	GOLD	SILVER	PLATINUM	PALLADIUM
OPEN	1260.30/70	16.63/66	930/33	868/70
HIGH	1264.90/30	16.73/76	932/35	871/73
LOW	1259.70/10	16.60/63	926/29	867/69
LAST LEVEL	1262.70/10	16.70/73	930/33	869/71

Range Asian Hours (from Globex open)

MARKETS/MACRO: U.S. stocks traded higher overnight on the back of strong company earnings (Coke / Boeing / AT&T / U.S. Steel) and following the Federal Reserve's decision to keep interest rates unchanged. The Dow Jones Industrial Average rose +97.58 points, or +0.45%, to 21,711.01, the S&P500 inched up +0.70 of a point, or +0.03%, to 2,477.83 and the Nasdaq rallied +10.573 points, or +0.16%, to 6,422.747. European equity markets also kicked higher thanks to some robust earnings reports (Lonza / Peugeot / Commerzbank / Kion). The Euro First 300 Index jumped +7.12 points, or +0.48% to 1,504.02 and the Euro Stoxx 600 advanced +1.97 points, or +0.52% to 382.74. Regionally the FTSE100 tacked on +0.24%, DAX +0.33% and CAC40 +0.56%. Crude surged higher on the back of another strong draw down in inventories (WTI +$0.83, or +1.73% to US$48.72). EIA data showed the U.S. stockpiles of crude oil fell by 7.21 million barrels last week, which was much greater than expectations. They are now sitting at 483 million barrels, the lowest level so far this year. Gasoline inventories also fell (-1.02 million barrels to 230.2mb), suggesting demand remains strong. U.S. crude oil production also fell for the first time since June, down 19k b/d to 9.41m b/d. The better than expected data was further supported by comments from OPEC that it would increase adherence to the production cut agreement. On the FX front the USD broadly lost ground as the market interpreted the FOMC decision and statement as dovish leaning. The Dollar Index fell -0.4% to 93.67 with EURUSD gaining an impressive +0.8% to 1.1730. USDJPY fell -0.6% to 111.20 and AUDUSD, which slipped in Asia yesterday after the softer than expected headline Q2 CPI report (+0.2% vs +0.4% expected), managed to regain all the losses and closed +0.9% higher for the day at just above 0.80 - the highest level since May 2015. U.S. treasuries rallied into the close after the FOMC policy meeting concluded, with the 2y note falling -3.47bps to 1.3551% and the 10y yield whacked -4.82bps to 2.2872%.

The US Federal Reserve left interest rates unchanged as expected yesterday, but it softened its language on inflation and hinted that it would begin balance sheet reduction in September (changing the wording around timing from “this year” to “relatively soon”). The former is a dovish development, but the latter is less clear cut. On the one hand, balance sheet reduction will tighten US financial conditions, but to the extent that balance sheet reduction and low inflation delay rate hikes, it does mean that policy rates in the US will be low for longer. Against a backdrop of softening inflation, the market also appears to be reading it as a bit aggressive (ie. will be a drag on US growth), with the USD sold heavily and bonds rallying on the news. It certainly seems that the Fed is keen to press on and unwind QE regardless. As expected, Fed officials voted unanimously to leave their benchmark rate in a range between 1.00% - 1.25%.

In other economic news, new home sales in the U.S. gained +0.8% (+0.8% expected) to a seasonally adjusted annual rate of 610k units last month (615 units expected). The sales pace for March, April and May was revised lower. New single-family homes sales in the West soared +12.5% to their highest level since July 2007. They jumped +10.0% in the Midwest, but fell -6.1% in the South. Sales were unchanged in the Northeast. At the current sales pace, there was a 5.4-month supply of new homes on the market at the end of June. There were 272k new homes available for sale, the highest level in 8 years.

PRECIOUS: Gold remained fairly soft into the FOMC decision yesterday, with weak longs happy to square up ahead of the announcement and suppress the price to sub $1250 levels throughout. Once the decision dropped however, the language in the statement, particularly the change from 'this year' to 'relatively soon', was perceived by the market as decidedly dovish. USD and bond yields fell rather dramatically in the final few hours of trade, which benefitted the metals complex. In Asia the yellow metal teetered around the $1250 mark ultimately falling through this level as Japanese traders came on line. There was some sizeable bids on Ecomex around $1249.50 (spot equivalent) of 100+ lots which kept the market buoyant for the first few hours, but Japanese sellers quickly pushed through the support and the gold fell sharply towards $1247. Au managed a modest recovery back towards $1248-49 by the time China walked in, but they too were net sellers which saw the market gently angle lower into the afternoon. The $1243.80 low was hit during early London trade, with some light support beginning to emerge under $1245. Just ahead of the FOMC announcement, the yellow metal was trading just beneath $1250 when the USD dived sharply. Gold surged to $1255 in the aftermath, did a little work there, then took off through the previous highs at $1258.50-9.00, with stops being tripped to a top of $1263.30. $1260 was then held into the close, which is certainly a positive on the daily charts and could potentially mark a breakout. Silver performed well also, losing ground in line with gold throughout the Asia/London sessions and bouncing back through $16.50 following the FOMC. Gold's very impulsive rise throughout July now sits it above the 61.8% Fibonacci retracement (Jun-Jul decline) at $1262, however it does appear technically there will be some resistance between $1265-75.

The metals held onto their overnight gains during the Asian session today, although there was a definite pause in the action post FOMC. Interestingly there was some light follow through Chinese buying on the day despite the higher prices, as well as some TOCOM bids which kept spot gold steady. The SGE premium subsided with higher prices, onshore gold trading at around $6-8 premium when compared to the loco London price. In other markets equities where in the black, the Nikkei up is +0.15%, Shanghai composite +0.05%, Hang Seng +0.6% and ASX200 +0.15% at time of writing. Crude is flat on the day as is the USD with the exception of AUDUSD, which continues to push higher currently sitting at 0.8043. Elsewhere, India eased the restrictions for its Sovereign Gold Bond Scheme after failing to secure the targeted investment last year. The annual investment limit under the Scheme has been raised to 4 kilograms for individuals and 20 kgs for trusts - the previous limit was 500 grams. The cabinet has also empowered the finance ministry to launch variants of Sovereign Gold Bonds with different interest rates, risk protection and pay-offs, to compete with alternative investments and deal with volatility in global gold prices. On the data calendar today look out for U.S.jobless claims, durable goods orders, wholesale inventories and Chicago Fed Activity index, as well as German retail sales. Have a good day ahead.