



Monthly Market Insights, Review of December 2021

- With global share markets starting December on a weaker tone due to uncertainty regarding the COVID-19 Omicron variant, equities finished December on a strong note with the S&P 500 up 4.4% for the month, the Dow Jones gained 5.4%, the FTSE 100 increased by 4.6%, whilst the ASX 200 was up 2.6% for the month
 - Data from South Africa and the U.K indicated a lower risk of severe disease and hospitalisations from the COVID-19 Omicron variant which contributed to stimulate equities returns
- December flash manufacturing PMIs in the U.S (57.8), the eurozone (58.0) and the U.K (57.6) indicated a healthy expansion in these regions, whilst the services PMIs contracted over the same period
- Significantly, during the month, the Fed indicated that it would move to end asset purchases by March 2022 (compared to the original timeframe of mid 2022), with interest rate hikes also expected during 2022
- The unemployment rate in the U.S fell to 4.6% and the initial jobless claims sank to a 50-year low reflecting continued strength in job gains despite the spread of Omicron
- Political tensions between Russia and the U.S escalated during the month, concerning Russia's military accumulation near the Ukraine border. We monitor this closely as a potential event to cause significant market volatility
- Additionally, we expect volatility to continue into 1H 2022 as markets react to inflation/interest rates with uncertainty remaining regarding the Omicron COVID-19 variant and global economic growth

Market Metrics for December vs YTD

4.4% S&P 500 (December)	26.9% S&P 500 (YTD)	5.4% DJIA (December)	18.7% DJIA (YTD)	4.6% FTSE 100 (December)	14.3% FTSE 100 (YTD)	2.6% ASX 200 (December)	13.0% ASX 200 (YTD)
7.6% S&P GSCI (December)	40.4% S&P GSCI (YTD)	6.7% ASX200 Res (December)	2.6% ASX200 Res (YTD)	3.0% Gold (US\$) (December)	(3.5)% Gold (US\$) (YTD)	10.2% Crude/Brent (December)	50.2% Crude/Brent (YTD)

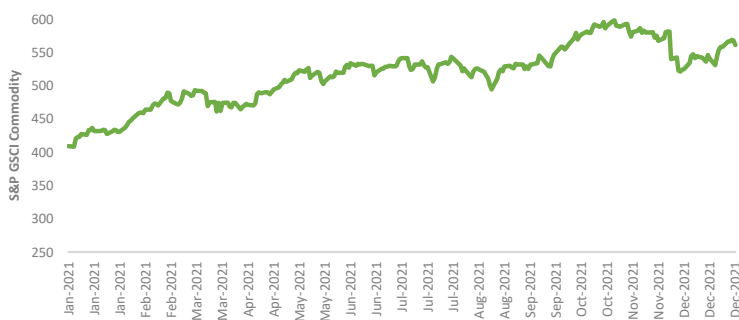
Source: Refinitiv, JPM, AMP Capital

Commodity Highlights

- The S&P GSCI rose 7.6% in December and was up c. 40.4% for 2021. The key driver during the month was within the energy complex, with Omicron COVID-19 variant concerns largely brushed aside, supporting strong demand
- Supply chain bottlenecks slowed during the month, however freight costs around the world continue to be elevated, contributing to higher commodity prices. Rising energy costs continued to be a key concern for commodities
- During the month, Brent increased by 10.2% to US\$77.8/bbl, iron ore (62% fines) gained 18.5% to US\$112.5/t, base metals increased: copper +2.4%, nickel +4.4%, lead +0.8% and zinc +9.2%, whilst gold increased by 3.0% to US\$1,827.5/oz and silver gained 2.1% to US\$23.3/oz
- Agricultural markets were mixed: soybeans, cocoa, and cotton outperformed; coffee and wheat underperformed

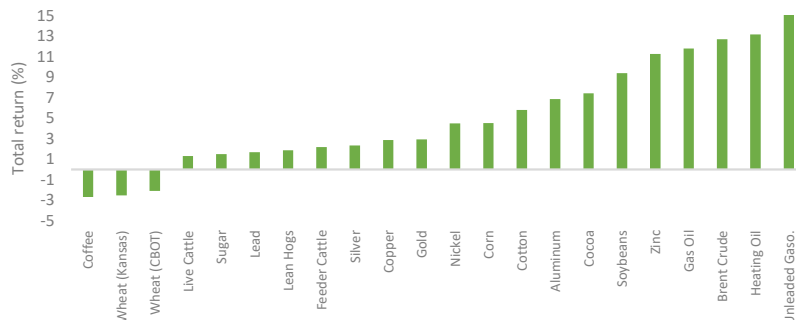
Source: Refinitiv, S&P Global Market Intelligence

S&P GSCI Performance, LTM



Source: Refinitiv

S&P GSCI and Constituents, Monthly Returns

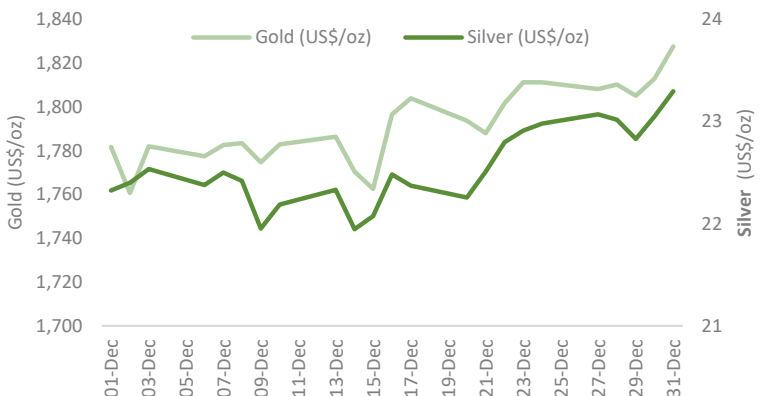


Source: Refinitiv



Precious Metals – gold, silver, palladium, platinum

- The gold price increased by 3.0% to US\$1,827.5/oz during December, following a decline of 0.5% over the month of November
- Gold was relatively stable during the first half of December, subsequently rising above US\$1,800/oz as the U.S dollar weakened after the Fed decided to withdraw its pandemic-era stimulus in response to broadening inflationary risks, coupled with concerns regarding the COVID-19 Omicron variant
 - The Fed said it would pave the way for a three quarter-percentage-point interest rate increases by the end of 2022 as a response to full employment and surging inflation
- Gold’s gains have recently been limited by the strength in U.S equities, with the gold price declining by 3.5% for 2021
- Silver gained 2.1% to US\$23.3/oz and was down c. 11.7% for 2021



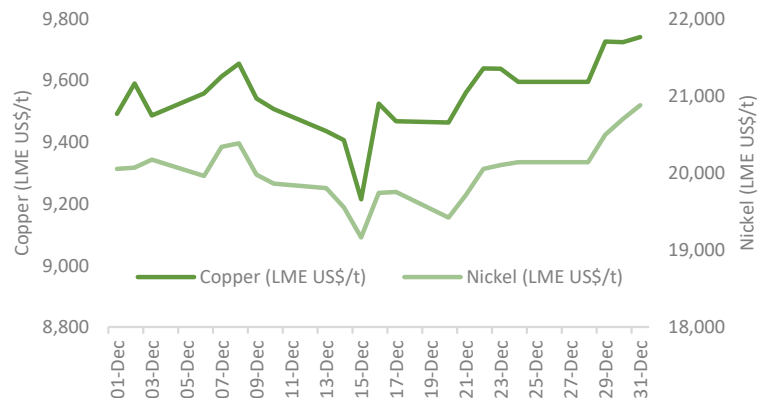
Source: Refinitiv

- The palladium price increased by 8.9% during the month to US\$1,895.1/oz, down 22.7% for 2021
- The platinum price increased by 3.0% during the month to US\$967.0/oz, down 9.7% for 2021

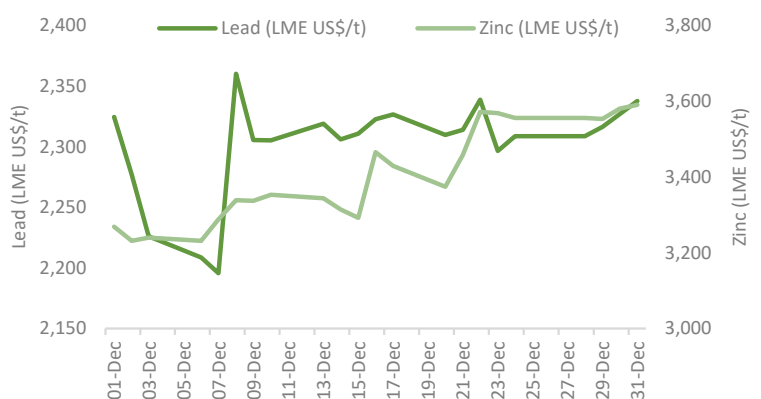
Source: Refinitiv, S&P Global Market Intelligence, ANZ

Base Metals – copper, nickel, lead, zinc

- Base metals prices were volatile during December, with each metal posting a gain for the month:
 - Copper: +2.4% to US\$9,740.6/t;
 - Nickel: +4.4% to US\$20,880.5/t;
 - Lead: +0.8% to US\$2,337.8/t; and
 - Zinc: +9.2% to US\$3,590.0/t
- Copper and nickel prices rose early in the month as strong U.S economic data and rising stock markets drew attention from concerns that the spread of the Omicron COVID-19 variant could dampen demand
- Mid-month, copper and nickel prices retreated ahead of the Fed's decision on how soon it would conclude its bond-buying programme and commence rate rises
- On 16 Dec, MMG Ltd indicated that it would stop production at the significant Las Bambas copper mine in Peru, after failing to reach an agreement with the Peruvian community blocking a transport road
- The zinc price benefited from further supply reductions driven by high energy prices in Europe
- The USD weakened late in the month which supported base metals prices rising further



Source: Refinitiv



Source: Refinitiv

Source: Refinitiv, S&P Global Market Intelligence, ANZ



Bulks – iron ore

- The iron ore price (NYMEX 62% fines) rallied 18.5% to US\$112.5/t during December
- After a volatile start to the month, the iron ore price rallied mid month based on renewed optimism around demand for the steel-making ingredient as signs emerged that top steel producer China is back to ramping up output this month
- Additionally, prices were driven by the prospect of stimulus-driven demand in China next year, and additionally ahead of the Winter Olympics
- A rebound in steel output is expected as Beijing's yearly targets are achieved, prompting mills to resume production
 - Conversely, iron ore's rally was being tempered by China's rising imported iron ore stockpiles
- Towards the end of December, iron ore prices cooled off due to concerns over COVID-19 curbs in China and the approaching off-season for construction activity
 - China is expected to stick to a strict zero-tolerance policy approach as Beijing prepares to host the Winter Olympic Games to be held in February



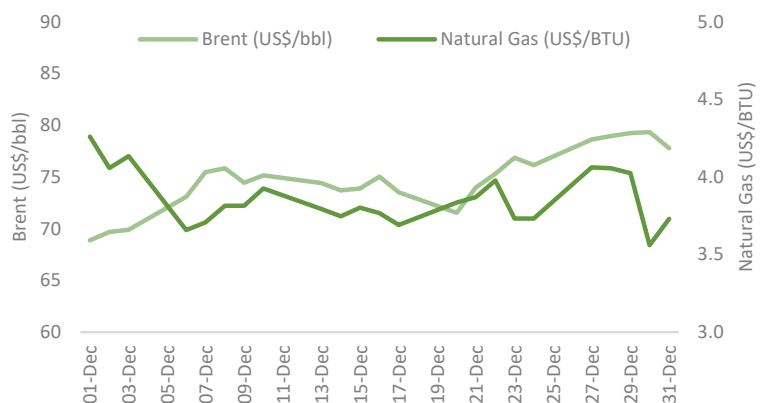
Source: Refinitiv, NYMEX-IRON ORE 62% SWAP TRc1

- On 1 Dec, Vale S.A. announced a lower 2021 guidance range for iron ore production to 315-320 Mt from the prior expectation of 315-335 Mt
- Beijing's blue-sky policy (curtailing steel making to aid in easing air pollution) ahead of the winter Olympics early next year is expected to prolong volatility in the iron ore market

Source: Refinitiv, S&P Global Market Intelligence, ANZ

Energy – oil & gas

- Brent was volatile during December, however rose by 10.2% to US\$77.8/bbl for the month
 - Volatility was driven by concerns over the impact of the highly infectious Omicron variant on the global economy, and therefore energy demand
- In early December, it was reported that the OPEC+ alliance approved an increase in production of 400,000 barrels per day for the month of January
- Operating U.S. oil and gas rigs rose to their highest levels since April 2020 which was reported on 24 Dec, according to Baker Hughes. Overall counts were at 586, signaling a boost in output in coming months
- Oil gained towards the end of the month supported by supply outages and expectations that U.S. inventories were falling
- Notably, every petroleum-based commodity rose by double-digit percentages in December and by at least 58% throughout the year



Source: Refinitiv

- A combination of strong global demand and reduced oil production due to climate concerns helped petrol to post its strongest yearly performance since 1999
- The S&P GSCI Natural Gas continued its decline, posting another 17.6% drop in December as warmer weather reduced demand for one of the main sources to heat buildings in the northern hemisphere

Source: Refinitiv, S&P Global Market Intelligence, ANZ



Snapshot: S&P's Big Picture 2022 Metals and Mining Industry Outlook

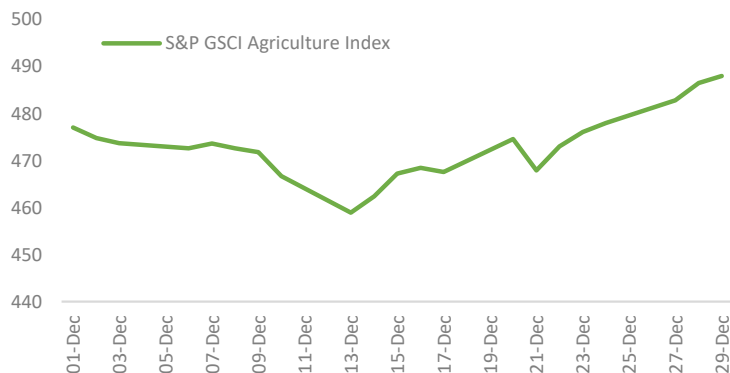
- S&P expects medium-term supply constraints are setting the stage for historically above-average prices through to 2025 – driven mostly by increasing demand for materials used in the accelerating global energy transition
- The supply constraints are expected to persist despite intensive exploration efforts, which S&P forecast to expand further in 2022. Exploration is expected continue to focus on regions that have largely mitigated the pandemic's impacts; however, few of the resulting discoveries will be developed in time to meet medium-term supply requirements. Faced with persistent if moderating demand, the industry is set up for a period of sustained growth

Source: S&P Global Market Intelligence

Agriculture

- The S&P GSCI Agriculture rose 24.7% in 2021. The most liquid corn, soy, and wheat commodities saw positive gains for the year, as weather-related supply disruptions were seen throughout the year, and demand was strong compared to 2020
 - Incentivised by higher prices, more crop was planted however the demand side continued to prove to be a positive catalyst
- The S&P GSCI Cocoa was the only constituent to show negative 2021 performance, at -6.3%
- The S&P GSCI Coffee increased by 63.7% during 2021
 - This was the best annual performance for coffee since 2010, the year several major studies were released in North America hyping the cancer-fighting and exercise-performance-enhancing benefits of a cup of coffee

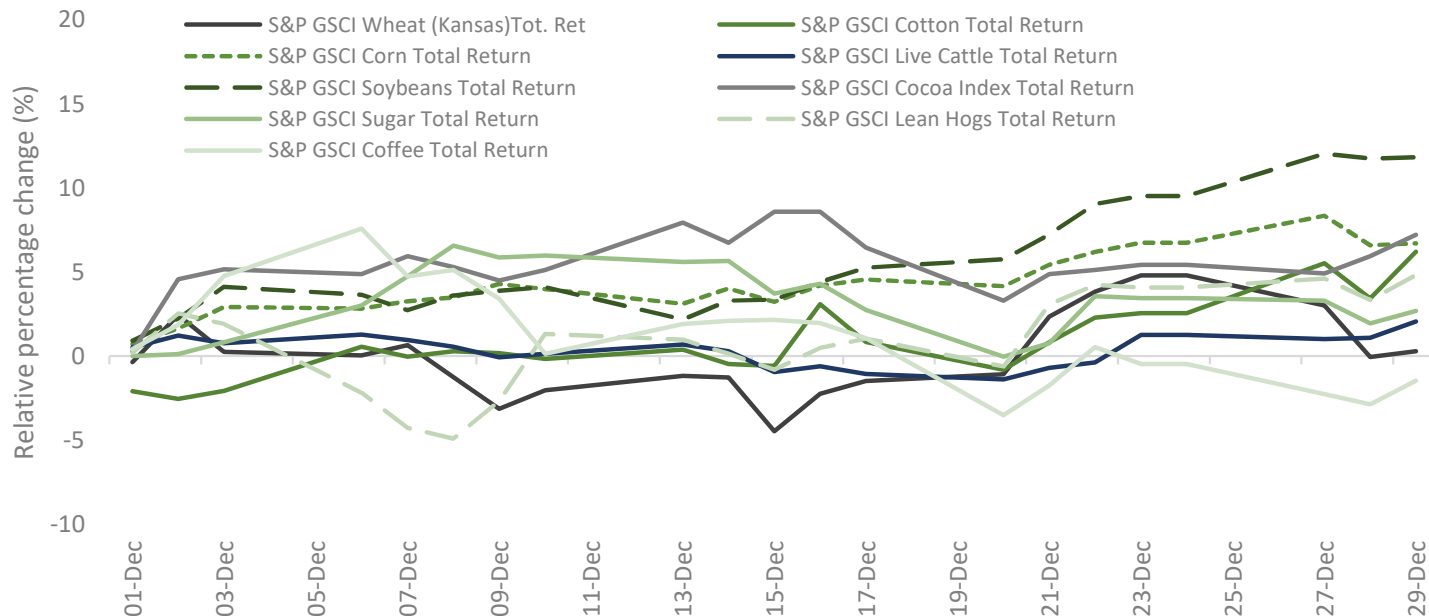
Source: Refinitiv, S&P Global Market Intelligence



Source: Refinitiv

- The S&P GSCI Livestock rose 7.9% in 2021. Live cattle and feeder cattle prices were flat, however the S&P GSCI Lean Hogs rose 25.0% for the year
- Demand for pork was strong throughout the year and in another example of inflation, fast food prices rose considerably as bacon prices also moved higher

Selected S&P GSCI agriculture product returns relative performance (December 2021)



Source: Refinitiv



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Eden Global Natural Resources UCITS Fund

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The Fund aims to achieve long-term growth by investing in equities in the global natural resources sector, incorporating the metals and mining, energy and agriculture sectors

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