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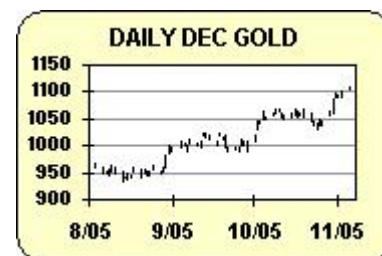
## PRECIOUS METALS COMMENTARY

11/10/09

### TEMPORARY BACK AND FILL AHEAD BUT THE UP TREND IS FAR FROM OVER

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**  
**GOLD** -2.90, **SILVER** -19.00, **PLATINUM** -10.70

London Gold Fix \$1,099.75 -\$8.25 LME Copper stks 394,150 tons +4,675 tons  
GOLD stks 9.495 ml oz +144,649 oz SILVER stks 115.6 ml oz -444,379 oz



**OUTSIDE MARKET DEVELOPMENTS:** As in the stock market, the gold market seemed to garner some light buying interest overnight in the face of a weakness and that suggests that some bargain hunting buying is being seen by those that missed the Monday rallies. While the Dollar is still within striking distance of its recent lows, the lack of a fresh low this morning might be set to limit the currency related interest in the gold and silver markets. The precious metals trade might have been slightly discouraged by a softer than expected German ZEW reading overnight and perhaps the trade also saw weakness in a host of physical commodity markets overnight as an early negative. The US economic report slate remains extremely thin today, with a flurry of Fed speeches scheduled and the promise of an announcement on US financial market reform. Some trader saw the lingering ratings agency concern toward UK sovereign debt as a positive overnight, but it would seem like the precious metals, equities and many physical commodities are set to be presented with light profit taking selling into the early US trade.

## GOLD

**GOLD MARKET FUNDAMENTALS:** The gold market seems to be awash in a series of private forecasts that project gold prices to rise to various targets, some of which are pretty lofty. It would seem like the compacted rally yesterday served to temporarily put the gold market in a short term overbought condition, as December gold into the opening this morning is as much as \$13 an ounce below yesterday's peak. Surprisingly the story about lingering concerns of a UK sovereign debt downgrade threat haven't played that loudly in the marketplace this morning, perhaps because global equity markets are also showing early profit taking action. Some in the gold trade are anticipating some support from a speech from the US FDIC head later in the trading session today, while others think that Fed speeches are also capable of impacting gold prices today. With gold prices waffling around both sides of the even number \$1,100 level in the early action today, the \$1,100 level could be seen as a critical pivot zone into the close today. A lack of scheduled data today and initial indecision in the equity markets might mean that the source of today's gold trend might come from one of several US speeches. A bit of profit taking is possible as the compacted rally yesterday seems to have pulled in quite a bit of spec buying. The overnight headlines are rife with ultra rosy price projections, as gold is clearly in "big time vogue". We can't call an end to the upward bias, but a back and fill chop could see December gold temporarily fall down to up trend channel support down at \$1,092.50, with that support level rising to \$1,095.50 on Wednesday.

## SILVER

**SILVER MARKET FUNDAMENTALS:** The silver markets early action today has to be a little disappointing to the bull camp, as the December silver contract has fallen well below the prior two session's lows. With international equity markets choppy, the Dollar minimally higher and gold prices failing to provide distinctly positive leadership

early, the bear camp in silver seems to have the majority of the outside market action working in its favor early today. With a slack German ZEW reading overnight, soft industrial metals and energy price action, it is likely that silver is also being pulled down because of its physical commodity market standing. Unlike gold, the silver market isn't seeing a rash of extremely bullish long term upside price forecasts and that seems to have put silver in a position to simply follow the day to day lead of gold prices. With the December silver contract to the early lows this morning, virtually taking out the prior two session's lows, one could suggest that the technical condition in silver has shifted into the bear's favor. We see the prospect for a near term slide back down to \$17.00, which is an old up trend channel support line off the September lows. Closer-in support is seen at \$17.10, with the initial bias today pointing downward.

### **METALS TECHNICAL OUTLOOK:**

Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

COMEX GOLD (DEC) 11/10/2009: The rally brought the market to a new contract high. Rising stochastics at overbought levels warrant some caution for bulls. The market's close above the 9-day moving average suggests the short-term trend remains positive. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside objective is at 1119.6. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 1111.9 and 1119.6, while 1st support hits today at 1096.3 and below there at 1088.3.

COMEX SILVER (DEC) 11/10/2009: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's short-term trend is positive on the close above the 9-day moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 1795.8. The next area of resistance is around 1778.2 and 1795.8, while 1st support hits today at 1742.8 and below there at 1724.9.

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