

Heavy metal takes a hit as markets eye inflation

MARKETS were choppy today as the City nervously eyed [inflation](#) figures from the [Bank of England](#) due on Wednesday.

By consensus inflation will come in at above 3%, but how much higher? The Bank expects it will rise above 5% in the next few months; some investors think the Bank is behind the curve and that its decision to hold rates last week was a mistake.

Mining shares, seen as a hedge against inflation, took a hit today. [Glencore](#) lost 7p to 361p, Evraz tumbled 8p to 611p and Antofagasta lost 20p to 1470p.

Only nice bumps for both classes of Shell stock and Royal Mail kept the FTSE 100 from a hard fall and then only just. The main index was down 2.54 at 7344.07.

Royal Mail reports half-year profits on Thursday. It has enjoyed a pandemic resurgence and seen Czech billionaire Daniel Kretinsky take a 15% stake.

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Royal Mail, which floated at 330p back in 2013, rose 12p to 446p. Gold, another inflation play, also fell. It lost \$2.34 to \$1,863.02. Bullion climbed to a nearly five-month high last week as U.S. consumer prices posted their sharpest annual jump in 31 years.

Warren Patterson, head of commodities strategy at ING, said: "Inflation numbers have provided a boost to gold. However, prices could trend lower towards \$1,700 over the course of 2022 as rising inflation will likely mean that central banks speed up the pace of monetary tightening."

Silver, platinum and palladium all followed gold downwards. One trader said: "It's [heavy metal](#) day."

One stock catching the eye was WH Smith, up 63p to 1695p. If the economy is truly back to something close to normal, its stores at train stations and airports should cash in.

So should JD Wetherspoon, today up 22p at 962p. Shareholders are nervously eyeing a move in Holland last week to force pubs to close from 7pm, however.