

Metals Report

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As of May 8th	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	8545	8270	8300	+136	-414	121,275(+11150)	8250	8820	45	96	253	8474	8446	7828	
AL	2923	2865	2875	-46	-100	1,037,100 (-1250)	2800	3180	42	199	714	2942	2997	2798	
PB	2435	2315	2320	-16	-42	58,600 (+175)	2400	2600	22	37	75	2620	2824	2829	
ZN	2250	2218	2218	-28	-67	125,750 (+25)	2140	2445	42	76	192	2249	2344	2402	
NI	28400	27350	27450	-175	-490	50,898 (-132)	27800	34000	38	24	66	28639	29381	28735	
SN	24500	24000	24475	+35	-400	7,565 (-20)	19000	25000	72	7	20	23688	21443	18766	
NAA	2680	2670	2680	-42	-101	116,000 (-60)	NA	NA	44	5.5	21	2696	2753	2581	
Shanghai Nearby Last (Yuan)				CU : 63,280 (-1030)			AL: 18,885 (-65)			ZN: 17,980 (-145)			LME-Shan Cu Arb		
Shanghai Stocks as of 05/08/08				CU: 51,119 MT (+4646)			AL: 182,196 (+1378)			ZN: 70,384 MT (+70)			4326		
	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 7:45 a.m. on May 9th, US east coast time...

It was a peculiar day in the LME markets yesterday in that base metals finished mostly on a down note, (apart from tin) with copper prices falling to a one-week low, while lead lost \$100 on the day. We say peculiar because the dollar receded from its highs, oil recovered from earlier losses, and even the US stock market finished higher as, ironically, it was the natural resource sector that lead equities higher.

Although base metals are mixed at the time of this writing, we think the tone as it unfolds over the course of the next day or two will be lower, but this time with good reason. Metals could be under pressure from the copper side given the stunning increase in LME stocks today -- up by some 11,000 MT. There was a good rise in Shanghai holdings as well, where as our table above shows, copper stocks rose by some 4,600 MT, with lower increases noted in both aluminium and zinc.

We think that the size of the LME copper stock increase suggests that there is more tonnage directly behind this that could end up on warrant. This should keep the pressure on copper, where we see a good likelihood that current closing support of \$8250 will give way. In addition, none of the metals, apart from tin, are performing that well chart-wise, and we do not see which one of them could conceivably turn short-term sentiment around within the overall group. Of course, the looming Peruvian strike next week looms as a wild card, but for the moment, it has yet to be fully discounted, and we doubt it will contribute much to the upside in the early days.

It will be quiet on the US macro front today, with only March trade figures expected out-- estimates call for a \$61 billion deficit.

The dollar is weaker today against the Euro today and this, along with firmer energy prices, is preventing what seems to be a more negative tone from setting in on metals.

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