



# METAL MATTERS

## Inflation and Gold Tug-of-War

### Upcoming BrightTalks

- **May 28th, 09.30** - An Untapped Market? - China Fixed Income
- **June 16th, 09.30** - A Composite View on Commodity Indices: A RICl Comparison

### Featured Articles

- Tsingshan's Nickel Plan
- Rare Earth Metals - Widely Used, Strategically Important
- Dr. Copper - Electrifying the World
- Basel III - Gold's Journey to the Moon and Back

### Recorded Webinars

- Spotlight on Metals Series: (Gold, Silver, Platinum, Palladium, Copper and Nickel)
- Precious and Base Metals Outlook with Paul Robinson, CRU
- Battery Technology - An Industry of the Future? With Mark Copley, WMG

## Week in Review

Gold rallied for the 3<sup>rd</sup> consecutive week to close at \$1,881 amid concerns over growing inflationary pressures building in the US economy. Like gold, silver also closed the week to finish at \$27.6. With the USD pulling back during the month, both gold and silver rallied over 6% in May potentially signals a shift in sentiment towards precious metals.

Government infrastructure spending plans and commitments towards net-zero carbon emissions targets have caused PGMs and precious metals to rally during the year. The World Platinum Council's latest forecasts anticipate demand for platinum to increase by 254,000oz this year, resulting in a continued deficit of 60,000oz. Platinum gathered back some of its monthly gains to close the week at \$1,172. Similarly, palladium has been historically under-supplied due to increases in vehicle production, mining disruptions and tighter vehicle emissions standards. Whilst palladium's demand-supply outlook looks favourable in the near term, profit taking and greater clarity on supply bottlenecks, pared back prices to \$2,785.

Base metals also noted gains during the week with copper pulling back over 3% during the week to close at \$9,868. Copper was hurt following the announcement by China on strengthening management around the supply and demand of commodities, vowing to intervene in the case of malicious trading, stockpiling and other behaviour

## Week Ahead

Investors will be closely watching the US core PCE release on Friday for signs inflationary pressures are building in the economy and when the FED is likely to taper its' liquidity programmes. Also expected on Friday, is President Biden's budget for FY 2022 which will be watched for any last minute surprises.

Over in the Europe, EU leaders will sit down on Monday to strategise over EU's 2030 emissions targets, Brexit and Russia with potential implications for energy markets and metals critical for the transition to the 2030 net-zero carbon economy.

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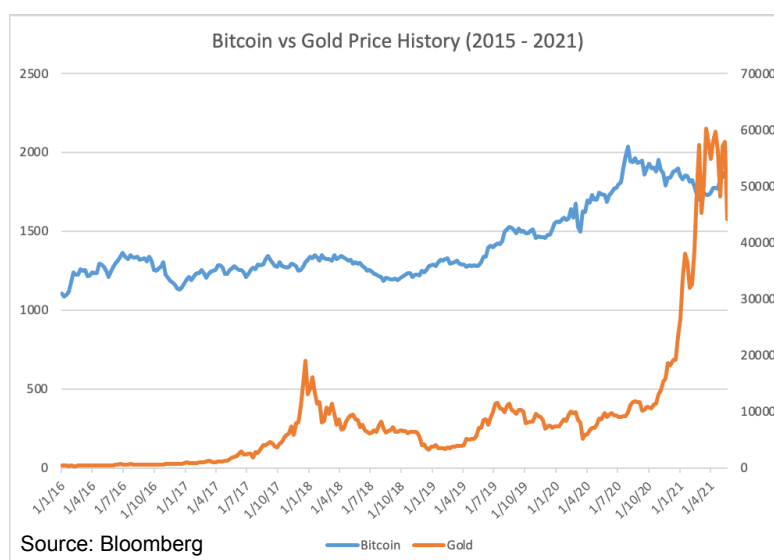
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attempting to bid up prices. Despite China talking down the markets, Trafigura and Goldman Sachs predict a copper shortage and expect prices to hit \$15,000/tonne by year end. Nickel also declined during the week and finished down on the month 2.5%. After reaching a peak of over \$19,000/tonne, nickel had essentially recovered from losses earlier this year following the announcement by Tsingshan on its new nickel matte process.

## Chart of the week – Bitcoin vs Gold



Often compared, gold and bitcoin show a loose price correlation. Bitcoin offers few similarities to gold aside from scarcity, fungibility and a negative correlation to traditional financial investments. With inflation concerns looming, according to the wider narrative, bitcoin would follow gold as an inflation hedge. However, in reality, bitcoin hit its 2021 low at \$30,000 earlier last week, while gold has tracked positively throughout the same timespan, as expected. Was the bitcoin price tumble spurred exclusively by the current social climate, or were the initial inflation-hedging comparisons to gold, baseless?

## Risk Factors

Investment in the ETC Securities will involve a significant degree of risk. Investors may lose the value of their entire investment or part of it. Each prospective purchaser of, or investor in, ETC Securities should be familiar with instruments having characteristics similar to the ETC Securities and should fully understand the terms of the ETC Securities and the nature and extent of its exposure to risk of loss.

**Performance and capital loss:** Past performance is not a reliable indicator of future results. The value of an investment may go down as well as up and can result in losses, up to and including a total loss of the amount initially invested.

**Generic risks:** Investments in ETCs involve numerous risks including, but not limited to, metal market risks, foreign exchange risks, interest rate risks, and liquidity risks.

Potential investors should refer to the section entitled "Risk Factors" in the Prospectus relating to the GPF Physical Metal ETC Securities Programme for further details of these and other risks associated with an investment in GPF ETCs and consult their financial advisers as needed.

## Metals - Spot Price

Metal	Price 21 May USD	Weekly Change %	Mtd. Change %	Ytd. Change %	Price vs 50d MA	Price vs 200d MA	Change in Futures positioning
Gold	1,881	2.1%	6.3%	-0.9%	6.1%	2%	3.5%
Silver	27.6	0.5%	6.4%	4.4%	5.6%	7.3%	-3.5%
Platinum	1,172	-4.7%	-2.6%	9.3%	-3.1%	10.7%	-5.3%
Palladium	2,785	-3.8%	-5.3%	13.7%	0.6%	14.0%	-5.3%
Copper	9,868	-3.4%	0.4%	27.3%	4.2%	23.7%	-15.0%
Nickel	17,047	-2.1%	-2.5%	3.1%	1.7%	3.5%	-8.7%

Note: All performance data to 21st May. 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%

## Trading

AP: Flow Traders      MM: GHCO, Peel Hunt, Winterflood

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