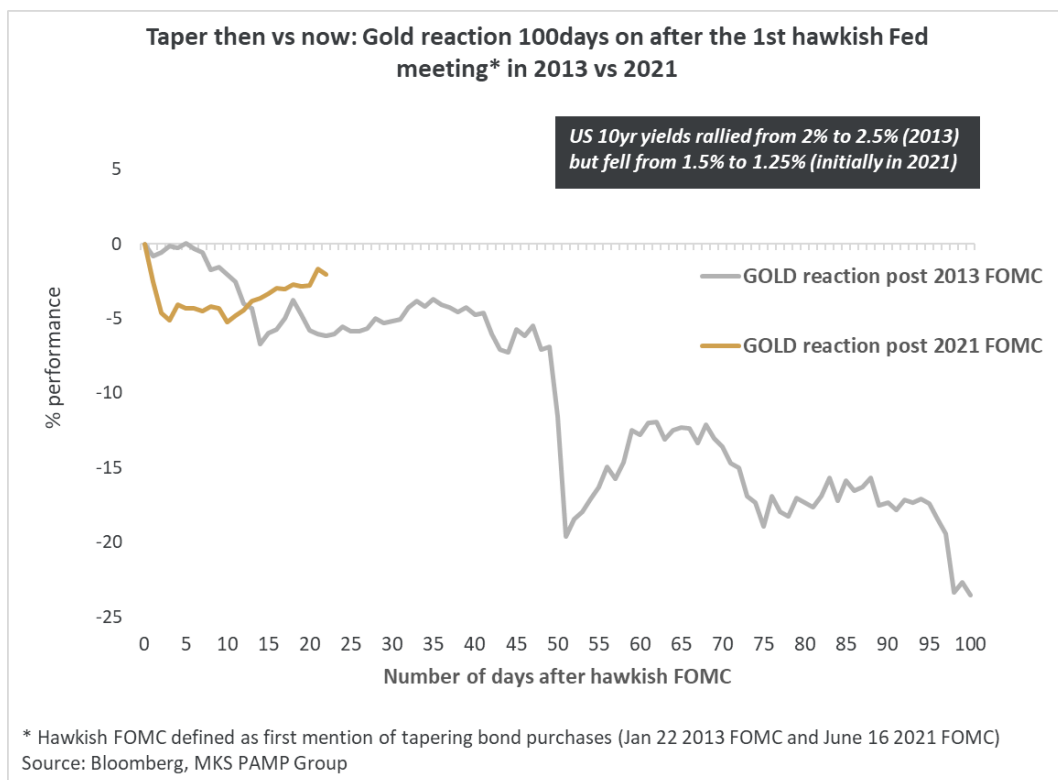


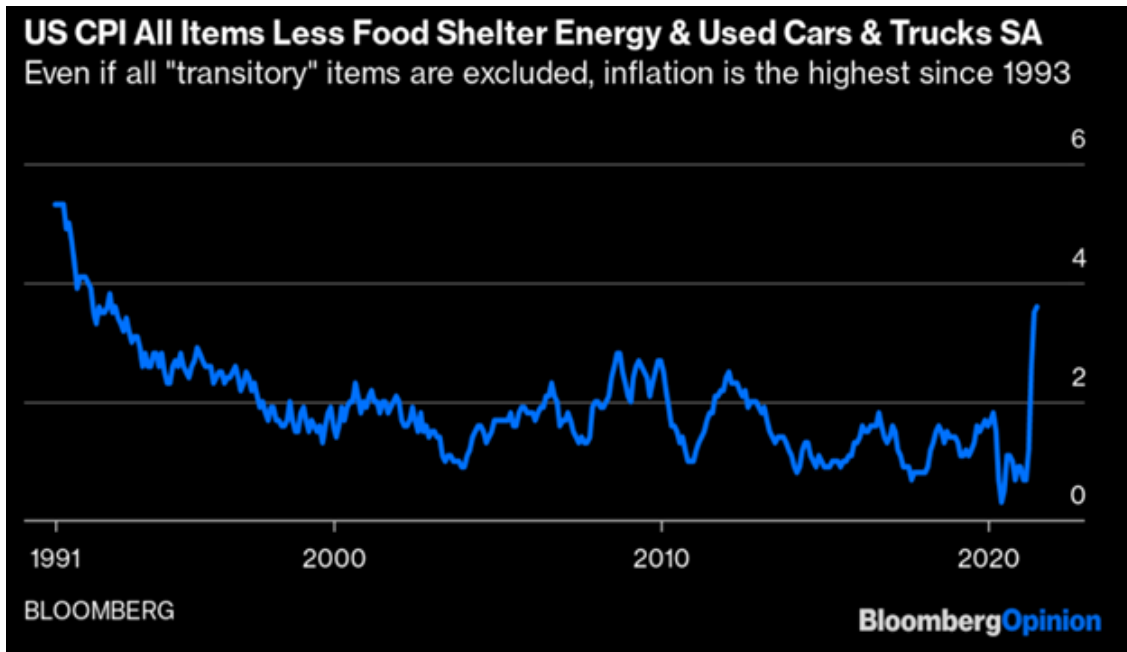
Daily European Wrap

As gold grapples with some structurally bullish drivers, lack of real conviction, Powells dovish comments, while fending off the headwinds from the physical & other drivers (see yesterdays Gold summary table), the 3 charts below summarize the current stance, through historical comparison vs 2013s taper (graph 1), macro / inflation view (graph 2) and short-term technicals (graph 3)

Graph 1: taper then vs now updated shows this tie around is different and not a 2013 tantrum. That should not change unless the Feds narrative changes. Golds post hawkish FOMC fall this time, has proved to be shallower, shorter-lived and has put in a bounce (vs 2013 where price action was 1directional and never revisited 2013 levels for 7years)



Inflation: The US has the highest inflation of the developed world. Even if the Fed insinuates that CPI ex-food, ex-energy, (ex-goods, ex-restaurants, ex-rent, ex-lodging/restaurants, ex-travel, ex-services ex-<anything>) is 0%, the data speaks otherwise. Chart below from Bloomberg OpEd piece shows that even excluding all “transitory items”, inflation is the worst in 3 decades. Stay long inflation hedges



GLD stuck at key inflection point: If the view is that the tail (GLD) wags the dog, then GLD is at an important inflection technical point currently. There has been no *new* catalyst to warrant a breakup/out in the old pre-FOMC ranges (\$1850-1900), and price action remains contained as it struggles with the outlook on whether bond yields will continue to bleed lower to finally reprice higher as was the case 2013.

Pre vs Post FOMC (Gold/GLD) ranges
GLD technically at inflection point



Source: MKS PAMP Group, Bloomberg
 GLD US Equity (SPDR Gold Shares) GLD intraday tech 60 Days Tick
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16/07/2021

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