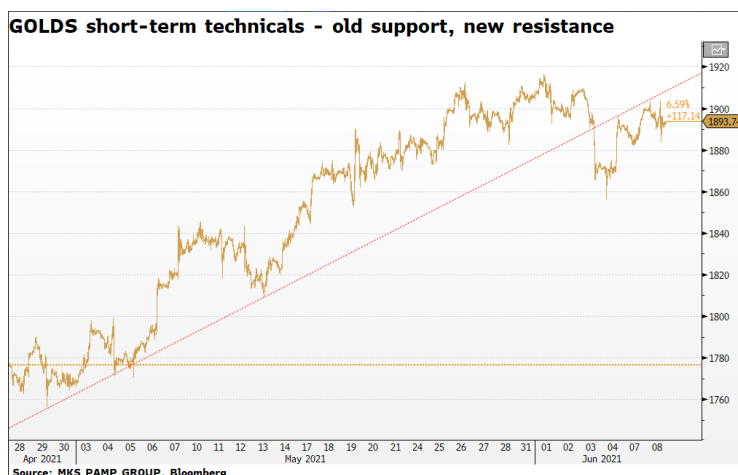


Daily U.S / European Metals Wrap



- **U.S. equities** fluctuated around all-time highs as investors continued to debate the impact of resurgent inflation on monetary policy ahead of this weeks CPI report and the Feds decision next Wednesday.
- **US 10-year yields** carved out new monthly lows near 1.51% which offset any inkling of US\$ gains, remaining supportive for the precious complex. The rates market remains relatively calm, buying into Fed assurances that inflation is transitory.
- **WTI** remains determined on its quest to break through \$70/bbl and succeeded with a close above that threshold today, its highest closing price since October 2018 --> the inflation trade and the positive implications for natural resources remains well intact.
- **Bitcoin** slumped to a two-week low, with talk around a technical breakdown growing as well as the recovery of Colonial Pipeline's ransom as evidence that crypto is not beyond government control. The structural unwind in crypto exposure has not infected broader risk & sentiment as many expected.
- There's certainly cautious **macro trading** ahead of upcoming potential event catalysts including key macro data out of China tonight, the ECB and US CPI later this week. The reactions in macro and precious markets to the recent NFP report was a clue to internalize; if CPI prints higher but not high enough to warrant Fed taper fears (i.e.: higher REAL rates) its another goldilocks setup to enhance Gold support, but not enough to warrant a breakup & out.
- **Gold** remains quiet, rangebound but subject to choppy systematic trading. Ahead of the US equity open, it recoiled from ~\$1905 on blanket systematic selling but just as quickly bounced off ~\$1885 on some sloppy trading

seen across most CME metals products. We remain mildly constructive Gold into key macro events, especially as positioning remains tidier; any dips should be capitalized on for core length.

- **Silver** followed suit on an intraday basis and remains pinned below \$28/oz. Silver remains the high-beta proxy for being long Gold, especially in this “reflation-on” / “EV-on” environment. Large short-dated option Open Interest lurks above resistance levels between \$28-\$33/oz which could act like a magnet on any positive catalyst.
- **Platinum** remains in Gold's shadow, despite the fact that its longer term hydrogen story continues to build momentum. The Platinum discount vs Gold has swollen to \$730/oz from \$500 in April, which cannot be explained away from FX trends (ZAR has strengthened substantially to ~13.5 vs the US\$ since then); there seems to be core deleveraging or destocking occurring in Platinum
- **Palladium** – being the relatively more illiquid exchange product – capitulated ~\$60 on the pre-equity open systematic selling targeting the metals space this morning. It was short-lived as prices remain content above \$2800/oz with opportunities like this capitalized on given its running structurally short.

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