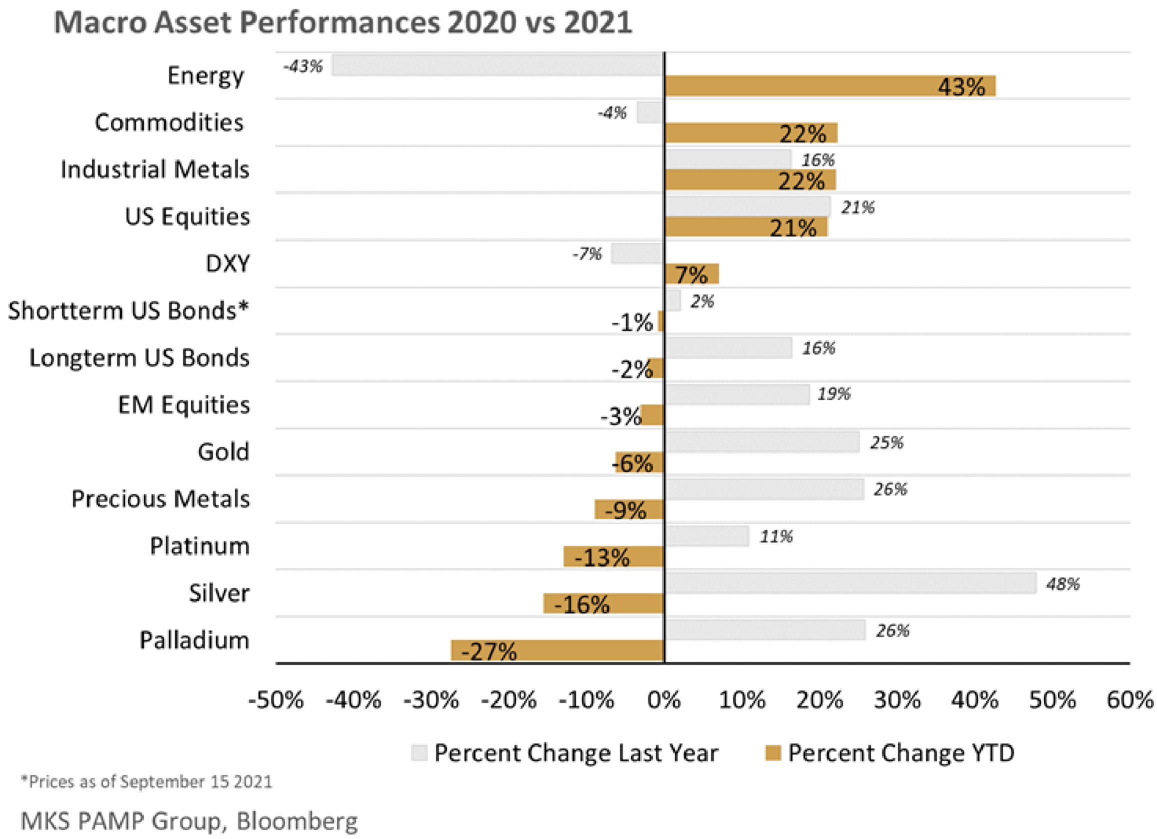
US/European Daily Wrap



- Macro markets were a lot calmer today after last week's large swings (albeit no large technical damage in the indices), as good news from South Africa showed hospitals haven't been overwhelmed by the latest wave of Covid cases. Treasury yields were up, the dollar was steady while the crash in Bitcoin over the weekend, did little harm

- Gold was very contained around $1780, while Silver continues to trade well within technically oversold levels. Platinum found support below $930, while Palladium was the notable outperformer up a cool $80 (*as it does on outsized volumes*).

- **Note that Gold ETFs seem to be rolling over in an aggressive way with the 3rd day of outflows; holders sold 197K oz in the last trading session (the largest 1 day decrease in 2mo), bringing this year's net sales to 8.9mn oz. On average December sees outflows of 340k oz (so far its already put in sales of 322K oz MTD).**

- The focus this week will be on inflation metrics from Europe, China and the US. U.S CPI is expected to show the largest annual increase in decades, which effectively keeps the hawkish / tapering narrative.

- **Taking a step back to assess YTD performances across key assets, the chart above highlights 2021 vs 2020 trends.** Palladium is solidly in bear territory, with Silver nearby, while both US equities, Energy & Industrial metals remain in a bull market YTD. **The largest takeaway is the extreme rotation for almost all these assets; losers last year are clear winners this year (energy, DXY), while most of the winners last year (Precious metals, EM Equities & US bonds) are losers this year. That further confuses the expected trends for 2022; as the markets rotated from "fear" (2020), to "reflation" (2021), 2022 should see "stagflation" assets win back bids; i.e.: a relatively more messy outlook for risk assets which should feed into better performances with precious (through this simple lens anyway).**

**Approved for all external purposes*

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