	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1241.50/90	16.63/66	926/29	845/47
HIGH	1242.50/90	16.64/67	929/32	846/48
69LOW	1235.30/70	16.55/58	918/21	843/45
LAST LEVEL	1235.30/70	16.55/58	920/23	845/47

Range Asian Hours (from Globex open)

MARKETS/MACRO: U.S. equities closed mostly higher on Friday as Wall Street capped a strong first-half performance - DJIA +8.0% and S&P500 +8.2% YTD. The Dow Jones Industrial Average on Friday rose +62.6 points, or +0.29%, to 21,349.63, the S&P500 inched up +3.71 points, or +0.15%, to 2,423.41 and the Nasdaq was the odd one out, down -3.931 points, or -0.06%, to 6,140.42. The best performing sectors were industrials (+0.76%) and consumer discretionary (+0.56%), while utilities (-0.12%), tech (-0.11%) and healthcare (-0.11%) bought up the rear. European equities retreated for a fourth day as a drop in financial and chemical stocks outweighed a rally in technology companies. The FTSE Euro First 300 index fell -6.53 points, or -0.44% to 1,491.37 and the Euro Stoxx 600 index relinquished -1.29 points, or -0.34% to 379.37. Regionally the DAX shed -0.73%, FTSE100 -0.51% and CAC40 -0.65%. Oil prices rallied higher as concerns about oversupply eased. Earlier in the trading session, the US Energy Information Administration (EIA) released its monthly supply/demand estimates for April, with output being revised down by 190k b/d to 9.08mio b/d. Other data showed drilling activity fell in the U.S. for the first time in 23 weeks, the number of drill rigs operating down 2 to 756 (Baker Hughes). This exuberance may be tempered by news over the weekend that Libya oil production hit another record however. In FX, USDJPY edged up slightly by +0.2% to 112.40 while AUDUSD was range bound last Friday and closed just a touch higher around 0.7690. The dollar index edged up 0.01% to 95.628. In treasuries the 2y note yield inched up +1.25bps to 1.3817% and the 10y bond yield rallied +3.71bps to 2.3037%.

On the data front U.S. inflation eased for the third consecutive month and consumer spending was tepid in May adding further complications for the Federal Reserve as it charts a course for interest rates. The Fed’s preferred measure of inflation, the price index for PCE, rose +1.4% in May YoY (+1.4% expected) from 1.5% a month earlier, the lowest level in six months. Excluding the often-volatile categories of food and energy, so-called core prices were also up +1.4% YoY, the lowest level since December 2015. On a monthly basis, the PCE deflator fell -0.1% (-0.1% expected) in May from an April read of +0.2%. The University of Michigan on Friday said its consumer sentiment index was 95.1 in June, up from a preliminary June reading of 94.5 but down from 97.1 in May. The details for the report were mixed, with current economic conditions rising to 112.5 in June from 111.7 in May, while expectations about the future were down to 83.9 in June from May’s 87.7. The overall sentiment index hit its lowest level since November. Elsewhere, consumer spending - which accounts for around two thirds of U.S. economic activity - was sluggish, rising +0.1% for May (+0.1% expected) according to the Commerce Department. This was down from a read of +0.4% a month earlier. Personal income rose +0.4% in May (+0.3% expected), up from a downwardly revised +0.3% a month earlier. Across the Atlantic Euro area inflation was a touch stronger than expected in June, at +1.3% YoY (+1.2% expected), with core inflation at +1.1% YoY (+1.0% expected). Within the index, services inflation, which accounts for 45% of the index, rose +1.6% YoY. The data hints that euro area inflation is continuing to base but remains a long way short of target 2%. It is evidence that the ECB's policies are being successful, but not evidence that an early withdrawal of stimulus is warranted. The data complemented the tone of Draghi's speech earlier in the week that deflationary risks are abating and reflationary forces are emerging.

PRECIOUS: With treasury yields and USDJPY grinding higher for the majority of the day last Friday, gold remained under pressure throughout although did manage to cling onto a $40 handle. In Asia we opened just below $1245 and initially pushed higher on the back of some early SE Asian retail demand. By the time the SGE came on line however we were trading back through $1245. A decent premium of above $10 on the exchange was quickly eroded as the USDCNY began to sell-off quite sharply. The premium traded to a low of $9 as a result and saw some gold demand drop off as the afternoon wore on. Buying out of China has certainly been slowing down over the past few months evidenced by fewer bullion imports, and this trend looks set to continue over the short to medium term. By the time London traders opened for business, the USDJPY began to show some signs of bouncing and gold had a leg lower towards $1240. Around the NYK open gold briefly dipped below $1239 (the 5th time this has happened in an hourly chart and ended as a shadow incidentally), yet recovered with some decent macro buying seen in the low $1240's and below. It was mainly light two way trade into the close between $1240-44 as U.S. traders wind down into independence day long weekend (holiday 4th July, although it is expected a number of participants will take the Monday off also). Ultimately the yellow metal closed around $1241.50. The yellow metal had a fairly lacklustre month, tumbling -2.15% in June as longs unwound. Things are certainly looking better for the half however, H1 gains now sitting around +7.75%. Silver was down -4.4% on the month and a stark -9.0% for the quarter, although retains a positive return for the calendar year of +4.3%. Palladium on the back of supply concerns continues to muscle its way higher, up +3.0% on the month, +6.1% for the quarter and an impressive +24.1% H1.

After opening around $1241.50 and making a brief tick up to $1242.50 the gold began a very slow descent over the course of the morning, with some fast money and macro traders looking for bids. The USD was also firmer across the board which added further momentum to the slide. China were fairly neutral on the SGE open but as the USDCNY began to tick higher the buyers retreated and spot gold lost some its morning support. There were bids sitting at $1240 which were given shortly after the SGE open and the metal fell through $1240 and failed to push back through that for the rest of the day. AUDUSD fell back towards 0.7665 after trading at 0.7695 earlier in the day and the USDJPY pushed back through 112.00 and traded up towards 112.60. Caixin China manufacturing PMI was released early afternoon and was a positive number at 50.4, taking the reading back into expansionary territoy (49.6 prior, 49.8 expected). This was another drain on gold as riskier assets benefitted from the strong numbers. Gold continues to look weak as I write trading down to a low of $1235.70 and silver $16.58. Ahead today there is not a great deal of activity expected with a number of American participants expected to be out for an extended long weekend. On the data front we have a number of European PMI's, Eurozone employment data and U.S. ISM manufacturing and construction spending. Have a good day ahead.