

Daily European Wrap

CME OPTION Contract	Aug (Q) Expiry Date	Gold Price (Cash) on Expiry	Gold price 5 days before expiry	Gold price 10 days after expiry	RUNUP performance (price change leading up to expiry)	FOLLOW-THROUGH performance (10days post expiry)	CHANGE over expiry (5days before vs 10days after)
GCQ21	July 27 2021	??	\$1,806.9	??			
GCQ20	July 28 2020	\$1,958.4	\$1,887.4	\$2,035.6	3.76%	3.94%	7.85%
GCQ19	July 25 2019	\$1,414.6	\$1,425.4	\$1,463.7	-0.76%	3.47%	2.69%
GCQ18	July 26 2018	\$1,222.7	\$1,229.5	\$1,207.6	-0.56%	-1.23%	-1.78%
GCQ17	July 26 2017	\$1,260.5	\$1,255.0	\$1,258.9	0.44%	-0.13%	0.31%
GCQ16	July 26 2016	\$1,320.3	\$1,331.4	\$1,336.0	-0.84%	1.19%	0.34%
GCQ15	July 28 2015	\$1,095.5	\$1,090.7	\$1,094.2	0.44%	-0.12%	0.32%
GCQ14	July 28 2014	\$1,304.1	\$1,304.6	\$1,312.6	-0.04%	0.66%	0.62%
GCQ13	July 25 2013	\$1,333.8	\$1,296.0	\$1,303.0	2.92%	-2.31%	0.54%
AVERAGE performance					0.67%	0.68%	1.36%

Source: Bloomberg, CME, MKS PAMP Group

Given the sideways Gold price action), and the frustration that comes with the lack of conviction & intraday choppiness, its useful to outline some influences from options ahead of expiry next Tuesday and with first notice on Friday.

The Aug-Dec roll is relatively 'trickier' since it's much longer than other traditional rolls (read: more expensive for investors), especially considering the age-old tactic / thinking that prices generally drift lower into roll period as fast money investors try pressure stickier longs to exit, rather than roll.

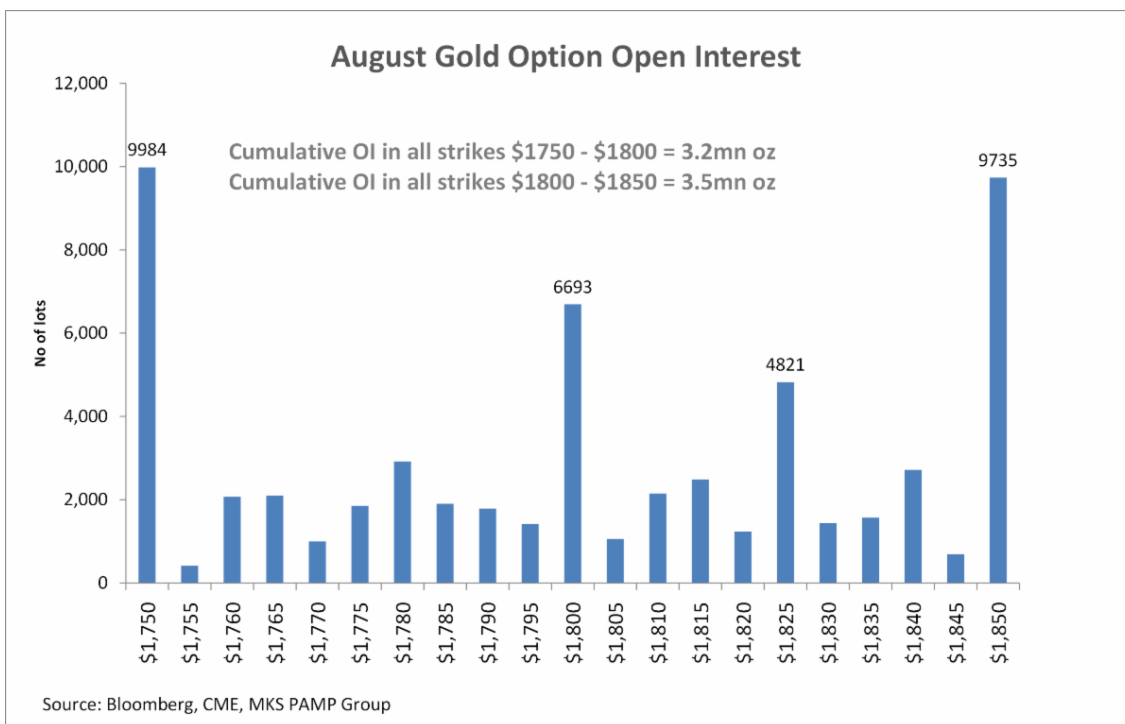
Table 1 shows Gold prices 5days before, and 10days after to evaluate how s/t prices generally trade over expiry.

- The 5day leadup into past August option expiries is historically rather neutral, with Gold on average up 0.7%. – i.e.: \$1800 should be the comfort magnet into Tuesdays expiry.
- However, the aggregate performance on the 15days over August expiry (5days before and 10days after expiry) is historically quite bullish with prices on average rallying 1.4%. That theoretically puts Gold at \$1830 by the NFP on August 6th.
- *Yes, there are shortcomings as the dataset is limited (8 expiries) and the high/low ranges are wide.*

Graph 1 shows combined Open Interest in strikes \$1750-\$1850 for August expiry, to determine where dominant positioning lies

- The aggregate pull is only slightly to the upside with combined OI in \$1800-\$1850 siting at 3.5m oz (vs 3.2mn oz in the \$1750-\$1800 tranche).
- The chunky magnets are \$1750 (10K lots), \$1850 (9700x), \$1800 strike (6700x), & \$1825 (4800x).

If Gold can technically hold & keep settlements above the \$1795 handle (which has seen 4 aggressive attempts this week to force a convincing break lower, all followed by stark short covering), then the data certainly has a bullish bias after Tuesday and into the Fed. Then again, whether Gold conforms to these historical trends, remains to be seen, as it hasn't gone unnoticed the series of missed bullish opportunities this week (*dovish ECB, yield implosion*).



METALS	GCQ1 Comdty	SIU1 Comdty	PLV1 Comdty	PAU1 Comdty	HCU1 Comdty
Active contract	Gold - GCQ1 (\$/oz)	Silver - SIU1 (\$/oz)	Platinum - PLV1 (\$/oz)	Palladium - PAU1 (\$/oz)	HG Copper (\$/lbs)
Open	\$ 1,807.70	\$ 25.48	\$ 1,092.90	\$ 2,718.50	\$ 4.34
High	\$ 1,810.70	\$ 25.54	\$ 1,097.30	\$ 2,740.00	\$ 4.40
Low	\$ 1,789.10	\$ 25.10	\$ 1,054.30	\$ 2,689.00	\$ 4.33
Settlement	\$ 1,805.40	\$ 25.38	\$ 1,090.60	\$ 2,704.60	\$ 4.34
Price range	\$ 21.60	\$ 0.44	\$ 43.00	\$ 51.00	\$ 0.07
1day net change	\$ (6.50)	\$ (0.23)	\$ (30.50)	\$ (9.10)	\$ 0.75
1day % change	-0.4%	-0.9%	-2.8%	-0.3%	0.2%
5 day % change	-0.9%	-2.5%	-4.4%	2.2%	0.5%

MACRO	SPX	DXY	EUR	10yr yields	WTI
Last Price	4386.64	92.97	1.18	1.28	71.64
1day % change	0.4%	0.2%	-0.1%	0.2%	-0.4%
5 day % change	1.4%	0.3%	-0.4%	-0.7%	-0.2%

PRECIOUS FLOWS	ETF HOLDINGS & FLOWS (oz)			FUTURES HOLDINGS & FLOWS (# of contracts)		
	Lastest ETF Holdings	1day change	5day change	Aggregate Open Interest	1 day O.I change in active	Aggregate Futures Volume
Gold	100,192,227	18,893	(247,312)	516,507	(9,212)	229,596
Silver	922,403,956	(1,800,629)	2,662,356	149,191	(1,150)	25,866
Platinum	3,978,840	(871)	18,375	56,882	143	9,489
Palladium	546,870	(1)	901	9,955	43	692

Source: Bloomberg, CME, MKS PAMP Group

Last Updated: 4:30PM CEST

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