

The Week Ahead

COT data covers Nov 23rd-30th pricing so it includes some of the last (or late?) exit from \$1800+ to ~\$1770 in Gold.

Gold:

- Looking at the 2week COT change to assess the wipeout from \$1850+ to ~\$1760, net positioning shows -3.7mn oz (week Nov 16-23rd) and -1.33mn oz (week Nov 23-30th), totaling >5mn oz of unwinds.
- The unwind was mostly ALL longs exiting (vs fresh shorts entering); the last time longs has such little staying power (creating short-lived rallies), was Feb 2020 when positioning was near the highs and they (smartly) sold early ahead of COVID; recall Gold always gets carried out with risk/equities on any major macro shock (only later, once policy responds, does it rally/outperform)
- These COT investor outflows are compounded by early signs of decent daily ETF redemptions. The past 2days has printed outflows of 125K oz and ~200K oz, adding some apprehension to any bullish views, especially into yearend when holdings are relatively more fickle.
- Overall investor positioning stands at ~107mn oz (98mn in ETFs + 9mn oz in COT), still up YTD by 3mn oz

Silver:

- Insignificant changes in COT (small outflows of 11mn oz)
- Overall positioning stands at 1.04bn oz (906mn in ETFs + 138mn in COT), down YTD.
- Together with CME Aggregate OI essentially sitting at 7yr lows, the dominant investor holder/interest in the space is only ETFs

PGMs:

- The Platinum market, despite price pressure, is holding its sticky ETFs (who own 3.73mn oz). However, COT – now largely back to a balanced market (with shorts ramping up) - reflect the headwinds evident around \$1000 and/or on any rallies.
- Palladium, is not only holding onto its ETFs (at 560K oz), its seen inflows in the face of price weakness. If one looks through a base metals lens this dynamic makes sense (an increase in *known* stocks + price weakness), although precious investors would disagree. net COT investors continue to prolong their net short positioning (now -265k oz) but its still not enough firepower to pull overall holdings (ETF+COT) into net negative YTD.

Week Ahead Dec. 4-10th

Focus: US CPI (and for China, Germany & Brazil). A handful of other Central Bank policy meets (BOC, RBI, BCB, Hungary and RBA). G-7 Fin Min meeting kicks off. No significant Fed speak. Markets will continue to react to Omicron policy decisions and data (although the risk now is for a melt-up in equities/risk sentiment as countries 'walk back/talk back' heavy handed travel/policy measures given how mild the variant is, despite it being highly transmissible)

Monday, Dec. 6

- Russia President Vladimir Putin visits New Delhi for a two-day India-Russia summit.
- BOE's Ben Broadbent speaks at Leeds University about the outlook for growth and monetary policy.
- Economic Data: Germany factory orders & construction PMIs. U.K. construction PMIs

Tuesday, Dec. 7

- Reserve Bank of Australia policy decision
- Economic Data: GDP: Eurozone, South Africa & Sweden. Germany ZEW survey expectations & industrial production

Wednesday, Dec. 8

- Reserve Bank of India, BOC Brazil rate decision
- Olaf Scholz set to replace Angela Merkel as chancellor.

- Bloomberg's Sustainable Business Summit: Focus on Finance. The virtual conference includes CEOs of Honeywell and Dominion Energy. Through Dec. 9.
- CB President Christine Lagarde speaks at the Fifth ESRB annual conference.
- Economic Data: CPI: Russia. Japan GDP

Thursday, Dec. 9

- Federal Reserve Bank of Minneapolis Center for Indian Country Development Research Summit. Speakers include Minneapolis President Neel Kashkari.
- U.S. President Joe Biden holds Summit for Democracy. Through Dec. 10.
- Hungary's central bank, the most hawkish in central Europe, will decide on interest rates.
- Economic Data: Trade: Germany. China CPI, PPI, money supply, new yuan loans & aggregate financing. South Africa manufacturing production, current account, mining, gold and platinum production. U.S. wholesale inventories & initial jobless claims

Friday, Dec. 10

- G-7 foreign ministers meeting in Liverpool, U.K. Through Dec. 12.
- Economic Data: CPI: Brazil, Germany & U.S**. Industrial production for India, Italy, Mexico, Spain & U.K. Turkey unemployment & expected inflation for next 12 month. U.K. GDP and BOE inflation survey
- **Note U.S. inflation is expected to show that prices continued to rise at rapidly in November, due to persistent supply chain challenges, transportation bottlenecks, robust consumer demand and higher wages; given the recent hawkish Powell rhetoric, the short-term trading thinking is that higher inflation nos = faster tapering = sell gold. If he has been more dovish recently, the converse would be true (higher inflation = bullish gold)

**summary of Bloombergs Global Week Ahead*

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