

Daily European Wrap

- Macro sentiment is cautiously improving after the selloff in risk earlier this week (due to the impact of delta flareups in key growth regions, and concerns over peak earnings/momentum). US treasury yields are clawing back from the bruising dip to 1.15% (10yrs), currently around 1.27%, while S&P has recovered 80% of the over 3% selloff seen last Friday and Monday. That fits with the thinking that this is not the beginning of a slowdown cycle, but merely a correction in the reopening / reflation theme
- Gold is now persistently finding support around \$1795, the handle is bounced off strongly on Monday, providing support to the belief that Central Banks have been more actively accumulating on dips this time around vs the taper of 2013; today's IMF data supported that with additions from the large new entrant (Brazil) with >1,3m oz purchase in May. Gold remains sticky around \$1800, surprising many, despite the much larger push into negative territory for real/ inflation-adjusted US yields. The model implied – fair - Gold price with 10yrs at 1.28%, US breakevens at 2.3%, is ~\$1840. That fair price is >\$1900 using short-term real yields (CPI, 2yrs). The low real yield story alone cannot drive a structurally higher gold price; it requires a new catalyst.
- Silver remains rather heavy, after the heavy pressure all white metals endured the end of last week; it has failed to bounce alongside Gold, holding near \$25. The same holds for PGMs where Platinum is contained around \$1080 and Palladium below \$2700. It seems these growth metals are more sensitive to the persistently stronger USD in which higher highs has become the norm and a new range possible above 93 (DXY)
- China said it will increase the amount of base metals it sells from its state reserves in its ongoing effort to rein in surging raw material costs and attempt to keep a cap on commodities pricing (they will sell 30K tons of Copper, 90K tons of Aluminum, 50K tons of zinc) from stockpiles on July 29th. While they do not publish updated data on official gold/precious metals holdings in a similar fashion, it's an underappreciated fact that over the past year+, 50% of the Chinese gold participation (measured by exchange OI) has slowly been removed from the market, and is unlikely to return given the regulations around commodity trading.

METALS	GCQ1 Comdty	SIU1 Comdty	PLV1 Comdty	PAU1 Comdty	HGU1 Comdty
Active contract	Gold - GCQ1 (\$/oz)	Silver - SIU1 (\$/oz)	Platinum - PLV1 (\$/oz)	Palladium - PAU1 (\$/oz)	HG Copper (\$/lbs)
Open	\$ 1,810.60	\$ 24.98	\$ 1,063.70	\$ 2,641.00	\$ 4.26
High	\$ 1,814.40	\$ 25.30	\$ 1,075.00	\$ 2,678.00	\$ 4.29
Low	\$ 1,794.30	\$ 24.79	\$ 1,060.70	\$ 2,629.50	\$ 4.23
Settlement	\$ 1,811.40	\$ 25.00	\$ 1,065.20	\$ 2,640.40	\$ 4.26
Price range	\$ 20.10	\$ 0.51	\$ 14.30	\$ 48.50	\$ 0.06
1day net change	\$ (6.60)	\$ 0.25	\$ 8.30	\$ 27.60	\$ 0.85
1day % change	-0.4%	1.0%	0.8%	1.0%	0.2%
5 day % change	-1.1%	-3.9%	-4.8%	-5.6%	0.1%

MACRO	SPX	DXY	EUR	10yr yields	WTI
Last Price	4337.26	92.80	1.18	1.29	69.93
1day % change	0.3%	-0.2%	0.2%	5.3%	4.1%
5 day % change	-0.8%	0.4%	-0.3%	-4.4%	-4.4%

PRECIOUS FLOWS	ETF HOLDINGS & FLOWS (oz)			FUTURES HOLDINGS & FLOWS (# of contracts)		
	Lastest ETF Holdings	1day change	5day change	Aggregate Open Interest	1 day O.I change in active	Aggregate Futures Volume
Flows (oz)						
Gold	100,216,452	(59,131)	(383,419)	490,520	(11,991)	257,491
Silver	926,001,506	7,118,750	6,889,534	151,763	(2,488)	42,743
Platinum	3,965,920	6,391	(11,005)	57,661	747	7,594
Palladium	546,890	947	(8,247)	9,934	(260)	810

Source: Bloomberg, CME, MKS PAMP Group
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