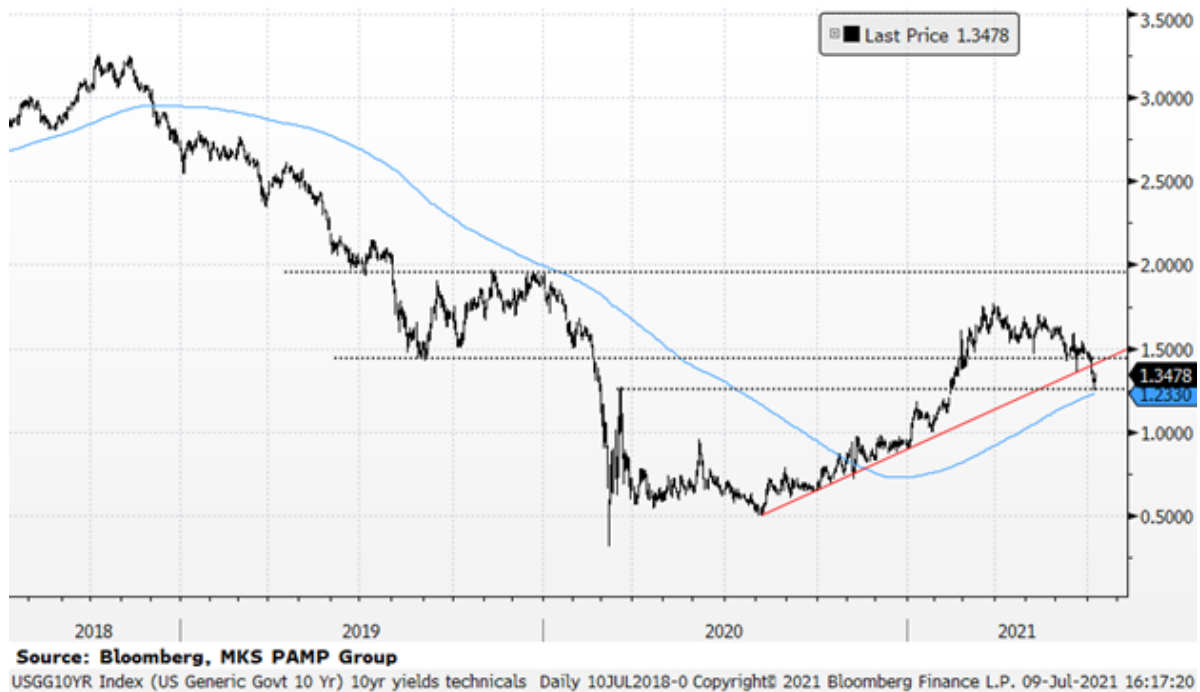
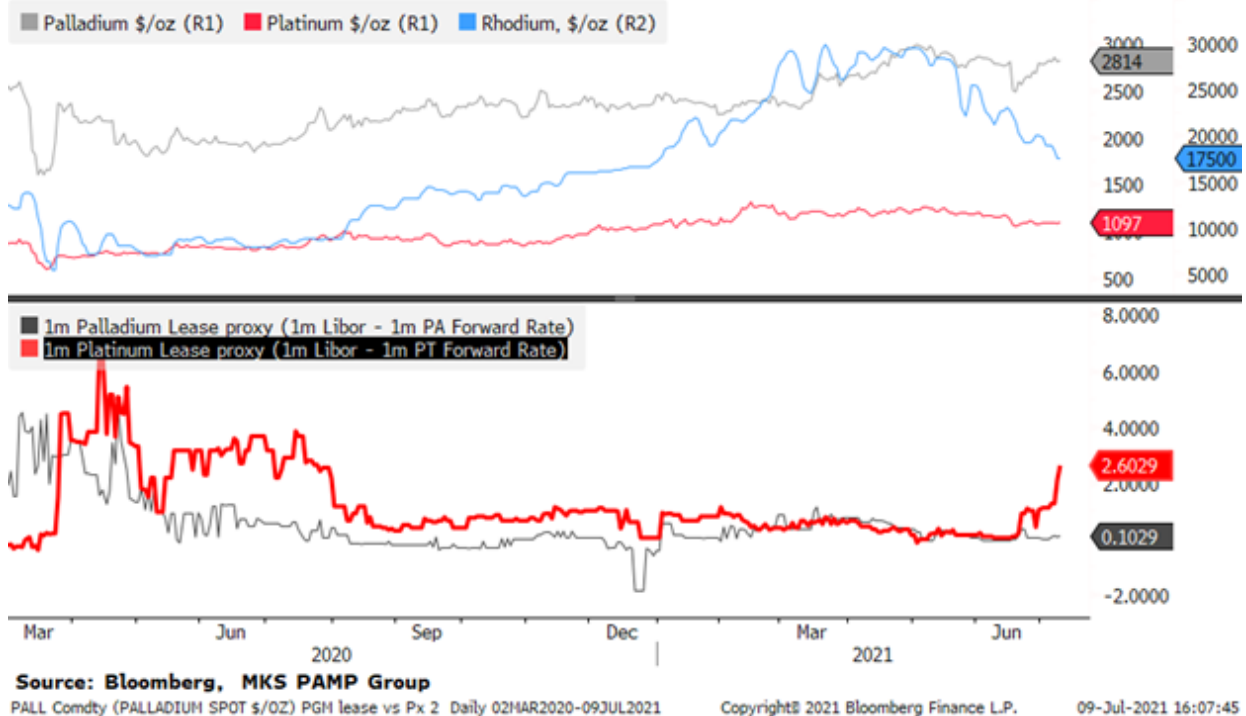


Daily European Wrap

US 10yr yields, broken down lower for longer is the mantra



PGMs: Rhodium, Palladium & Platinum prices vs 1month lease rates



- **Macro sentiment** improved Friday with equities recouping their weekly losses and bond yields halting the steep declines. The weeks headliner has been the aggressive move LOWER in bond yields, one which is leading the market and should be respected.
- **10yr yields have dropped from 1.45% to 1.25% in a week** as we shift away from reflation to a slower growth narrative with economic data missing expectations and delta concerns spreading. The Citi Economic Surprise Index has fallen, ISM Services PMI is coming off highs

and today the PBOC – who are notoriously very cautious to not overinflate like their G10 counterparts - just cut RRR 50bp, as it signals a growth slowdown.

- To be clear, the **pullback in risky assets is likely to be short-lived**, especially if the delta variant just dents global recovery (shift from red hot to warm growth stats) by impacting largely unvaccinated countries. In addition, G-10 governments and CBs are ready to jumpstart any delay in reopening, especially the (Global) Fed. Mary Daly (a top Fed official) warned that the variant poses a threat to global recovery and its ‘premature’ to declare victory against Covid-19.
- Overall, the last of the **large bond yield implosion is probably behind us**, but we expect a new lower range in rates (i.e.: we’re shifting from ranging 1.5%-1.70%, to ranging 1.2–1.5% now). That should be **supportive for all precious metals going forward** and provides a greenlight for safehaven metals to outperform reflation metals; the Gold/Copper and other similar safe/cyclical ratios should rally.
- In the nearer term, Gold remains in the neutral \$1750-\$1850 zone until a catalyst emerges (see yesterday report). **Silver has come under relatively larger pressure all week vs Gold** as gold probes upside through \$1815, Silver was pressured alongside risk toward \$25.80. The Gold/Silver ratio has climbed to a 3month high of 69.50. Either some producer-related Silver selling is targeting it, or theres a reflation spread unwind (buying Gold/selling Silver); the shift up in this ratio, though, is not super uncharacteristic during any risk-off downturns.
- PGMs** remained rather rangebound this week with Platinum \$1070-\$1120 and Palladium whipping around \$2800/oz. All the **fireworks were in the Platinum curve** which has tightened into a back and 1mo lease rates have spiked to almost 3%, 1year highs. This may be linked to S.A refineries having a backlog of material, and a ‘misallocation’ of that material into the market. Another theory is South Africa is on adjusted level 4 lockdown phase (at end of June), which could spark fears & preemptive buying from consumers (although this doesn’t explain why relatively tighter Rhodium & Palladium haven’t responded). Producers are, however, unlikely to be locked down since 1) they’re making generous revenues given byproduct/ZAR prices which the government drastically needs, and 2) health protocols are in place and well established vs 1 year ago. A reasonable explanation is, given Platinum prices are at a record discount vs Palladium (\$1700), that could spur some decent industrial/auto demand, sparking dislocations; the precious market has not been immune to these regional or term dislocations in the past year+ given difficulties moving metal to where its most required. Overall, the curve tightness has not translated into a flat price rally, which is surprising. That, or the markets are in summer mode and have not awoken to physical dislocations, yet.

METALS	GCQ1 Comdty	SIU1 Comdty	PLV1 Comdty	PAU1 Comdty	HGU1 Comdty
Active contract	Gold - GCQ1 (\$/oz)	Silver - SIU1 (\$/oz)	Platinum - PLV1 (\$/oz)	Palladium - PAU1 (\$/oz)	HG Copper (\$/lbs)
Open	\$ 1,803.80	\$ 26.27	\$ 1,085.40	\$ 2,853.50	\$ 4.31
High	\$ 1,819.50	\$ 26.31	\$ 1,086.30	\$ 2,864.00	\$ 4.32
Low	\$ 1,796.30	\$ 25.94	\$ 1,063.20	\$ 2,780.50	\$ 4.23
Settlement	\$ 1,802.10	\$ 26.13	\$ 1,081.90	\$ 2,848.30	\$ 4.32
Price range	\$ 23.20	\$ 0.38	\$ 23.10	\$ 83.50	\$ 0.09
1day net change	\$ 3.70	\$ (0.05)	\$ (15.30)	\$ (43.30)	\$ (7.05)
1day % change	0.2%	-0.2%	-1.4%	-1.5%	-1.6%
5 day % change	1.9%	-0.4%	-0.6%	0.9%	-0.9%

MACRO	SPX	DXY	EUR	10yr yields	WTI
Last Price	4295.69	92.26	1.19	1.27	71.68
1day % change	-1.4%	-0.4%	0.6%	-3.2%	-0.7%
5 day % change	0.0%	-0.4%	0.1%	-12.6%	-2.4%

PRECIOUS FLOWS	ETF HOLDINGS & FLOWS (oz)			FUTURES HOLDINGS & FLOWS (# of contracts)		
Flows (oz)	Lastest ETF Holdings	1day change	5day change	Aggregate Open Interest	1 day O.I change in active contract	Aggregate Futures Volume
Silver	919,976,540	(684,943)	(3,698,721)	156,113	(1,405)	43,113
Platinum	3,964,489	1,421	(5,363)	55,448	(143)	9,483
Palladium	554,994	4,332	4,178	10,311	193	1,114

Source: Bloomberg, CME, MKS PAMP Group

Last Updated: 11AM E.T

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