



	<b>GOLD</b>	<b>SILVER</b>	<b>PLATINUM</b>	<b>PALLADIUM</b>
<b>OPEN</b>	1216.90/30	15.82/85	901/04	851/53
<b>HIGH</b>	1220.20/60	15.95/98	905/08	858/60
<b>LOW</b>	1216.30/80	15.82/85	900/03	851/53
<b>LAST LEVEL</b>	1219.70/10	15.91/94	905/08	855/57

**Range Asian Hours (from Globex open)**

**MARKETS/MACRO:** U.S. stocks were very choppy on Tuesday as traders debated the significance of emails released by Donald Trump Jr on Russia. The Dow, despite having a 160+ point range on the day, was largely unchanged tacking on +0.55 points, or 0%, to 21,409.07. The S&P 500 lost -1.90 points, or -0.08%, to 2,425.53 and the Nasdaq rallied +16.912 points, or +0.27%, to 6,193.305. The best performing sectors were Energy (+0.53%) and Tech (+0.36%), while Financials (-0.68%) and Telcos (-0.67%) struggled. European stocks finished generally lower, as investors took a cautious approach ahead of U.S. Federal Reserve Chairwoman Janet Yellen’s testimony to Congress. The FTSE Euro First 300 Index slid -10.16 points, or -0.68% to 1490.61 and the Euro Stoxx 600 retreated -0.65%, or -2.49 points to 379.15. Regionally the DAX lost -0.07%, FTSE100 -0.55% and CAC40 -0.48%. August WTI added +\$1.31, or +2.95% to US\$45.71 a barrel as the EIA cut its forecast for US production in 2018 from just over 10 million barrels a day to 9.9 million. This is the first reduction in estimated US supply for 2018 since the EIA started making predictions for that year in January. The dollar edged broadly lower yesterday as we head into Yellen’s testimony this evening. The USD’s soft tone wasn’t helped by comments from the Fed’s Brainard who advocated moving cautiously on further rate hikes. Treasuries rallied and the curve steepened, led by dovish tones on future rate hikes from two Fed speakers. The 2y note yield slumped -0.79bps to 1.3751% and the 10y bond yield declined -1.25bps to 2.3605%.

On the data front, job openings in the U.S. decreased -301k to a seasonally adjusted 5.7 million (5.95 million expected) according to the Labour Department in its monthly JOLTS survey. The drop pushed the jobs openings rate to 3.7%, the lowest reading this year, from a nine month high of 3.9% in April. Hiring jumped to 5.47 million from 5.04 million the prior month. There were broad increases in hiring from manufacturing to retail and professional and business services.

Fed Governor Lael Brainard spoke about the normalisation process of central banks, and her comments on the US were on the dovish side (she is a known dove however). She noted that currencies will be more sensitive to interest rate moves compared to balance sheet normalisation. In terms of her current views, she said that, “I consider normalisation of the federal funds rate to be well under way. If the data continues to confirm a strong labour market and firming economic activity, I believe it would be appropriate soon to commence the gradual and predictable process of allowing the balance sheet to run off. Once that process



begins, I will want to assess the inflation process closely before making a determination on further adjustments to the federal funds rate in light of the recent softness in core PCE (personal consumption expenditures) inflation. In my view, the neutral level of the federal funds rate is likely to remain close to zero in real terms over the medium term. If that is the case, we would not have much more additional work to do".

**PRECIOUS:** Gold and silver once again showed some respite from the recent sell-off, posting gains for a second straight session, aided by a sinking USD. Gold opened just under \$1215 yesterday and was under steady selling pressure throughout most of the Asian day. USDJPY was firm throughout the morning trading just short of 114.50 which kept the metals on the backfoot. There was a very brief spike higher right around the Tocom open, gold very briefly trading above \$1215, although this was met with decent selling from Comex. Throughout the morning the metals continued to slide gold dipping below \$1210 around the time Europe walked in and silver edging below \$15.50 before steadying back above these respective levels. After a very dreary first half of the day the metals fortunes began to change, with headlines of alleged ties between Donald Trump Jr and Russian officials coming to light in further detail. The president's oldest son — in a surprise Tuesday tweet — shared what he said was a full email chain from June 2016, detailing his plans to set up a meeting with a Russian government lawyer who was willing to share damaging material about Hillary Clinton. The smoking gun in the email, according to the attorneys, is the wording throughout the emails that Trump Jr. exchanges with a broker for one of his father's former Russian business partners. At one point, Trump Jr. responds "love it" at the prospect of material that would "incriminate" Clinton. This saw stocks tank and safe-haven assets rally, gold quickly angling from \$1210 to \$1217. Brainard's dovish comments on Fed rate hikes only helped the cause with the yellow metal pushing up against \$1218 for the final hours of the session. Silver followed gold for the most part although was under more selling pressure from China - as longs continued to unwind aggressively on the SGE for a second day. It based just under \$15.50 and continued to grind higher into the close, finishing up around \$15.80. For gold support sits between \$1195 - \$1200, close to the March 2017 lows while resistance will be heavy towards the 200 dma (\$1230.00).

The dollar sold off this morning which continued to lend support to gold, the metal nudging against the NY highs in the lead up to the Tocom open. Some initial Japanese demand took spot gold through the overnight highs to test \$1220. There were some sizeable offers in August Gold however which kept things in check. USDJPY after teetering just beneath 114.00, succumbed to heavy liquidation from leveraged and retail names and it was one direction until the early afternoon, trading as low as 113.32. The slightly lower USDCNY helped to bring a bit of buying back into the SGE after a week characterised by liquidation. Once the exchange opened spot gold lurched through \$1220 again although didn't make it that far through touching \$1220.20 bid before consolidating between \$1218.50-1220.00. Silver popped higher right on the SGE open through \$15.90 and maintained a \$15.90-95 range for most of the afternoon with some decent volumes going through Comex and the SGE there. In other markets equities were lower the Shanghai Composite -0.2% at time of writing, Nikkei -0.5%, ASX200 -1.0% and the Hang Seng the outlier, currently up +0.8%. USD remains weaker across the board, at this point most dramatically vs the JPY, with USDJPY down -0.45% at 113.42 currently. Crude is flat on the day WTI sitting at \$45.77. Ahead today markets will be focused on Yellen's congressional hearing, UK employment, Euro zone industrial production and and the BoC rate decision. Have a good day ahead.