

Metals Report

New York Industrial Metals Desk (24-hour): 212 589 6439

London Industrial Metals Desk: +44 (0) 20 7144 5885

www.mfglobalmetals.com

written by Edward Meir / e-mail: emeir@mfglobal.com



Thursday, May 8th, 2008

As of May 7th	High	Low	Close	Csh/3	3s/15	LME Stocks (ch)	Sup	Resis	RSI	Vol (000)	O/I (000)	10 MAV	40 MAV	100 MAV	
CU	8520	8420	8430	+156	-437	110,125 (+1100)	8250	8820	48	94	255	8498	8446	7808	
AL	2971	2915	2920	-47	-91	1,038,350 (-925)	2800	3180	45	162	719	2963	3003	2793	
PB	2555	2410	2420	-18	-35	58,425 (-400)	2400	2600	25	20	73	2669	2841	2831	
ZN	2270	2245	2253	-28	-57	125,725 (+375)	2140	2445	45	62	191	2251	2352	2403	
NI	28700	28400	28545	-175	-695	51,030 (-204)	27800	34000	46	25	67	28775	29508	28724	
SN	24250	23900	24000	+80	-400	7,585 (-45)	19000	25000	69	5.7	20	23641	21305	18688	
NAA	2695	2620	2685	-44	-101	116,060 (+300)	NA	NA	44	3.4	20	2711	2756	2578	
Shanghai Nearby Last (Yuan)				CU : 64,000 (-280)			AL: 18,945 (+5)			ZN: 18,070 (+20)			LME-Shan Cu Arb		
Shanghai Stocks as of 05/02/08				CU: 46,473 MT (-2944)			AL: 180,818 (-4172)			ZN: 70,314 MT (-197)			5289		
	CU	AL	PB	ZN	NI	SN									
2008 Hi/Lo	8880/6692	3255/2401	3480/2484	2900/2150	35150/26250	24602/15750									
2007 Hi/Lo	8335/5260	2932/2375	3890/1505	4270/2135	51800/24800	17575/9849									

Explanations for our table: High/low/close are official LME prices for the day prior; cash/3's and the 3's/15 spreads is the spread between the respective periods, with a positive number reflecting a backwardation and a negative numbers reflecting a contango. Stocks (in MT) show inventories on hand for the current day, along with changes from the day prior. Volume and open interest data are for the day prior, while the MAV refers to the 10, 40, and 100-day moving averages. Shanghai prices are as of close of trading from the day prior; Shanghai stocks are in MT for the week indicated; please contact this writer for any further questions.

This market comment was written at 7:35 a.m. on May 8th, US east coast time...

Metal prices receded yesterday, taking their cue from a stronger dollar and ignoring, for the moment, yet another surge in crude oil markets where we saw prices tack on another \$2/brl despite a set of rather bearish EIA inventory figures. The rise in energy prices has truly been remarkable, and is leading the general charge higher in a number of commodity sectors. Although some commodity groups occasionally divorce from the underlying upward trend in energy, as was the case with metals yesterday, it is hard to see a sustained divergence lasting for long. US equity markets were also quite weak yesterday, but even here, unless stocks go into a prolonged swoon, the impact on commodities seems to be limited.

The dollar is stronger once again this morning, hitting two-month highs against Euro and last trading at \$1.5340. This is taking its toll today on both energy (down slightly by about 25c) and on metals, which have given up earlier gains and are now broadly lower. In copper's case, the fact that there could be strike action scheduled to start in Peru next week does not seem to be registering, as markets are waiting for the protest to actually start before taking notice.

On the US macro front, it will be a relatively quiet day today, with markets awaiting the release of U.S. government data on initial jobless benefit claims and wholesale inventories. An ECB interest rate decision is also expected out later today, but indications are that the central bank will keep rates unchanged given the rapid rise in continental inflation rates. The Bank of England also just announced that it would make no change to its rate structure, keeping things as they are after instituting three cuts since December. Finally, industrial production in Germany declined by .5% in March, as cold and wet weather kept activity restrained while production of factory machinery fell.

Metals seem to be caught among various crosscurrents for the moment, but having moved up so quickly when the dollar was weakening, a resurging greenback seems to be working its magic in reverse.

This report is issued by MF Global UK Limited ("MFG") which is authorized and regulated by the Financial Services Authority. The report was prepared and distributed by MFG for information purposes only. The report contains information and opinions, which may be used as the basis for trading undertaken by MFG and its officers, employees and associated companies. The report should not be construed as solicitation nor as offering advice for the purposes of the purchase or sale of any security, investment, or derivative. The information and opinions contained in the report were considered by MFG to be valid when issued. The report also contains information provided to MFG by third parties. The source of such information will usually be disclosed in the report. Whilst MFG has taken all reasonable steps to ensure this information is correct, MFG does not offer any warranty as to the accuracy or completeness of such information. Any person placing reliance on the report to undertake trading does so entirely at their own risk and MFG does not accept any liability as a result. Securities and derivatives markets may be subject to rapid and unexpected price movements and past performance is not necessarily a guide to future performance. Registered Office: MF Global UK Limited, Sugar Quay, Lower Thames Street, London, EC3R 6DU. Registered in England No. 1600658

