

Daily U.S / European Wrap

U6 vs U3 Unemployment

Labor market slack is ... not slack... inflation is.. not transitory



- **NFP day** brought some surprises – both in the headline no but more importantly a range of rather unforeseen market reactions across the board, that is telling in many respects
- After 2 month of data misses, the markets were geared (after yesterdays ADP) and somewhat positioned accordingly for a data beat that exceeds 720K (headline NFP). The actual number was a massive beat with 850K new jobs created (with major contributions from the key leisure/hospitality sectors), while the UE rate actually rose to 5.9% (as people reentered the work force), and wages were up 3.6% YoY (in line with expectations).
- **With the Feds mandate hinged on U-3 (main UE), the markets were able to look through the NFP beat and find reason for Precious Metals, bonds and stocks to all rally, at the expensive of the US\$.** Perverse market reactions since it was overall a solid report (which in theory should bring forward rate hike and tapering expectations).
- **The initial knee-jerk reactions** across those assets are usually wrong and quickly erased, but that also wasn't the case today with the initial reactions extending into NY afternoon trading; it highlights 2 key points:
 1. **The Feds tough talk on inflation, and hawkish stance is short-lived.** The market will find any reason to reignite the inflating/reflation trade, by cherry-picking the data that best fits the bill (i.e.: preferring to look at UE inching to 5.9% to bolster views the Fed won't rush to taper its stimulus program any time soon...). Gold has risen on both NFP misses (June & May jobs reports), and now on a solid beat
 2. **Fundamentals don't matter...** Well they matter less given aggregate money supply which ensures technicals, positioning and liquidity trump fundamental arguments. That explains why theres the persistent bid in Treasuries (artificial liquidity /bid from the Fed), niggling bid in Gold (short term paper shorts keep hanging onto positioning /reengaging essentially driving prices higher), Silver lifting off (breaking through key old support-new resistance), and super convicted USD shorts (despite many calling for USD squeeze, theres seems to be powerful hands with ample liquidity long inflation/short US\$)

Active contract	Gold - GCQ1 (\$/oz)	Silver - SIU1 (\$/oz)	Platinum - PL1 (\$/oz)	Palladium - PAU1 (\$/oz)	HG Copper (\$/lbs)
Open	\$ 1,777.50	\$ 26.15	\$ 1,082.60	\$ 2,759.00	\$ 4.24
High	\$ 1,795.90	\$ 26.70	\$ 1,092.00	\$ 2,812.50	\$ 4.29
Low	\$ 1,774.40	\$ 26.10	\$ 1,079.60	\$ 2,758.00	\$ 4.23
Settlement	\$ 1,783.30	\$ 26.50	\$ 1,085.40	\$ 2,792.50	\$ 4.28
Price range	\$ 21.50	\$ 0.60	\$ 12.40	\$ 54.50	\$ 0.07
1day net change	\$ 13.10	\$ 0.50	\$ 11.90	\$ 27.10	\$ 5.00
1day % change	0.7%	1.9%	1.1%	1.0%	1.2%
5 day % change	0.7%	1.8%	-1.2%	6.0%	-0.1%

MACRO	SPX	DXY	EUR	10yr yields	WTI
Last Price	4350.15	92.24	1.19	1.42	75.41
1day % change	0.7%	-0.4%	0.1%	-2.3%	0.2%
5 day % change	1.6%	0.4%	-0.6%	-6.6%	1.8%

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 contract	Aggregate Futures Volume
Silver	920,406,320	(3,268,940)	(4,356,057)	156,418	1,272	58,528
Platinum	3,972,664	2,812	1,851	56,632	(283)	9,650
Palladium	550,818	2	5,152	9,464	195	1,141

Source: Bloomberg, CME, MKS PAMP Group

Last Updated: 4PM E.T

Although the information in this report has been obtained from and is based upon sources MKS believes to be reliable, we do not guarantee its accuracy and it may be incomplete or condensed. All opinions and estimates constitute MKS' judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as investment advice, offer or solicitation for the purchase or sale of an investment. This report does not consider or take into account the investment objectives or financial situation of a particular party.

MKS PAMP GROUP B.V. | World Trade Center - B Tower, 867 Strawinskylaan, Amsterdam, 1077XX
Netherlands

[Unsubscribe {recipient's email}](#)

[Update Profile](#) | [Constant Contact Data Notice](#)

Sent by nshiels@mkspamp.com