

US/European Daily Wrap

Palladium technicals series of contained uptrends (2018/19) & downtrends (2021) and vicious flushouts



- US stocks dropped somewhat but still remain very much in play; despite the media coverage, there is very limited notable delta concern. The Fed Minutes came and went with little fireworks; communication has really been key in soothing any tapering fears. The minutes signaled that a formal decision on tapering their massive bond-buying program could happen by December meeting.
- The USD weakened and Gold/Silver managed a small rally (\$10 Gold +25c Silver), taking into account that the minutes didn't spook markets with a September taper announcement; **that's indicative of positioning – fast-money is still short, but we do think short covering exhaustion is nearby.** The focus now shifts to Jackson Hole next week, where the markets will look for some color on taper takeoff.
- Palladium continues to technically break down with selling taking it \$100 from the highs and within reach of \$2400/oz. Labeling fresh CTA/paper selling as the culprit (as reflation commodities reprice lower on weaker Chinese macro data – crude through \$65, Copper almost through \$9000) is one explanation. However, the move is also reminiscent of the onslaught seen throughout June/July 2021 when producer destocking plagued the Platinum & Rhodium markets, while demand was weak due to the chip shortage. Chinese passenger vehicles sales (to dealerships) fell 7% YoY in July, also helping the bearish narrative. The graph highlights the series of uptrends (in 2018-2019) in which Palladium embraced its market bull title, but the last few months price action has been posting a series of flat-downtrends in which technicals break down below channels; not a constructive development... Note that the move has not been triggered by physical dislocations as lease rates remain stable (1m around 05) and Rhodium – the official physical leader, given there's no futures outlet - has, for once, kept sideways around \$19K

Approved for all external purposes

METALS	GCZ1 Comdty	SIU1 Comdty	PLV1 Comdty	PAU1 Comdty	HGCU1 Comdty
Active contract	Gold - GCZ1 (\$/oz)	Silver - SIU1 (\$/oz)	Platinum - PLV1 (\$/oz)	Palladium - PAU1 (\$/oz)	HG Copper (\$/lbs)
Open	\$ 1,787.80	\$ 23.66	\$ 994.70	\$ 2,481.00	\$ 4.23
High	\$ 1,795.70	\$ 23.83	\$ 1,009.70	\$ 2,538.50	\$ 4.25
Low	\$ 1,778.80	\$ 23.27	\$ 985.20	\$ 2,412.50	\$ 4.10
Settlement	\$ 1,784.40	\$ 23.42	\$ 996.40	\$ 2,423.30	\$ 4.12
Price range	\$ 16.90	\$ 0.56	\$ 24.50	\$ 126.00	\$ 0.15
1day net change	\$ 1.90	\$ (0.14)	\$ 3.70	\$ (73.60)	\$ (7.90)
1day % change	0.1%	-0.6%	0.4%	-2.9%	-1.9%
5 day % change	2.1%	0.1%	-1.8%	-8.0%	-5.5%

MACRO	SPX	DXY	EUR	10yr yields	WTI
Last Price	4431.77	93.12	1.17	1.27	65.03
1day % change	-0.4%	0.0%	0.0%	0.8%	-2.3%
5 day % change	-0.4%	0.2%	-0.2%	-4.4%	-6.1%

PRECIOUS FLOWS	ETF HOLDINGS & FLOWS (oz)			FUTURES HOLDINGS & FLOWS (# of contracts)		
	Lastest ETF Holdings	1day change	5day change	Aggregate Interest	Open in active	Aggregate Futures Volume
Gold	100,351,616	(5,395)	12,676	485,485	3,034	133,331
Silver	919,243,249	153,948	1,576,011	153,825	(3,240)	53,030
Platinum	3,863,041	(2,193)	(38,002)	62,569	756	12,779
Palladium	529,948	205	(6,966)	10,681	(183)	4,739

Source: Bloomberg, CME, MKS PAMP Group

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