours (from Globex open)

MARKETS/MACRO: U.S. stock indices traded mixed on Tuesday, as investors focused on weak trading results from a roster of banks (Goldman Sachs / BofA). But the tech-heavy Nasdaq looked set to close at its first record in about a month on the back of its longest winning streak in nearly 2 years. The Dow Jones Industrial Average cooled -54.99 points, or -0.25%, to 21,574.73, the S&P500 inched up +1.47 points, or +0.06%, to 2,460.61 and the Nasdaq rallied +29.874 points, or +0.47%, to 6,344.305. The best performing sectors were tech (+0.5%) and consumer discretionary (+0.4%), while telco's (-0.98%) and energy (-0.49%) floundered. European benchmarks finished the session under pressure as the Euro raced up to a 14 month high against the U.S. dollar (1.1583) and as disappointing corporate earnings reports rolled in (Ericsson / Zalando / Experion). The FTSE Euro First 300 index slid -16.88 points, or -1.11% to 1,502.96 and the Euro Stoxx 600 similarly retreated -4.28 points, or -1.11% to 382.58. Regionally the DAX gave up -1.25%, CAC40 -1.09% and FTSE100 -0.19%. Crude oil prices surged higher on reports that Saudi Arabia is considering more export cuts. It then pared back some of the gains late in the session as investors questioned whether it was just another attempt at jaw-boning the market higher. A report from consultant Petroleum Policy Intelligence said that Saudi Arabia was considering a further 1 million b/d cut to counter the rise in Libyan and Nigerian production. This was followed by comments from Ecuador Oil Minister Carlos Perez who said he had spoken to Saudi Arabia about both remaining committed to reducing inventories to normalised levels. In the end August WTI crude rebounded +\$0.41, or +0.89% to US\$46.43 a barrel. Bonds rallied and the curve continued to flatten in the U.S. due to the slowdown in global inflation, the 2y note fell -0.8bps to 1.3477% and the 10y bond yield sank -5.33bps to 2.2607%. USD remained under pressure as investors continue to lose confidence in Trump's economic stimulus after the failure to replace Obamacare. The breach of 1.15 in EUR/USD yesterday precipitated a flurry of buying and we closed around 1.1555 having printed 1.1583 highs. Volumes also materially picked up in AUD/USD which held on to gains above 0.7900 on persistent interest to the topside. The hawkish RBA minutes yesterday were the catalyst and it appears the market may have been underestimating the probability for a hike this year.

Markets were given a jolt yesterday by the RBA minutes from the July board meeting which were more upbeat than the Statement that immediately followed the meeting. The assessment in early July that the March quarter slowdown was only "partly reflecting temporary factors" was changed to one that is "largely reflecting temporary factors". The minutes also noted that "the data available for the June quarter had generally been positive". The Bank judged that "the most



recent Australian and state government budgets suggested that fiscal policy would be more expansionary in 2017-18 than had been previously expected". What's more, the unexpected discussion about the neutral cash rate and the focus on the RBA's estimate of 3.5% stirred the market to interpreting the current policy settings as highly stimulatory. The AUD front-end reacted quite aggressively, with the Jun-2018 bank bill futures selling-off some 10bp from the release. The AUD jumped more than one 100 pips over the session to an intra day high just above 0.7920.

PRECIOUS: Gold continued to follow the recent traction, grinding its way higher for a seventh consecutive session as investors express continued concern on U.S. economic strength and the ongoing political gridlock. U.S. reforms look increasingly uncertain with two more Republican senators announcing overnight their opposition to Trump's healthcare reform bill. Gold ticked lower in the lead up to the Tocom open and just after it but did find its feet again 15 minutes before the SGE open. It was around this time also that EURUSD and AUDUSD started to accelerate, the former rushing through the key 1.15 barrier and the latter punching through the 2016 highs (0.7829) and running strongly through 0.7900, following the hawkish RBA minutes. Gold rallied in line with these moves, running through \$1235 and plateauing at \$1237.50 throughout the Asia afternoon. The SGE remained fairly dormant, with moderate to light flows seen across the week and the premium seemingly fixed either side of \$10 above spot. A few dollars were handed back throughout the London session but by the time NY opened the USD was again whacked which led gold to a fresh July high of \$1244.50. The yellow metal is moving towards a fairly important resistance zone between \$1246.50-\$1248.50, where the 50 dma, 100 dma and 61.8% retracement of the May-Jun rally. On the downside we should see support initially at \$1238-40 and then again at \$1229.50 (200 dma).

Quiet start to the day in Asia, gold slowly ticking up a few dollars over the hours leading into Tocom opening. We touched a peak of \$1243.40 shortly after the Tocom open with some light Japanese buying apparent. With the approaching SGE open some retail selling began to enter the market and gold edged lower. China were net sellers on the day, which took the premium sub-\$10 and suppressed the spot price back towards \$1241. This afternoon All in all though the market was very quiet today with little to report. In other markets equities were firmer the Shanghai Composite at time of writing +0.8%, Hang Seng +0.5%, Nikkei +0.05% and ASX200 +0.8%, the USD is narrowly mixed and WTI crude is down -\$0.15 (-0.3%) at \$46.25/barrel. On the data front today a fairly quiet one, U.S. mortgage applications, housing starts and building permits the only thing to look out for. Have a good day ahead.