



Daily Metal Commentary

Wednesday, July 8, 2009

Today's News

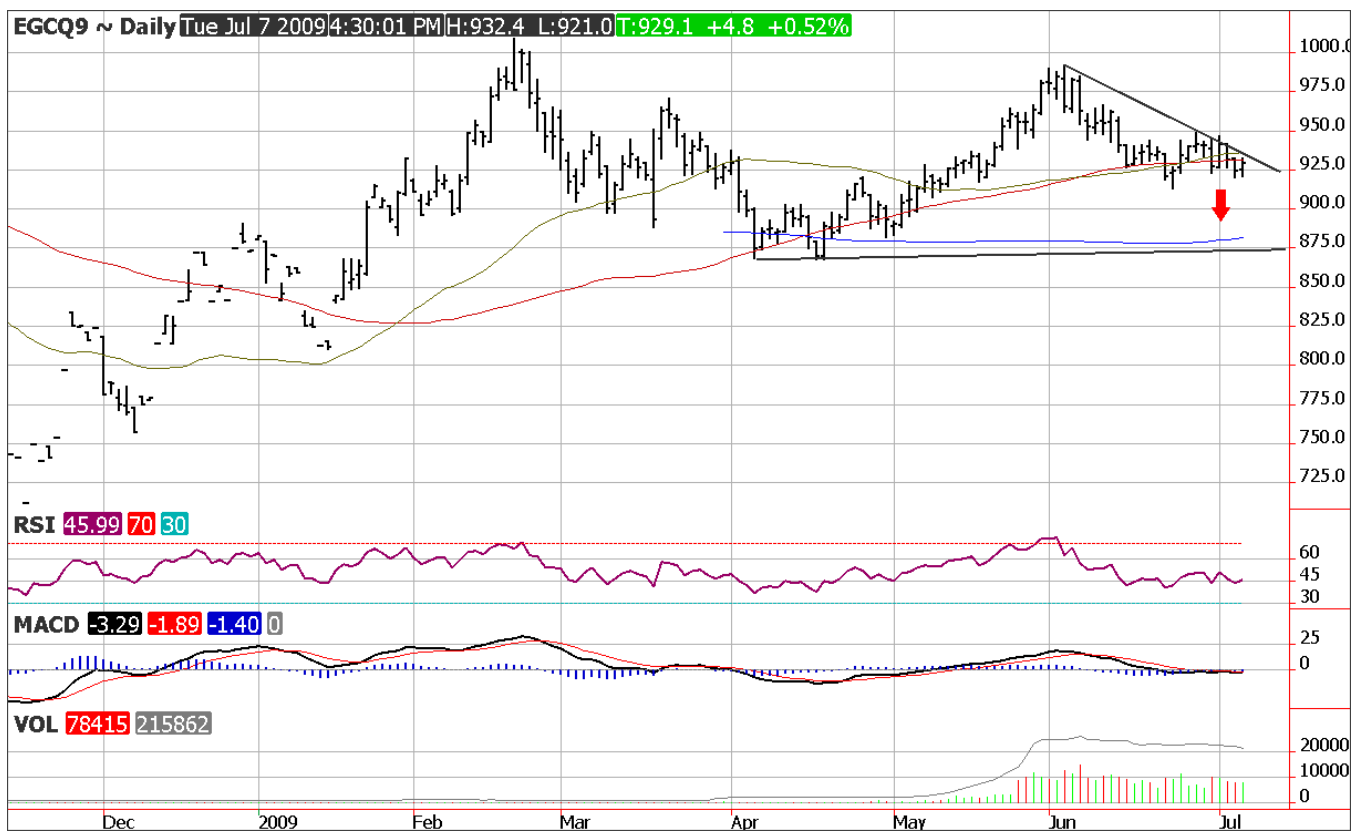
- Euro Zone Q1 GDP revised to -4.9 percent year/year
- Euro Zone GDP Q1 at -2.5 percent quarter/quarter
- LME Copper stocks fell 575 tonnes this morning, totaling 265,350 tonnes.
- SPDR Gold Trust holdings were unchanged on Monday at 1120.19 tonnes.

Gold and silver are sharply lower this morning, pressed by a stronger dollar, weaker than expected European data, lack of news from the G8 meeting and yesterday's announcement that CFTC will be examining and determining maximum position limits for hedge funds and speculators this summer. Traders are worried that the CFTC decisions could have an impact on volume and liquidity in physical commodity markets. A comment from a GFMS executive has hit the headlines for a second time in 3 weeks, which has front contract gold slipping into the 880 -870 level in the near term. ETF holdings are beginning to drop just a bit, more importantly ETF holdings are not expanding. The schedule of U.S. economic data is very light this week, so the focus is the G8 Meeting, which so far has not provided new insight into the role of dollar as a reserve currency.

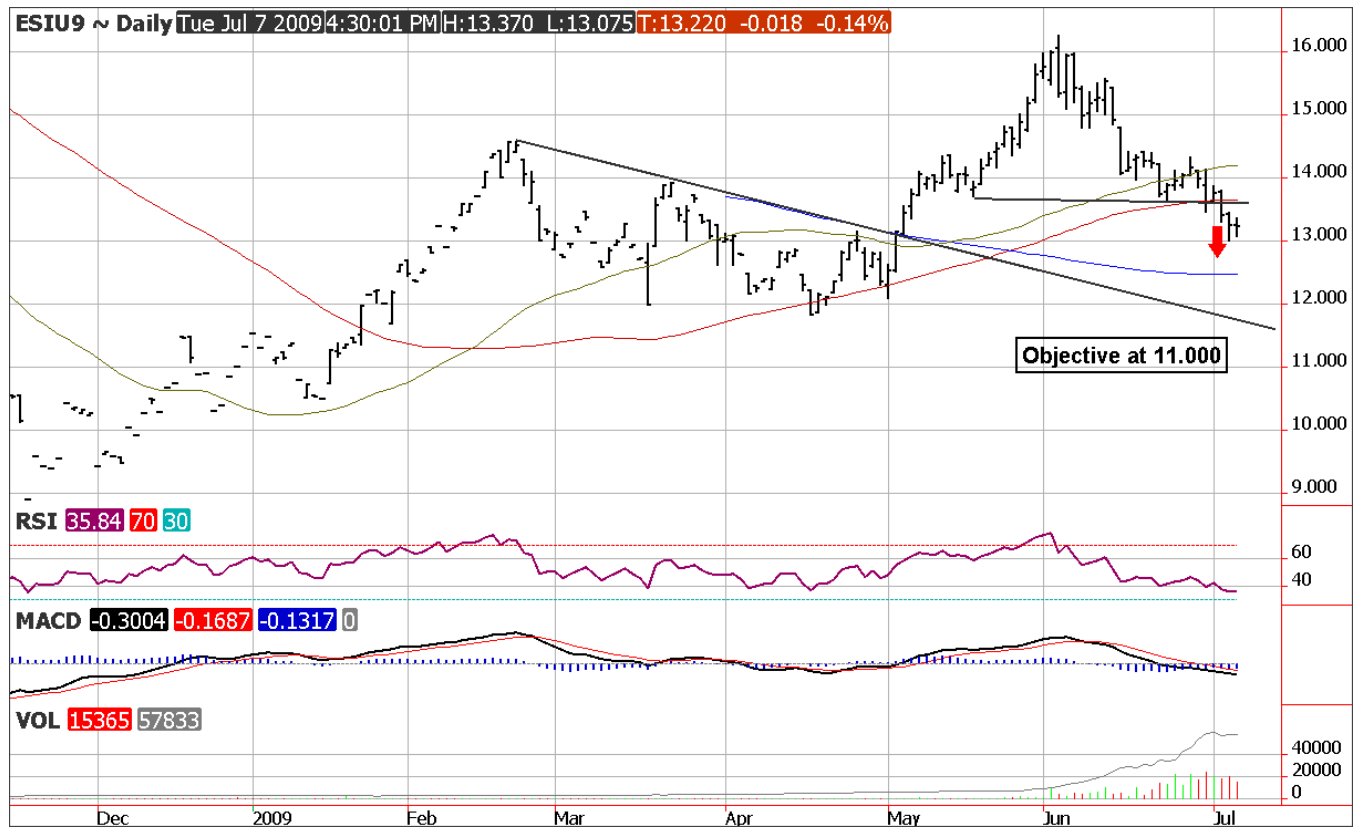
August gold resistance is 931.00 -935.00 and support remains at 913.20. Consider this a range trade until either of those barriers is broken on a settlement. A settle under 913.20 could accelerate prices to the 882.00 -875.00 level. The chart pattern for silver has confirmed a bad trade, which means a bearish outlook. Resistance for September silver is 13.45 - 13.60 while support has been penetrated and should accelerate prices to the downside. Support for silver is 12.465 and the chart count for September silver is 11.00

LME Copper stocks were down 550 tonnes this morning, total at 265,375 tonnes. Be careful with the long side of copper for a moment, yesterday's report from private Chinese research sources had June imports in the 300,000 tonne range vs. May's record 337,230 tonnes. Imports are expected to have fallen by 20,000 -40,000 tonnes. The chart pattern for copper is bullish and the longer term price target is at 261.25, however, copper is vulnerable to lower trade in the near term due to the pause/ halt in the global recovery. Users can cover longs for a minute. Copper can pull back toward the 200.00 -191.00 level on weak economic data this month. Notice that with time the downside potential

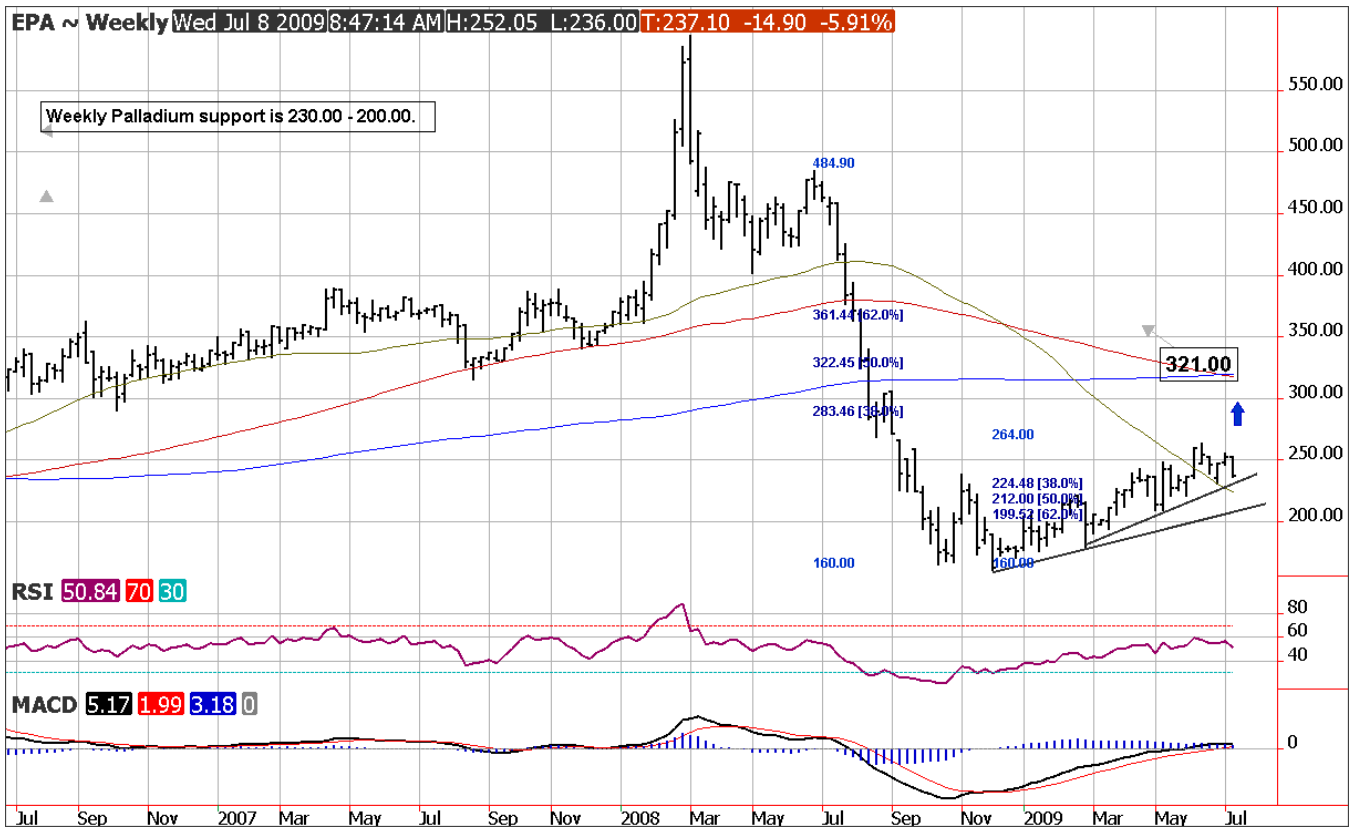
Daily August Gold



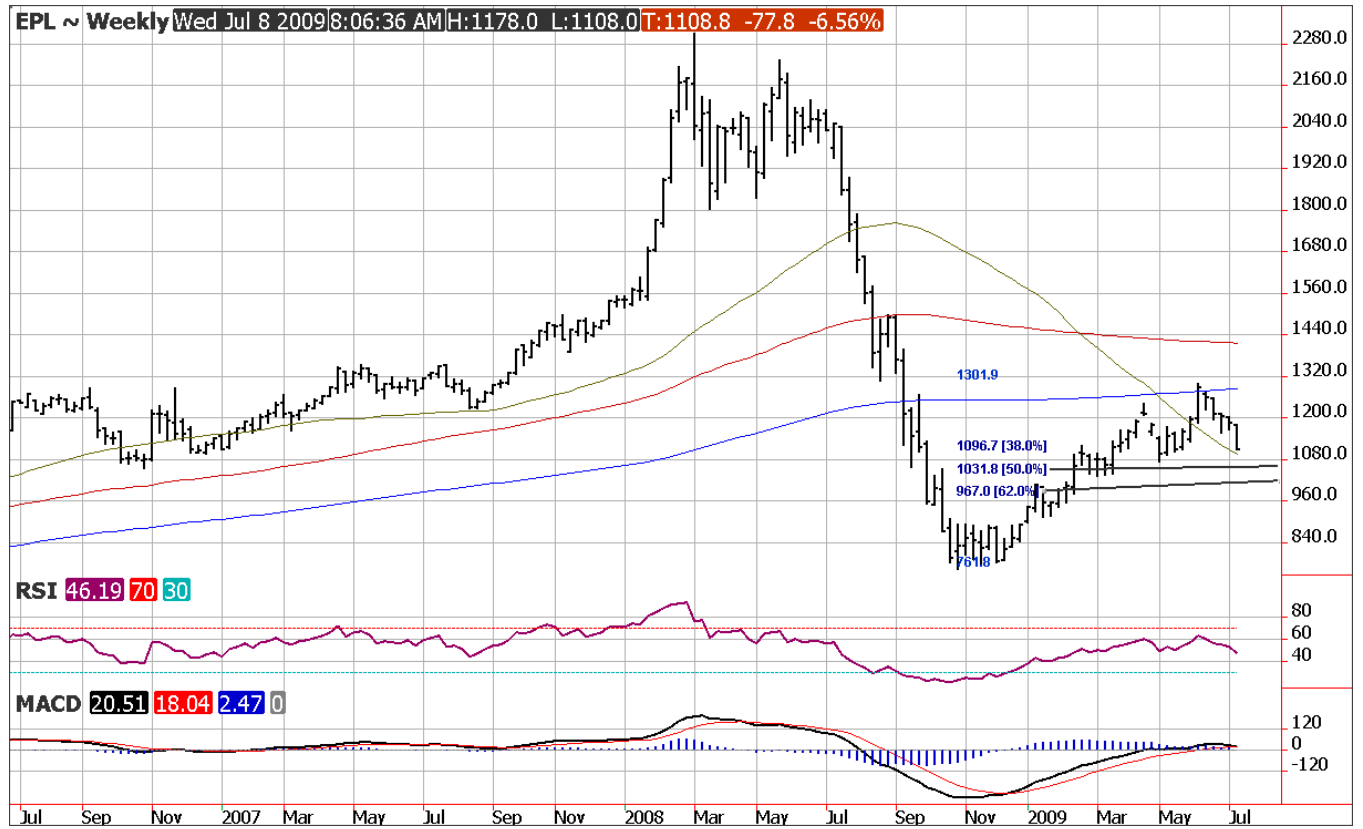
Daily September Silver



Weekly Palladium Chart



Weekly Platinum Chart



| Previous Day's Activity, Tuesday, July 7 | | | | | |
|---|---------------|----------------|------------|------------|------------------|
| Futures | Settle | Net Chg | Pct | Vol | Open Int. |
| GCQ | 929.10 | 4.80 | 0.50 | 78,415 | 215,862 |
| GCZ | 931.70 | 4.80 | 0.50 | 7,381 | 59,302 |
| SIU | 1322.00 | -1.80 | -0.20 | 15,365 | 57,833 |
| HGU | 222.55 | -3.70 | -1.60 | 15,450 | 72,597 |
| PLV | 1135.80 | -11.20 | -1.00 | 2,488 | 21,854 |
| PAU | 240.15 | -2.50 | -0.90 | 987 | 16,491 |

| London | A.M. | Fixes |
|------------------|-------------|--------------|
| | \$US | Euro |
| Gold | \$920.75 | € 661.60 |
| Silver | \$13.05 | €9.375 |
| Platinum | \$1,113.00 | € 801.30 |
| Palladium | \$237.00 | € 170.65 |

| Commitments of Traders - Futures and Options | | | | | | |
|---|-----------------------|---------------|-------------------|---------------|-----------------------|---------------|
| | Non-Commercial | | Commercial | | Non-Reportable | |
| | Position | Change | Position | Change | Position | Change |
| Gold | 169,735 | -1,221 | -205,829 | -4,355 | 36,094 | 5,576 |
| Silver | 27,442 | -1,239 | -44,289 | 1,178 | 16,847 | 62 |
| Copper | -20,080 | 1,724 | 21,589 | 1,096 | -1,509 | -2,820 |
| Platinum | 9,985 | 67 | -12,289 | 292 | 2,304 | -359 |
| Palladium | 8,927 | 842 | -10,519 | -928 | 1,592 | 86 |

| Comex Warehouse Stocks | | | LME Warehouse Stocks | | |
|------------------------|----------------|----------------|----------------------|-----------|----------------|
| | Total Troy Oz. | Daily Net Chg. | | Tonnes | Daily Net Chg. |
| Gold | 8,893,375 | -1,312 | Aluminium | 4,399,600 | 250 |
| Silver | 118,519,152 | 935,413 | Nickel | 109,374 | 90 |
| Copper | 59,795 | 0 | Copper | 265,925 | -3,250 |
| Platinum | 2,777 | 257 | Zinc | 351,950 | -350 |
| Palladium | 4,284 | 0 | | | |

| World Official Gold Holdings (GFMS) | | |
|-------------------------------------|--|---------------|
| Country/Organization | | Gold (Tonnes) |
| United States | | 8133.5 |
| Germany | | 3412.6 |
| IMF | | 3217.3 |
| France | | 2508.8 |
| Italy | | 2451 |
| SPDR Gold Trust | | 1120.2 |
| China | | 1054 |
| Switzerland | | 1040.1 |
| Japan | | 765.2 |

Important Dates

| DATE | TIME | COUNTRY | INDICATOR / EVENT |
|-----------|---------|---------|-------------------------------------|
| 7/08/2009 | 9:35 am | US | Weekly Energy Stocks |
| | 2:00 pm | US | Consumer Installment Credit |
| | NA | Italy | G8 Meeting |
| 7/09/2009 | 7:30 am | US | Weekly Jobless Claims |
| 7/09/2009 | 7:30 am | US | Wholesale Trade |
| 7/10/2009 | 7:30 am | US | US Trade Balance |
| 7/14/2009 | 7:30 am | US | Producer Price Index |
| | 7:30 am | US | Retail Sales |
| | 7:30 am | US | Business Inventories |
| 7/15/2009 | 7:30 am | US | Consumer Price Index |
| | 7:30 am | US | Real Earnings |
| | 8:15 am | US | Industrial Production |
| | 9:35 am | US | Weekly Energy Stocks |
| 7/16/2009 | 7:30 am | US | Weekly Jobless Claims |
| 7/17/2009 | 7:30 am | US | Housing Starts and Permits |
| 7/28/2009 | NA | US | Option Expiration for August Metals |
| 7/29/2009 | NA | US | Last Trading Day for July Metals |
| 7/31/2009 | NA | US | First Notice Day for August Metals |

Regards, Tony Raia

Sr. VP

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