



| | GOLD | SILVER | PLATINUM | PALLADIUM |
|-------------------|-------------|---------------|-----------------|------------------|
| OPEN | 1284.80/20 | 17.11/14 | 979/82 | 896/98 |
| HIGH | 1288.40/80 | 17.19/23 | 983/86 | 899/01 |
| LOW | 1284.60/00 | 17.04/07 | 977/80 | 896/98 |
| LAST LEVEL | 1285.90/30 | 17.06/09 | 979/82 | 898/00 |

Range Asian Hours (from Globex open)

MACRO: US President Donald Trump has doubled down on his "fire and fury" comments toward North Korea earlier in the week. During a press conference overnight Trump said that "if anything, maybe that statement wasn't tough enough" and that North Korea "better get their act together, or they are going to be in trouble like few nations have ever been in trouble". In US economic news, the Labor Department are reporting that the US producer-price index fell 0.1% in July following a 0.1% increase in June. The July figure represents the first drop since August 2016 falls short of the 0.1% bump that economists were expecting. Core PPI was flat for the month. The US federal budget deficit fell to \$43bln in July, total receipts were up 10% while spending fell by 15%. The figure represents a sharp fall from the \$113bln reported by the Treasury Department for July last year. Initial jobless claims rose 3k to a seasonally adjusted 244k in the week ending August 5. New claims have been below 250k for 10 straight weeks. Continuing jobless claims increased to 1.97M. US equities were hammered as the escalated geopolitical tension spooked investors. The Dow lost 204.69 points, or 0.93%, to 21,844.01, the S&P 500 tumbled 35.81 points, or 1.45%, to 2,438.21, and the Nasdaq dumped 131.20 points, or 2.22%, to 5,788.19. Utilities (+0.25%) saw a modest advance while information technology (-2.18%) took the biggest hit. European equities fared no better as markets were hammered, the EuroSTOXX fell 3.79 points, or 1.00%, to 378.63, the German DAX shed 139.7, or 1.15%, to 12,014.3, the London FTSE 100 declined 108.12, or 1.44%, to 7,389.94. In currency markets, the US dollar index lost 0.19% to 93.366, the EUR traded up to 1.1781, while USD/JPY traded down to 109.18. US treasury yields were affected by the sub-par PPI numbers and the North Korea situation, the 2 year yield slipped 1.21 bps to 1.3266%, the 10-year yield fell 4.48 bps to 2.2028%. In Asia today, as I write the Nikkei sits at -0.05%, the Shanghai composite is at -1.46%, the Hang Seng at -2.04%, and the ASX S&P 200 at -1.40%. Tonight we have CPI out of the US; and inflation data out of Germany.

PRECIOUS: The precious complex saw continued strength as markets turn to risk-off mode on the back of Trumps rhetoric. Gold dipped a little on the open in Asia before the elevated \$8 SGE premium prompted light buying out of China which lifted the market to \$1278. London were buyers as USD/JPY started to soften. Following NY open, the weak PPI numbers saw investors dump the greenback and the yellow metal climb to a fresh two month high of \$1287. Silver surged over 35c off the low to cross \$17 for the first time since mid-June. The grey metal has enjoyed a remarkable week thus far, climbing 6% from Monday's open in Asia. Palladium breached the psychological \$900 level before take-profit orders capped the



market, while platinum saw more modest gains. The Philadelphia gold and silver index added 1.49%. The SPDR Gold Trust holdings were remained unchanged at 786.87 metric tonnes. In todays trading, Gold opened on the bid in Asia and traded quickly to the days high of \$1288.40. The SGE premium pulled back to \$3 over loco London which sparked a short sell off in China, however the market looks well supported around \$1285 as USD/JPY dips below \$109. The yellow metal is at \$1285.90 as I write. Silver saw a brief spike to yesterdays high before sold lower. The grey metal sits at \$17.06 as I write. In the PGMs, palladium made another attempt at \$900 and again found resistance, while platinum is flat. Have a good day ahead.