



**Ranges: Europe/US Markets**

7-Aug-17	GOLD		SILVER		PLATINUM		PALLADIUM	
	Bid	Offer	Bid	Offer	Bid	Offer	Bid	Offer
OPEN	1258.80	1259.30	16.2767	16.3067	964.50	967.50	880.03	883.03
HIGH	1260.00	1260.50	16.3180	16.3480	970.65	973.65	889.05	892.05
LOW	1255.80	1256.30	16.1250	16.1550	957.01	960.01	868.48	871.48
CLOSE	1257.60	1258.10	16.2500	16.2800	966.95	969.95	887.50	890.50
EFP	5.50	5.60	-0.0300	-0.0200	2.25	3.25	-5.00	0.00
LBMA Prices AM/PM	1257.55	1258.00	16.13		967.00	966.00	884.00	884.00
Active Contract	GCZ7 Comdty		SIU7 Comdty		PLF7 Comdty		PAU7 Comdty	

**MACRO:**

- The Dow Jones industrial average hit fresh record on Monday (22,121.15), continuing to capitalise on last week's record-setting performance.
- The Dow closed up +25.61 points, or +0.12%, at 22,118.42, the S&P500 ran +4.08 points, or +0.16%, to 2,480.91 and the NASDAQ advanced 34.82 points, or 0.59%, to 5,934.73.
- The best performing sector on the day was consumer Staples (+0.7%) and the worst performing sector was energy (-0.85%)
- European stocks consolidated last week's sizable rally closing mostly flat, limited by a down-beat reading on German industrial output
- The Euro First 300 Index eased -1.83 points, or -0.12% to 1,502.35 and the Euro Stoxx 600 slipped -0.52 of a point, or -0.14% to 382.01. Regionally the FTSE100 gained +0.27% (7,531.94), DAX declined -0.33% (12,257.17) and CAC40 inched up +0.09% to 5,207.89.
- Crude oil prices fell as producers (OPEC and non-OPEC) met in Abu Dhabi to discuss the recent lack of compliance with the production cut agreement. The unofficial meeting will then present recommendations to the Joint Ministerial Monitoring Committee. The issue of higher-than-expected supply was exacerbated by reports that Libya's biggest oil field, Sharara was back to normal after a disruption caused by protests. SEP WTI Crude sold off -\$0.27, or -0.54%, to US\$49.31 a barrel.
- Yields began the session in a sell-off as equities approached all-time highs, however this reversed into a rally after comments from the Fed's Bullard who indicated that policy should remain stable. The U.S. 10y yield decreased -0.72bps to 2.2548% and the 2y yield was unchanged at 1.3509%.



- German industrial production fell -1.1% MoM in June (+0.2% expected), reversing the previous months gain of +1.2%. Industrial production data is often quite volatile, but the 1.0% m/m rise in June new orders released last week (and 1.0% increase in May) would imply that the upward momentum in output is in place
- Fed Speak: "The current level of the policy rate is likely to remain appropriate over the near term," said St Louis Fed President Bullard.
- North Korea vowed Monday to bolster its nuclear arsenal and launch 'revenge' against the United States in response to tough U.N. sanctions imposed after its recent intercontinental ballistic missile launches. In a statement the North Korean government said the sanctions were a "violent infringement of its sovereignty" that was caused by a "heinous U.S. plot to isolate and stifle" the country.

#### PRECIOUS:

- Gold consolidated quietly in a narrow \$4 range on Monday as we continue deeper into the Northern Hemisphere summer holiday period.
- Little action in Asia yesterday, the SGE gold premium hitting a peak of US\$6 over the loco London price, with modest two-way flows seen on the exchange. Spot gold remained flat between \$1257-59 for the Asia day.
- During the European session we hit a low of \$1256.30, although some real money buying stepped in to support just prior to the States opening for trade
- The metal slowly drifted higher throughout the NYK morning peaking at \$1260 before closing almost unchanged around \$1258.50.
- The yellow metal is looking a little vulnerable following last weeks strong payrolls number, although that being said has not, exactly run away to the downside. The metal remains perched above short-med term supports.
- First support lies at \$1251-53 where the 100 dma and 50% retracement of the June-July decline intersect, followed by \$1240. On the topside initial resistance lies at \$1260-63 where the weekly peak and 61.8% retracement of the June-July decline lies, followed by \$1270-74 where a series of July-Aug intra-day peaks sit.
- Gold net longs increased by the most since June last year, adding ~4.44 moz in the week to Aug 1 on a combination of fresh longs and short-covering. Shorts have now covered ~4.8 moz worth of positions in the last two weeks, while the increase in gross longs has been the first notable gain since early June. Total gold positioning is at the highest it has been in 5 weeks, although historically still lean at just ~40% of the all-time high.
- Silver net speculative positions according to the CFTC were similarly up, gaining 47.72 moz to 201.47 moz over the same period mainly due to short-covering. Total silver positioning sit at around 35% of the all time high.
- Platinum remains steady between \$960-970 for the time being. There was some decent liquidation from Tokyo traders on Tocom yesterday which dragged the spot price lower, although European and U.S. traders bid it back up.
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#### PRE-ASIA COMMENT:

- So far another quiet day for the precious in Asia. Gold is beginning to angle higher through \$1260 since the China open, although there are decent sized Comex offers scaled up from the topside.
- Asian equities softer so far and the USD a touch weaker.



- Ahead today we have Chinese, German and French trade data, as well as the U.S. JOLTS report.