

Daily U.S / European Wrap

- **It was an 'escalator-down-elevator-up' day for Gold and Silver.** Gold continued its slide from Friday, pushing through the critical technical support zone during the European session and hit a one month low at \$1845. A steady US\$, the reemergence of crypto/bitcoin strength, a message of unity after this weekends G-7, and the fact that China, HK and Australia were out on holiday, did not help gold support. While stale longs began derisking ahead of the all-important Fed meeting this week, it was the short term fresh shorts which were caught off-guard as a convincing break of \$1850 failed, inducing a rapid rebound across the precious complex after the US equity open. **Expect further intraday volatility and choppy movements similar to today ahead of Wednesday, given relatively stretched positioning (see comment** below*)**
- Gold has led the precious complex recently, but the **white metals held up relatively well the past two days driven by persistent industrial demand.** Platinum was the clear intraday outperformer, up ~1.5% as it narrows its discount to Gold to -\$700, with solid support consolidating around \$1150. Silver short term support comes in at \$27.50 but remains well within recent ranges, while Palladium continues to trade comfortably below 2800
- US stocks shifted higher in the last hour of trading to close at another record, while Oil also touched its highest in over than two years. The bond market rally took a breather as 10yrs reclaimed the key 1.50% handle. Expectations are set that the Fed bank will reaffirm the pace of bond purchases this week, with **markets pricing in that they deliver projections for the first rate hike in 2023. Short-term rhetoric around tapering is unlikely to really materialize before Jackson Hole in August.**
- ***CFTC data** shows investors reduced their positioning in gold slightly, but ETF positioning seems to have found a base at ~100mn oz and has been slowly growing. Investors (COT + ETF) hold a total of 112mn oz of gold, vs a historical peak of 122mn oz. Silver on the contrary saw net COT positioning increase and together with ETF holdings (~940mn oz), investors own a total of 1.2bn oz, right at historical peak levels. Platinum has seen persistent COT liquidation the past month with >500mn oz of outflow ; investors own 4.4mn oz of Platinum (down from 6mn oz) making Platinum positioning rather clean. Both Palladium ETF holdings and COT positioning remain historically low with investors only holding a total of ~540k oz, as interest remains largely off-exchange

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