

US/European Wrap

DXY - compressed despite outsized moves in other mkts can't decidedly break up / out



- Risk-on sentiment prevailed with taper talk still center-stage, which helped the S&P and DJIA set another record high. The market digested a CPI report which, in the end was pretty much spot on; the overall rate was expected (0.5% MoM, 5.4% YoY), while the core was only slightly lower (0.4%, 4.3%).
- The “inflation isn’t transitory” camp will point to the fact that this is the 3rd print above 5% with annual rates remaining sticky at 13yr highs, while the “transitory” camp highlighted that certain items (airfares, used car sales) retreated. Overall, the market has been guided by recent Fed speak to give more credence to the labor market as the main goalposts for a 2021 taper, vs inflation metrics.
- Still, the kneejerk reaction to the CPI was enough for US\$ to fail again at triple top (DXY at 93-93.50) and weaken which allowed for gold to float up toward and through \$1750. This is counterintuitive as there was nothing in the CPI/inflation report to really delay any taper message into 2021.
- Platinum was the intraday winner, bottoming out sub \$1000 and sourcing physical supporters; the explosion earlier this week at an Eskom power plant was cited but power issues have not been a key driver of price action for years now (unless platinum is about to break up/out). Silver seems to be enticing in producer selling as it remains relatively suppressed vs Gold, below \$24, while Palladium remains contained above \$2600.
- WTI rebounded and is almost back up through \$70/bbl, ironically just as the White House (and Biden) urged OPEC+ to pump more oil (above the current 400k b/d monthly hikes the cartel is already implementing) as high gasoline prices are perhaps the one (only?) headwind US consumers are facing...

| METALS | GCZ1 Comdty | SIU1 Comdty | PLV1 Comdty | PAU1 Comdty | HCU1 Comdty |
|-----------------|---------------------|-----------------------|-------------------------|--------------------------|--------------------|
| Active contract | Gold - GCZ1 (\$/oz) | Silver - SIU1 (\$/oz) | Platinum - PLV1 (\$/oz) | Palladium - PAU1 (\$/oz) | HG Copper (\$/lbs) |
| Open | \$ 1,730.40 | \$ 23.33 | \$ 990.00 | \$ 2,647.00 | \$ 4.35 |
| High | \$ 1,756.70 | \$ 23.57 | \$ 1,018.30 | \$ 2,660.00 | \$ 4.38 |
| Low | \$ 1,724.60 | \$ 23.19 | \$ 990.00 | \$ 2,610.00 | \$ 4.32 |
| Settlement | \$ 1,753.30 | \$ 23.49 | \$ 1,015.60 | \$ 2,632.80 | \$ 4.37 |
| Price range | \$ 32.10 | \$ 0.38 | \$ 28.30 | \$ 50.00 | \$ 0.06 |
| 1day net change | \$ 23.40 | \$ 0.16 | \$ 29.80 | \$ (17.00) | \$ 1.70 |
| 1day % change | 1.4% | 0.7% | 3.0% | -0.6% | 0.4% |
| 5 day % change | -3.3% | -7.5% | -0.4% | -0.7% | 0.9% |

| MACRO | SPX | DXY | EUR | 10yr yields | WTI |
|----------------|---------|-------|-------|-------------|-------|
| Last Price | 4443.49 | 92.89 | 1.17 | 1.33 | 69.21 |
| 1day % change | 0.2% | -0.2% | 0.2% | -1.8% | 1.3% |
| 5 day % change | 0.9% | 0.7% | -0.8% | 12.1% | 1.6% |

| PRECIOUS FLOWS | ETF HOLDINGS & FLOWS (oz) | | | FUTURES HOLDINGS & FLOWS (# of contracts) | | |
|----------------|---------------------------|-------------|-------------|---|----------------------------|--------------------------|
| Flows (oz) | Lastest ETF Holdings | 1day change | 5day change | Aggregate Open Interest | 1 day O.I change in active | Aggregate Futures Volume |
| | Gold | 100,338,940 | (38,992) | (185,787) | 477,232 | (2,070) |
| Silver | 917,667,237 | (24,936) | (2,399,706) | 154,491 | (2,504) | 80,239 |
| Platinum | 3,901,043 | (947) | (591) | 64,271 | (594) | 12,253 |
| Palladium | 536,914 | (41) | (9,844) | 10,452 | (510) | 2,119 |

Source: Bloomberg, CME, MKS PAMP Group
Last Updated: 3PM ET

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