



Daily Metal Commentary

Friday, November 6th, 2009

Today's News

- U.S. Oct. Unemployment Rate: 10.2%; expected 9.9%
- Jobless Rate highest since April 1983
- U.S. October Non-Farm Payrolls -190,000; expected -175,000
- U.S. September revised non-farm payrolls -219,000; prior -263,000
- Shanghai Copper Stocks up 1,440 tonnes at 104,275
- LME Copper stocks up 5,750 tonnes this morning, totaling 385,575 tonnes.
- SPDR Gold Trust holdings on Thursday at 1108.34 tonnes.

Gold is in favor this morning and the dollar is not. Overnight gold trade is flirting with the \$1,100.00 level in the December contract. Global equity markets traded on both sides before and after employment data, this created some minor gyrations in gold, but the metal remains firm. The dominant bull factor in the gold market is the global cash flow into physical commodities. The planned sale of 403.3 tonnes of gold by the IMF was well advertised 60 days ago, however, the purchaser was not known. This week's announcement that India's RBI (Reserve Bank of India) added 200 tonnes to their foreign reserves was a signal to the bulls that gold is in demand. The positive spin is that this purchase was made entirely by India, not China or Russia who were the countries that were expected to be buying this bullion at a possible discount. The average purchase price for the IMF gold was \$1,045.00 per ounce. This raises the total gold holding for India to 557.7 tonnes from 357.7 tonnes and increase to 6 percent of gold as a percent of total Indian foreign reserves. This is a very important piece of data, as major Western countries hold 60% to 80% of their reserves in gold. Asian countries have a very low gold to total foreign reserves ratio, with many concentrated in the U.S. Dollar. The demand trends for gold should continue with many wealthy countries in the East and in South America holding under 2 percent of their reserves in gold, including **China**. The chart pattern for gold is bullish as we have surpassed the October 14th high at 1072.00, the new long term target/price count is \$1322.00. Pullbacks towards the 1070.00- 1060.00 area should attract buying.

The gold/silver ratio for the December contracts is in a bear mode, even though the gold market has been getting all the press. I typically stay way from the long side of the silver market and use gold or PGM's to participate on as a buyer, however the ratio chart analysis is projecting a narrowing into the end of the year. The silver should gain dramatically on the gold and push the ratio down to 50 to 1 in 2010. That would be (for example) \$1,200.00 gold and \$24.00 silver or \$1,500.00 gold and \$30.00 silver. You can buy 2000 ounces of silver and sell 1 kilo of gold to participate in the ration. Basically, this trade is a mover and you must trade size and risk accordingly.

LME Copper stocks were up a robust 5,750 tonnes this morning, total at 385,575 tonnes, The trend in stocks has been a build, which has added 100,000 tonnes in 4 months. This dramatic inventory build has been offset by Chinese imports setting copper prices into a range of 275.00 – 300.00. Shanghai copper stocks were reported this morning with a build of 1,440 tonnes. Comex copper stocks rose 568 tonnes this morning, totaling 64,160 tonnes. Rising stocks and weak employments data will pressure copper prices this morning. The long term chart pattern is bullish and the new target / price count is 344.00, pullbacks toward the 285.00 -275.00 level will attract buyers.

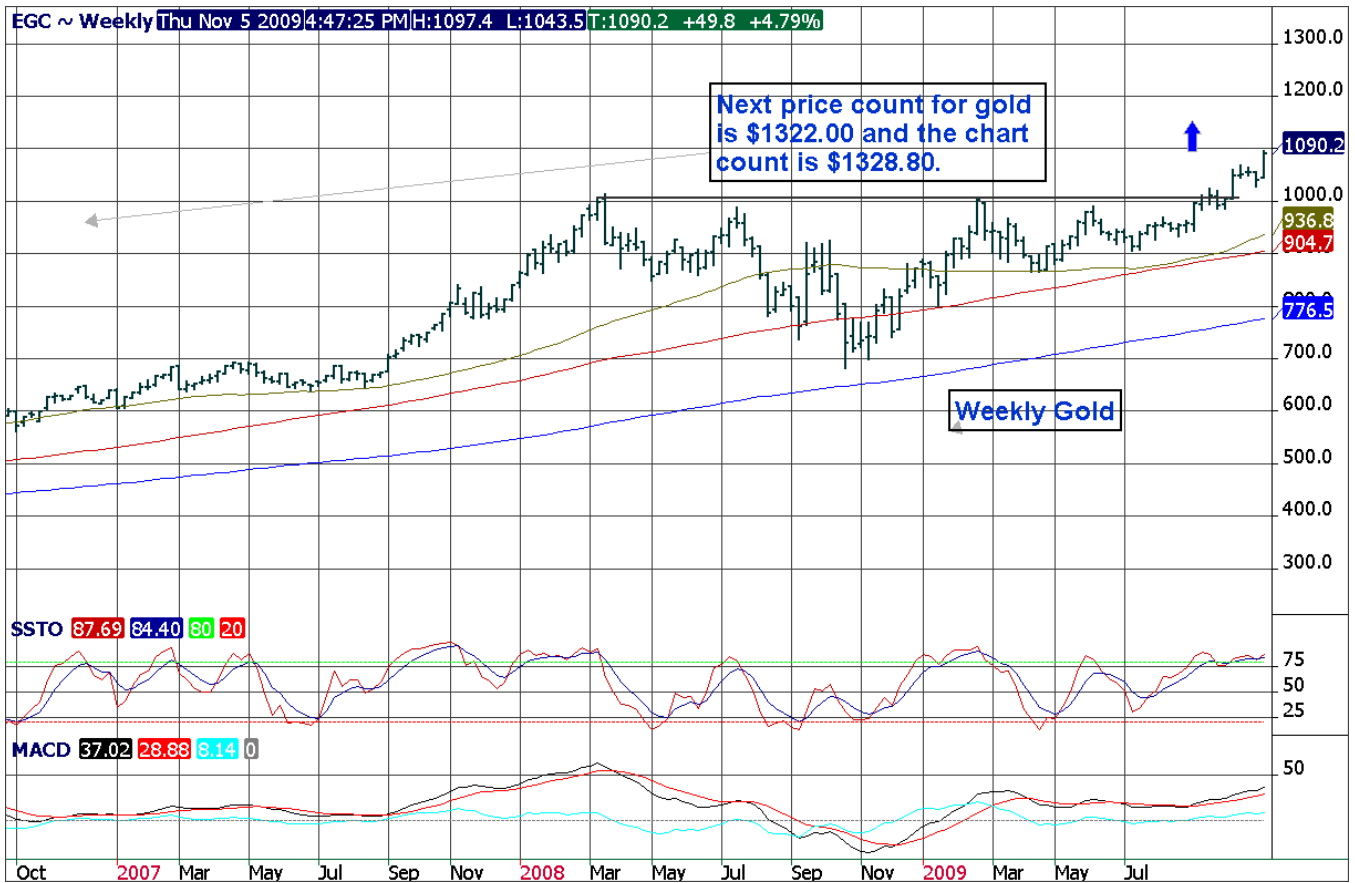
Previous Day's Activity, Thursday, November 5th					
Futures	Settle	Net Chg	Pct	Vol	Open Int.
GCZ	1089.30	2.00	0.20	111,073	331,767
GCG	1090.50	2.00	0.20	7,816	62,053
SIZ	1741.00	0.50	0.10	28,330	76,812
HGZ	295.70	-3.60	-1.20	18,766	85,511
PLF	1362.90	-6.40	-0.50	2,112	31,425
PAZ	331.85	3.05	0.90	1,361	17,898

London	A.M.	Fixes
	\$US	Euro
Gold	\$1095.00	€ 735.05
Silver	\$17.52	€11.782
Platinum	\$1362.00	€ 914.40
Palladium	\$330.00	€ 221.55

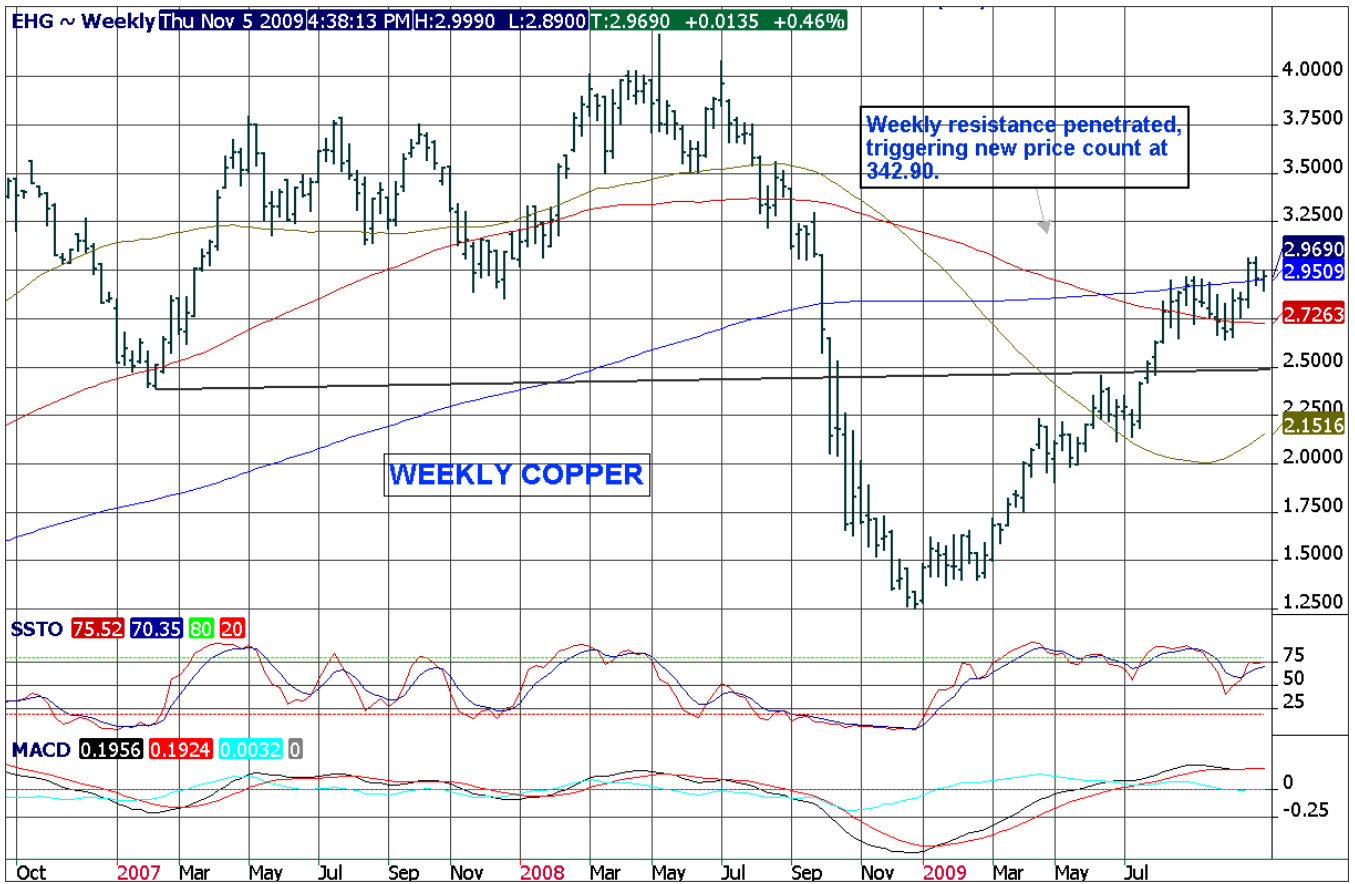
Daily Metal Pinpoint Pivots						
	GCZ	SIZ	HGZ	PLF	PAZ	
Res 2	1106.80	17.910	304.80	1392.2	337.95	
Res 1	1097.00	17.660	302.05	1380.7	333.35	
Pivot	1088.70	17.380	299.10	1368.4	330.40	
Supp 1	*1079.00	17.130	296.35	1356.9	325.90	
Supp 2	1070.70	16.850	293.40	1344.6	322.90	

- #- Potential Sales
- *- Potential Buys

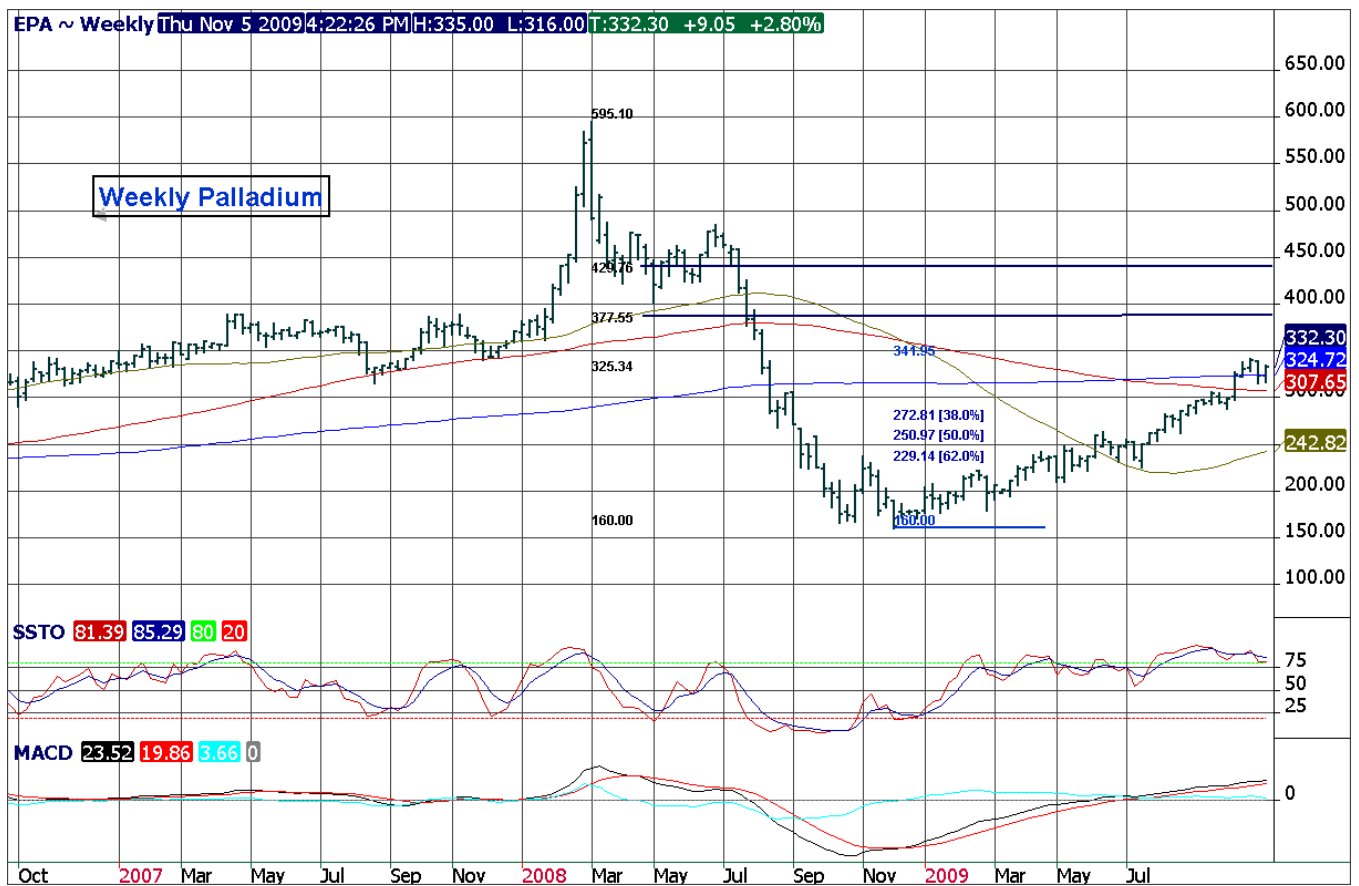
Weekly Gold Chart



Weekly High Grade Copper Chart



Weekly Palladium



Commitments of Traders - Futures and Options						
	Non-Commercial		Commercial		Non-Reportable	
	Position	Change	Position	Change	Position	Change
Gold	264,026	-13,328	-309,032	19,313	44,007	-5,983
Silver	48,585	-4,622	-69,535	2,552	20,950	2,069
Copper	9,055	7,263	-9,440	-5,483	384	-1,780
Platinum	19,427	230	-23,482	-213	4,055	-17
Palladium	12,904	735	-15,386	-737	2,482	2

omex Warehouse Stocks			LME Warehouse Stocks		
	Total Troy Oz.	Daily Net Chg.		Tonnes	Daily Net Chg.
Gold	9,275,902	-145,408	Aluminium	4,542,100	-3,275
Silver	113,383,946	-297,314	Nickel	130,062	216
Copper	21,146	179	Copper	385,575	5,750
Platinum	2,766	-146	Zinc	426,075	-600
Palladium	6,199	-196			

World Official Gold Holdings (GFMS)		
Country/Organization	Gold (Tonnes)	
United States		8133.5
Germany		3408.3
IMF		3017.3
Italy		2451.8
France		2445.1

SPDR Gold Trust		1108.3
China		1054.0
Switzerland		1040.1
Japan		765.2

***Countries with Highest Percent of Gold in Foreign Reserves Portfolio**

Portugal 90.9%
Greece 90.2%
Slovakia 85.6%
U.S. 77.4%
Germany 69.2%

***Countries with Lowest Percent of Gold in Foreign Reserves**

Brazil 0.5%
Malaysia 1.2%
China 1.9%
Thailand 2.1%
Singapore 2.2%

Important Dates

DATE	TIME	COUNTRY	INDICATOR / EVENT
11/6/2009	7:30 am	US	Unemployment Report
11/6/2009	7:30 am	US	Wholesale Trade
11/6/2009	2:00 pm	US	Consumer Installment Credit
11/12/2009	7:30 am	US	Weekly Jobless Claims
11/12/2009	9:30 am	US	Weekly Energy Stocks
11/13/2009	7:30 am	US	US Trade Balance
11/16/2009	7:30 am	US	Business Inventories
11/16/2009	7:30 am	US	Retail Sales
11/17/2009	7:30 am	US	Producer Price Index
11/17/2009	8:15 am	US	Capacity Utilization
11/17/2009	8:15 am	US	Industrial Production
11/18/2009	7:30 am	US	Consumer Price Index
11/18/2009	7:30 am	US	Housing Starts and Permits
11/18/2009	7:30 am	US	Real Earnings

11/23/2009	NA	US	Option Expiration for December Gold and Silver
11/24/2009	NA	US	Option Expiration for December Copper
11/26/2009	NA	US	Thanksgiving
11/30/2009	NA	US	First Notice Day for December Metals

Regards, Tony Raia

Sr. VP

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