

[JJ]

>> Andrew: HELLO, THERE.
WELCOME TO "COMMODITIES."
OF COURSE IT'S FED DAY AND WE
HAVE JUST BEEN LISTENING TO THE
U.S. FED CHAIR JEROME POWELL
SPEAKING ABOUT HIS DECISION TO
HOLD INTEREST RATES STEADY.
LOTS MORE ON THAT IN A MOMENT.
>>> BUT FIRST LET'S SEE HOW THE
KEY COMMODITIES ARE TRADING AND
WE WILL START OFF WITH ENERGY.
WE DID SEE A JUMP IN OIL
PRICE -- OIL PRICES AFTER HAMAS
SAID ISRAEL KILLED ITS POLITICAL
LEADER STROKE TENSIONS IN THE
REGION.
HEZBOLLAH ALSO SAYS THAT ISRAEL
KILLED A SENIOR OFFICIAL IN
TEHRAN.
THE HAMAS CHARACTER WAS KILLED
IN BEIRUT.
NOW OF COURSE ABOUT A THIRD OF
THE WORLD'S CRUDE COMES FROM THE
MIDDLE EAST.
SO FAR THAT GAZA CONFLICT HAS
NOT POSED AN IMMEDIATE THREAT TO
SUPPLIES AND SO IT HASN'T PUSHED
OIL THAT MUCH HIGHER.
BUT THERE YOU HAVE IT.
YOU CAN SEE WEST TEXAS
INTERMEDIATE IT'S BEEN CLIMBING
PRETTY WELL THROUGHOUT THE DAY.
>>> IRAN'S PREMIER IS LEADER
AYATOLLAH ALI KHOMANI SAYS THAT
ISRAEL HAS "PREPARED THE GROUND
FOR ITS SEVERE PUNISHMENT."
SO THERE ARE SOME INVESTORS
THINK RISK TO SUPPLY RIGHT NOW.
WE SHOULD NOTE THAT EQUITY
MARKETS ARE UP AND OIL OFTEN
TRADES IN TANDEM WITH THE STOCK
MARKET.
>>> AND LET'S HAVE A LOOK AT
WHERE THE METALS ARE TRADING.
WE DID SEE SOME STRENGTH IN
COPPER.
PARADOXICALLY AFTER WRETCHED --
YET MORE WRETCHED FACTORY
NUMBERS IN CHINA.

ADVANCED HOPES FOR STIMULUS.

THERE IS GOLD.

TRADERS DIGESTING THE FED'S
DECISION TO HOLD INTEREST RATES
STEADY.

THE CENTRAL BANK

[indiscernible] SIGNALLING
THAT IT IS WILLING TO CUT RATES
SEPTEMBER 18.

A BROAD GAUGE OF U.S. LABOUR
COSTS CLOSELY WATCHED BY THE FED
ACTUALLY COOLED IN THE SECOND
QUARTER BY MORE THAN FORECAST.
REMEMBER, LOWER INTEREST RATES
TYPICALLY ARE SEEN AS GOOD FOR
BULLION BECAUSE IT DOESN'T PAY
INTEREST.

I AM GOING TO HAVE LOTS MORE, A
REMINDER ON THE FED AND GOLD IN
A MOMENT.

>>> AND HERE IS COPPER.

SO WE DID GET THIS BEARISH
CHINESE FACTORY DATA, COPPER OF
COURSE HAS BEEN IN A SLUMP AFTER
HITTING RECORD HIGHS EARLIER
THIS YEAR.

AND THE HOPE HERE IS THAT THIS
WEAKNESS IN MANUFACTURING WILL
ENCOURAGE THE REGIME IN BEIJING
TO RAMP UP STIMULUS FOR A
STRUGGLING ECONOMY.

CHINA'S FACTORY ACTIVITY
SHRINKING FOR A THIRD STRAIGHT
MONTH IN JULY.

AND THAT WEAKNESS IN
MANUFACTURING HAS BEEN A
HEADWIND FOR EXTREME METALS BUT
COPPER UP A LITTLE BIT TODAY.

>>> A QUICK LOOK AT THE CROPS.
AND YOU CAN SEE THEY HAVE BEEN
UNDER PRESSURE BECAUSE OF THE
PROSPECT OF A PRETTY GOOD U.S.
HARVEST OF CRUCIAL CEREALS SUCH
AS WHEAT AND CORN.

WE TALKED ABOUT THIS YESTERDAY.
COLDER WEATHER FORECASTS IN
COMING WEEK OR SO EXPECTED TO
IMPROVE GROWING CONDITIONS.

>>> AND HERE ARE SOME STORIES WE
ARE TRACKING IN THE RESOURCE

SECTOR.

SHARES IN BUNGE GLOBAL UNDER PRESSURE.

THAT COMPANY POSTED PROFIT AND SALES IN ITS LATEST QUARTER AND MISSED EXPECTATIONS.

BUNGEE HUGE IN CEREALS FRAYING AND PROCESSES SAYS DECLINES WERE DRIVEN BY LOWER RESULTS IN AGRI-BUSINESS AND IT WARNED THAT THERE IS STILL LITTLE VISIBILITY ON WHAT CONDITIONS WILL BE LIKE FOR THE REST OF THE YEAR.

IN ADDITION THE COMPANY SAYS ITS \$8.2 BILLION ACQUISITION OF VITERRA WHICH HAS EXTENSIVE GRAIN OPERATIONS IN CANADA WILL BE DELAYED DUE TO PENDING REGULATORY APPROVAL.

>>> OCEANA GOLD TAKING SOMETHING OF A HIDING TODAY.

IT WAS DOWN MORE EARLIER BUT OFTEN THAT 3% SECOND QUARTER GOLD PRODUCTION MISSED ESTIMATES.

OCEANA SAW OUTPUT FALL 25% YEAR OVER YEAR AND POSTED REVENUE THAT MISSED EXPECTATIONS BUT THE COMPANY DID SAY IT IS EXPECTED TO MEET ITS FULL YEAR FORECAST AND GENERATE STRONG FREE CASH FLOW.

>> RIO TINTO'S FIRST HALF PROFIT EDGED HIGHER FROM THE YEAR BEFORE ALTHOUGH IT NARROWLY MISSED ESTIMATES.

THE WORLD'S BIGGEST IRON ORE MINER PROVED TO BE RESILIENT TO CHINA'S ECONOMIC SLOWDOWN AND RIO KEPT FULL YEAR PRODUCTION FORECAST IN PLACE FOR METALS WITH THE CEO JACOB US TOEN SAYING ON THE EARNINGS CALL THAT THE COMPANY SEES FAIRLY ROBUST AND STABLE DEMAND FROM CHINA. THE WORLD'S LARGEST MINERS HAVE REMAINED PROFITABLE EVEN BY HISTORICAL STANDARDS DESPITE CONCERNS OVER SLUGGISH GROWTH IN CHINA WHICH HAS WEIGHED ON IRON

ORE PRICES.
RIO, WHICH GETS MORE THAN HALF
OF ITS REVENUE FROM STEEL-MAKING
STABLE, DOES PLAN TO BRING ITS
MASSIVE SEM ANDU PROJECT IN
GUINEA INTO PRODUCTION AREA?
THAT COULD PUSH IRON ORE PRICES
DOWN EVEN MORE.

>>> AND HERE IS AN INTRIGUING
POLITICAL STORY.

THE CHINESE ELECTRIC CAR MAKER
BYD IS LOOKING TO ENTER THE
CANADIAN MARKET.

EVEN AS THE FEDERAL GOVERNMENT
WORKS TO CLAMP DOWN ON IMPORTS
OF VEHICLES FROM CHINA TO
PROTECT OUR DOMESTIC AUTO
MANUFACTURING.

OF COURSE THE U.S. AND THE
EUROPEANS ARE DOING THE SAME.
HOWEVER, BLOOMBERG SAYS
LOBBYISTS FOR BYD HAVE FILED
NOTICE WITH CANADA'S FEDERAL
REGISTRY THAT THEY DO PLAN TO
APPROACH OFFICIALS AND LAWMAKERS
TO ADVOCATE FOR BYD'S
ANTICIPATED ENTRY.

THAT'S ACCORDING TO BLOOMBERG.
SOME CANADIAN GOVERNMENT
OFFICIALS AND INDUSTRY
REPRESENTATIVES SAY CANADA WILL
NEED TO SLAP TARIFFS ON CHINESE
ELECTRIC VEHICLES CLOSE TO
AMERICA'S RATE OF JUST OVER 100%
AS OPPOSED TO THE MUCH LOWER
LEVY THAT THE E.U. IS
CONSIDERING.

>>> TRADERS ARE SIFTING THROUGH
JAY POWELL'S REMARKS AFTER THE
U.S. FED SIGNALLED THAT IT IS
MOVING CLOSE TO MOVE TO CUTTING
RATES FROM A TWO DECADE HIGH.
POWLEY SAID IN HIS PRESS
CONFERENCE THAT THE ECONOMY IS
MOVING CLOSER TO THE POINT OF
WHICH IT WILL BE APPROPRIATE TO
CUT BORROWING COSTS BUT "WE ARE
NOT QUITE AT THAT POINT YET."
LET'S GET MORE FROM JASON SHENK
AR PRESIDENT OF PRESTIGE

ECONOMICS.

JASON, ALWAYS GREAT TO SEE YOU.
WHAT JUMPED OUT FOR YOU FROM
POWLEY'S REMARKS TODAY, PLEASE?

>> YES, THANKS SO MUCH FOR
HAVING ME ON TODAY, ANDY.

I THINK THE MOST IMPORTANT THING
IS THIS CONCEPT OF A TOTALITY OF
DATA.

THAT'S WHAT THE FED IS GOING TO
BE LOOKING AT GOING TOWARDS
SEPTEMBER.

THEY ARE NOT THERE YET.

THEY ARE ALMOST THERE READY TO
CUT RATES BUT THEY ARE STILL
DATA DEPENDENT SO IT'S REALLY
GOING TO DEPEND ON WHAT HAPPENS
GOING FORWARD WITH THE
ESPECIALLY INFLATION DATA.

I THINK HE THE OTHER THING IS
REALLY IMPORTANT AN AB
ACKNOWLEDGEMENT THAT INFLATION
ISN'T THE ONLY RISK RIGHT NOW.
THERE IS TWO-SIDED RISK.

RISKS TO THE LABOUR MARKET.

THE FED WILL BE WATCHING BOTH OF
THE THOSE THINGS VERY CLOSING,
THE LABOUR MARKET AND INFLATION.

>> Andrew: ONCE THEY DO CUT
INTEREST RATES IS IT A GIVEN
THAT GOLD WILL DO BETTER OR DO
YOU THINK IT'S IN THE GOLD PRICE
ALREADY?

>> WELL, I THINK THERE IS A
COUPLE OF PIECES HERE.

AS YOU SEE A CUT IN INTEREST
RATES, TYPICALLY WHAT WOULD YOU
ALSO EXPECT IS THE DOLLAR TO
WEAKEN BECAUSE GOLD IS PRICED IN
DOLLARS.

WE WOULD EXPECT THERE COULD BE
SOME FURTHER UPLIFT THERE.

IN GENERAL THAT'S TRUE FOR MOST
COMMODITIES BECAUSE MANY OF THEM
ARE DOLLAR DENOMINATED A
SLIGHTLY WEAKER DOLLAR LIKELY TO
PROVIDE SOME UPLIFT ESPECIALLY
FOR INDUSTRIAL COMMODITIES WHERE
LOWER INTEREST RATES COULD ALSO
SUPPORT GLOBAL MANUFACTURING AND

A WEAKER DOLLAR WOULD ALSO
LIKELY BE VERY HELPFUL
ESPECIALLY FOR EMERGING MARKETS
THAT HAVE DOLLAR DENOMINATED
DEBT.

STRONG GREENBACK THERE'S BEEN A
LOT OF PRESSURE FOR THEM.

>> Andrew: THAT'S AN
INTERESTING POINT.

SO A LOWER DOLLAR IS IT POSSIBLE
TO GENERALIZE IS IT GOOD FOR
COMMODITY PRODUCERS?

I GUESS IT'S NOT GREAT.

I MEAN I AM THINKING ABOUT A
CANADIAN -- LOWER U.S. DOLLAR I
AM THINKING ABOUT A CANADIAN OIL
PRODUCER THEY LOVE HAVING A
STRONG U.S. DOLLAR.

>> YEAH, SO IT DEPENDS IF WERE
YOU A BUYING OR A SELLER.

IF YOU ARE PRODUCING
COMMODITIES, SELLING THEM INTO
THE GLOBAL MARKET, THEN A STRONG
DOLLAR THAT YOU ARE REPATRIATING
BACK TO YOUR COUNTRY THAT WILL
BE BETTER FOR YOUR PROFITS.

BUT WHEN WE ARE THINKING ABOUT
GLOBAL GROWTH AND GLOBAL
MANUFACTURING AND GLOBAL
ECONOMIC ACTIVITY FOR MOST
COUNTRIES AROUND THE WORLD THAT
WEAKER DOLLAR IS LIKELY TO BE A
BIT MORE HELPFUL BECAUSE THAT
WILL ALLOW THEM ESPECIALLY IN
EMERGING MARKETS WHERE YOU HAVE
DOLLAR DENOMINATED DEBT AT MUCH
HIGHER INTEREST RATES THAT THAT
ONE TWO COMBO OF A WEAKER DOLLAR
AND LOWER INTEREST RATES CAN
PROVIDE AN UPLIFT TO GROWTH AND
THAT DRIVES UP COMMODITIES'
DEMAND.

>> Andrew: CAN I -- I WANT TO
JUST MAKE SURE I HAVE IT RIGHT
HERE.

NOW YOU TALKED TO THE FED'S DUAL
MANDATE AND THEY REFERRED TO
THAT THEY REFERRED TO THE
DANGER, THE RISK OF WEAKENING
THE JOB MARKET TOO MUCH BUT YOU

RECKON AMERICA IS STILL PRETTY CLOSE TO FULL EMPLOYMENT?

>> YEAH, THE LABOUR MARKET IS STILL IN PRETTY GOOD SHAPE.

THE UNEMPLOYMENT RATE EVEN THOUGH IT'S GONE UP RECENTLY 4.1% THAT IS STILL A VERY, VERY LOW UNEMPLOYMENT RATE.

THE JOB OPENINGS, THE JOLTS DATA OUT JUST THIS WEEK SHOWS ALMOST 8.2 MILLION OPEN JOBS.

SO THERE IS STILL A LOT OF STRENGTH IN THE LABOUR MARKET. JOBLESS CLAIMS ALTHOUGH THEY HAVE GONE UP ARE STILL VERY, VERY LOW.

SO THERE IS A LOT OF GOOD STUFF GOING ON IN THE LABOUR MARKET BUT PEOPLE WILL BE WATCHING VERY CLOSELY TO SEE WHAT HAPPENS IN THE REPORT OUT THIS FRIDAY AS WELL AS HE IN THE REPORT THAT WE SEE OUT IN THE BEGINNING OF SEPTEMBER.

THOSE TWO JOBS REPORTS, THE JULY REPORT OUT THIS FRIDAY, AND THE AUGUST REPORT OUT IN EARLY CEMENT R TWO OF THE MOST IMPORTANT DATA POINTS THAT THE FED WILL GET BEFORE ITS SEPTEMBER DECISION.

>> Andrew: AND WHAT ABOUT THE OIL PRICE -- IS THERE ANY IMPLICATION IN THE FED RATE FOR THE OIL PRICE?

THAT'S A HARD ONE TO ENTANGLELE, ISN'T IT?

>> I THINK THE LOWER INTEREST RATES THAT IS SUPPORTIVE OF GROWTH BOTH IN THE UNITED STATES AND GLOBALLY SHOULD BE A BIT SUPPORTIVE FOR PRICES ESPECIALLY