



## Week in review – Reflation Tantrums

For all the wild gyrations during the week, equity markets with the exception of technology stocks fared relatively well with the MSCI World Index ending the week flat and the S&P closing up almost 1%. Indeed, this relative calm saw the VIX come off 12% and end the week at 24.66. There is however potentially a significant change afoot: technology names continued to be under pressure with the Nasdaq selling off 2%. High growth stocks, particularly technology names, are very sensitive to rising bond yields in the US, which are pulling rates up across the globe. Tech's weakness is reflected in the 10% outperformance of Value relative to Growth stocks in the US year to date.

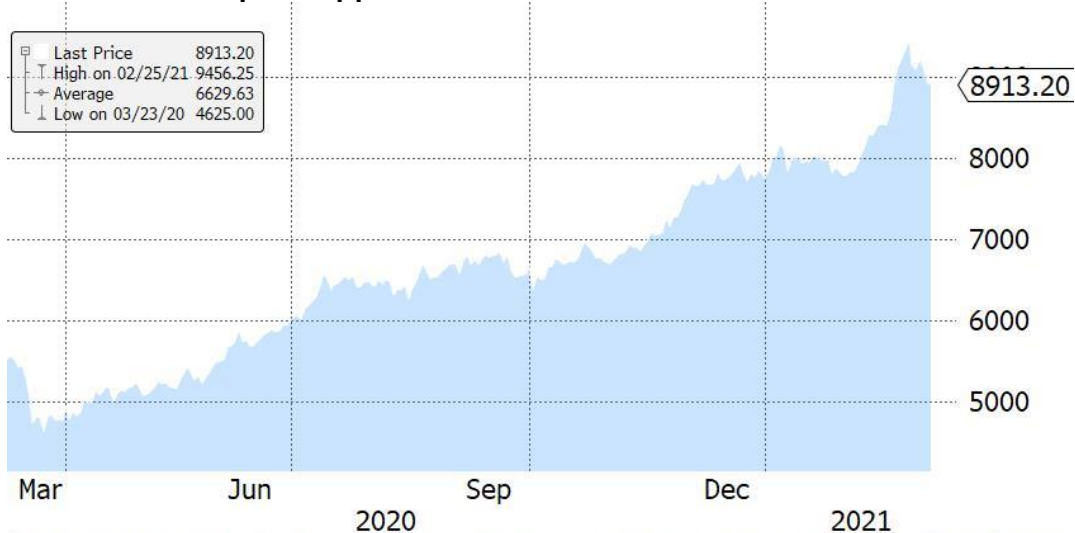
In the US, the Senate also passes the \$1.9 trillion stimulus bill which is now headed back to the House to vote for final approval before a March 14 deadline when unemployment benefits expire. Meanwhile, Rishi Sunak's budget saw a further £44.3 billion for virus-related rescue support to households, businesses and public services, taking its total cost to £344 billion. Tax increases are inevitable and the Chancellor will launch tax consultations later this month. On the subject of rising interest rates, the Office of Budget Responsibility has [highlighted](#) the sensitivity of public finances to short-term rates, indicating that the 30bp rise seen since February would add £6.3 billion to its projected interest bill in 2025-26.

## Metals in the news

Nickel prices in London slumped more than 8% on Thursday to \$15,945 a tonne, its biggest intraday loss since December 2016 and closed the week down 12%. Nickel's price weakness came after the world's top stainless-steel producer, Tsingshan Holding Group Co announced that it will soon start supplying nickel matte to Chinese battery material producers and plans to expand its nickel investments in Indonesia. Given nickel matte can be processed into battery-grade nickel, Tsingshan's announcement eases supply bottlenecks in the EV battery space and potentially caps the upside in nickel. In other news, Tesla partnered with Vale to advise on a Nickel mine in New Caledonia in an effort to secure more of the metal.

The rise in bond yields put pressure on the Gold price. Spot prices closed down 2% over the week to close at \$1,700 per ounce which is the lowest since June last year. However, there are factors that may prove supportive of the gold price, jewellery demand in India is recovering from a 20-year low and, in China, gold is trading at premium to London prices, which implies robust levels of demand.

## Chart of the week – Spot Copper





## Week ahead

The US \$1.9 trillion stimulus package will be reviewed by the House for final approval after being passed by the Senate. With unemployment benefits expiring on 14 March, it is expected stimulus cheques will be mailed over the next few weeks. The latest inflation figures come out on Wednesday and the University of Michigan confidence index on Friday.

The ECB meeting on Thursday will provide an indication to see if higher yields are tightening financing conditions in the euro-area. On Friday, the eurozone's January industrial production figure is expected to prove confirmation of the positive survey and manufacturing / order book data.

Simmering tensions between EU and UK are an area of potential concern with the UK unilaterally deciding not to check exports to Northern Ireland for another six months. With trade volumes significantly down between both sides, it is unlikely that this will go beyond a war of words. The UK's January GDP figure is likely to be in negative territory as a result of the lockdown and fall off in trade with the EU.

Trade data out of Asia (China, Taiwan and the Philippines) will provide evidence of the strength of post-Covid recovery.

## Metals - Spot Price

Metal	Price 5 Mar USD	Weekly Change %	Mtd. Change %	Ytd. Change %	Price vs 50d MA	Price vs 200d MA	Change in Futures positioning
Gold	1,701	-1.9%	-1.9%	10.4%	-7.1%	-8.6%	-12.1%
Silver	25.2	-5.3%	-5.3%	-4.4%	-4.8%	4.5%	-16.8%
Platinum	1,133	-5.0%	-5.0%	5.7%	-1.0%	17.3%	-12.7%
Palladium	2,341	0.6%	0.6%	-4.4%	-1.0%	4.1%	-12.7%
Copper	8,913	-2.5%	-2.5%	15.0%	7.9%	26.1%	-12.5%
Nickel	16,349	-12.1%	12.1%	-1.2%	-9.1%	5.3%	-14.8%

Notes. All performance data to 5 March, futures positioning based on CFTC and SHFE data. Past performance is not an indicator of future performance and the value of an investment may fall as well as rise. Investors take on currency risk when taking unhedged exposure to commodities.

Source: Bloomberg, NTree

## GPF ETC Listings on LSE and Xetra

Name	LSE Ticker	Xetra Ticker	ISIN	TER
GPF Physical Gold ETC	TGLD	OIIA	XS2265368097	0.145%
GPF Physical Silver ETC	TSLV	OIIB	XS2265369574	0.200%
GPF Physical Platinum ETC	TPLT	OIIC	XS2265369731	0.200%
GPF Physical Palladium ETC	TPAL	OIID	XS2265370234	0.200%

**AP:** Flow Traders

**MM:** GHCO, Peel Hunt, Winterflood

## ICYMI BrightTALK webinars

On 10 March, Tim Harvey and Hamad Ebrahim discuss the case for Gold. Please [click here](#) to register.



On 24 February, Tim Harvey discussed the outlook for Nickel and nickel's importance to the EV sector with Anton Berlin, Norilsk Nickel. Please [click here](#) to view.

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