



**Ranges: Europe/US Markets**

4-Aug-17	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
OPEN	1268.35	1268.85	16.6950	16.7250	960.90	963.90	879.15	882.15
HIGH	1270.35	1270.85	16.7450	16.7750	970.90	973.90	886.00	889.00
LOW	1254.25	1254.75	16.2000	16.2300	960.90	963.90	879.15	882.15
CLOSE	1258.85	1259.35	16.2450	16.2750	965.15	968.15	880.50	883.50
EFP	5.75	5.85	-0.0250	-0.0150	2.00	3.00	-5.00	0.00
LBMA Prices AM/PM	1269.30	1257.70	16.70		967.00	966.00	884.00	884.00
Active Contract	GCZ7 Comdty		SIU7 Comdty		PLV7		PAU7 Comdty	

**MACRO:**

- U.S. equities crept higher following the better than expected U.S. employment data on Friday.
- The DJIA gained +66.71 points, or +0.30%, to 22,092.81, the S&P500 rallied +4.67 points, or +0.19%, to 2,476.83 and the Nasdaq inched up +11.22 points, or +0.18%, to 6,351.56.
- The best performing sector was the financials (+0.7%) while utilities (-0.3%) were the biggest under-performers
- European equity markets also rallied following strength in the financial sector
- The Euro First 300 Index ramped up +14.69 points, or +0.99% to 1,504.18 and the Euro Stoxx 600 advanced +3.60 points or +0.95% to 382.53. Regionally the FTSE100 rose +0.49% (7,511.71), DAX +1.18% (12,297.72) and CAC40 +1.42% (5,203.44).
- SEP 17 WTI Crude rallied +\$0.55, or +1.12%, to US\$49.58 a barrel. A small fall in the number of drill rigs operating in the U.S. (-7 to 1,171 Baker Hughes) supported prices as well as the strong employment data.
- U.S. bond yields rallied with the brighter employment outlook, helping to reverse some of the economic scepticism faced by the U.S. in the past month. The U.S. 10y yield increased +4.08bps to 2.2620% and the 2y yield rose +1.19bps to 1.3509%. European counterparts rose between 2-3bps.
- The US dollar rallied sharply in the aftermath of the July labour market report and improvement in the June trade deficit. The dollar index (DXY) rallied +0.76% to 93.54201. USDJPY rallied +1.1% to a peak of 111.06 before settling around 110.70, EURUSD fell -1.25% to the lows (1.1728) before closing around 1.1775.



- U.S. employment data started the second half of 2017 strongly. Non-farm payrolls rose +209k in July (+180k expected). The unemployment rate edged down -0.1% to 4.3% while the participation rate rose +0.1% to 62.9%, both solid positives. Another very strong positive was a +0.3% rise in average hourly earnings though the year-on-year rate. The average work week held steady at 34.5 hours.
- The U.S. trade deficit with other nations contracted -5.9% from a month earlier to \$43.64 billion (\$44.5 billion expected), according to the Commerce Department. Exports rose +1.2% while imports fell -0.2%. Real exports of goods reached the highest level on record in June.

### **PRECIOUS:**

- Gold was under pressure on Friday, the positive U.S. employment data taking the wind out of the metals sails after a fairly impressive 3 week rally.
- The yellow metal traded in a narrow \$3 range leading into the release (\$1267.50-\$1270.50), with Asia being a small net seller as some position squaring went through pre-announcement
- The positive surprise saw gold instantly trade down \$10 to \$1260, do a bit of work between \$1260-63, then proceed lower with stops tripped through \$1260.
- Rising bond yields kept the pressure on the gold ultimately touching just underneath \$1255, before a modest recovery to round out the week at \$1259.
- Latest COTR figures show that non-commercial longs in gold sit at ~12.6 million oz. This is up ~2.3 million oz on the week.
- ETF holdings in gold throughout July have been hit hard, falling some -7%, the largest monthly decline in 4 years. Quite interesting given the ongoing political tensions in Washington and North Korea.
- Platinum was robust on Friday, falling \$6 right after the NFP's, although quickly pushing back up towards \$970 resistance. There is decent producer supply around this level for the time being.

### **PRE-ASIA COMMENT:**

- The precious complex exceptionally quiet since the open (gold \$2 range)
- USD so far holding on to the gains seen from last Friday, USDJPY trading at 110.75 at time of writing, EURUSD 1.1790, AUDUSD 0.7940, GBPUSD 1.3045.
- Looking ahead this week, we'll have Fed speakers (Bullard, Kashkari, Mester, Evans, Williams, Dudley, Kaplan), U.S. CPI, EU industrial production, EU HICP, UK industrial production, Australia RBA Kent speech, New Zealand RBNZ, China CPI, China credit data, China trade data, Indonesia GDP.