

The Hightower Report

Futures Analysis & Forecasting

Daily Financial, Currency and Metals
Commentary
Wednesday March 10, 2010

	Estimate	High	Low	
03/10 10-Yr Auction		-	-	-
03/10 German Consumer Price Index	1:00 AM	-	-	-
03/10 German Foreign Trade	1:00 AM	+ .5%	+ .5%	+ .2%
03/10 France Industrial Production	1:45 AM	-	-	-
03/10 UK Industrial Production	3:30 AM	-	-	-
03/10 Wholesale Trade	7:30 AM	-	-	-
03/10 EIA Energy Stocks	9:30 AM	-	-	-
03/10 Japan GDP	5:50 PM	-	-	-
03/11 30-Yr Auction		-	-	-
03/11 Swiss Monetary Policy	2:30 AM	-	-	-
03/11 Canadian Industrial Capacity	7:30 AM	-	-	-
03/11 Canadian International Merch	7:30 AM	-	-	-
03/11 Initial Jobless Claims	7:30 AM	-	-	-
03/11 US Trade Balance	7:30 AM	-	-	-
03/11 EIA Gas Storage	9:30 AM	-	-	-
03/12 Euro-zone Industrial Product	4:00 AM	-	-	-
03/12 Canadian Labor Force Survey	6:00 AM	-	-	-
03/12 Business Inventories	7:30 AM	-	-	-
03/12 Retail Sales	7:30 AM	-	-	-
03/12 University of Michigan Consu	8:45 AM	-	-	-
03/14 Japan Tankan Survey	5:50 PM	-	-	-
03/15 13 and 26 Week Bill Auction		-	-	-
03/15 Japan Consumer Confidence Su	12:00 AM	-	-	-
03/15 Swiss Producer Price Index	2:15 AM	-	-	-
03/15 New York Empire State Manufa	7:30 AM	-	-	-
03/15 Capacity Utilization	8:15 AM	-	-	-
03/15 Industrial Production	8:15 AM	-	-	-
03/15 NAHB - Housing Market Index	12:00 PM	-	-	-

BONDS COMMENTARY

03/10/10

Not enough concern on the recovery to offset residual supply worries

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS -70

The Treasury market continues to see a number of cross currents that are serving to lock Treasury prices within a tight trading range. On one hand, the bull camp saw a favorable auction for 3 Year notes yesterday, hints from a key Fed member that rates might stay on hold for 3 or 4 more Fed meetings, residual sovereign debt fears and US economic readings that are just unimpressive. However, the market also appears to be undermined by ongoing fears that US debt will continue to explode in the wake of an avalanche of forced "change" from Washington and the market was also undermined off a suggestion from a US fund manager, that investors avoid US government debt. With the first leg of Treasury auction supply going off solid and a ratings agency overnight suggesting that the UK debt outlook remains negative, the flight to quality angle could leave the Treasury bulls with a minor edge. In fact, seeing the Fed's Evans suggest that US easing looks to remain in place for 6 months, is probably one of the bigger underpins for Treasury prices. On the other hand, an all out push for a highly controversial US Health Care reform act would seem to reiterate the fear that the US doesn't have the slightest interest in reigning in government spending. With another Congressional resignation yesterday, accompanied by statements from that lawmaker, that the US financial situation was much worse than anyone realizes the heat could be turned up on the \$21 billion of 10 Year Notes later this morning. While international economic news was partially upbeat from China overnight, that positive tilt was more than offset by soft UK manufacturing output readings and a negative 4th GDP reading from Italy. With a Federal Budget Balance to be released late in the trade today, Treasury Secretary Geithner testifying before the House on the



2011 budget and the auction results expected at mid session, it will be a neat trick if the bulls can get the market to look beyond the supply side of the equation.

On the other hand, even Iran was able to auction off 100 million in bonds overnight and therefore one would think that the US would be able to sell its debt! However, earlier in the trading session today, the market will be presented with a US Wholesale Trade Inventories report, which is expected to rise slightly and that could provide a bit of a positive bid to Treasuries. In general, the trade seems to be questioning the recovery track, perhaps because of the extremely thin slate of scheduled data points so far this week. In looking forward, the market will only begin to see first tier economic readings on Friday morning therefore the trade might not get a distinct macro direction on the economy for another two trading sessions. In the mean time, we can't rule out a dip down to the 116-00 level in June Bonds, with a similar dip in June Notes possible seen down to the 116-25 level. The rally off the 3 Year Note auction yesterday was roughly 12 ticks and we would be surprised to see that type of rally today off the 10 year auction results. Pushed into the market we would be lightly short this morning because of the number of supply side issues facing the market later today.

TODAY'S MARKET IDEAS:

Despite assurances from China on demand and a favorable initial auction result, Treasury prices are favoring the downward tilt.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Short 1 June bond at 116-31, with an objective of 113-10. *Risk the position to 118-14.

BONDS 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.

BONDS (JUN) 03/10/2010: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The daily closing price reversal up on the daily chart is somewhat positive. The market has a slightly positive tilt with the close over the swing pivot. The next downside objective is 115-270. The next area of resistance is around 116-280 and 117-060, while 1st support hits today at 116-070 and below there at 115-270.

10 YR TREASURY NOTES (JUN) 03/10/2010: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The close below the 9-day moving average is a negative short-term indicator for trend. Market positioning is positive with the close over the 1st swing resistance. The next downside target is now at 116-215. The next area of resistance is around 117-100 and 117-150, while 1st support hits today at 116-295 and below there at 116-215.

STOCKS COMMENTARY

03/10/10

Apparently the bull camp continues to get the benefit of the doubt

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

S&P 500 +120, DOW +11

The tech sector and pharma shares are doing their part in supporting the broad market this week. In fact, in looking at the charts yesterday, the market was able to reject a noted selling wave and make a positive close and a fresh new high for the move in many market measures. The market could have been cheered by favorable Chinese trade data overnight, but unfortunately for the bull camp in stocks, the number flow out of the UK and the Euro zone overnight mostly served to temper the optimism fostered by the Chinese news. In looking forward, the fear of surging debt and ongoing debt ratings concerns toward the UK, seem to provide an



ongoing threat to the bull camp. However, recent Fed dialogue was supportive of the bull theme, as the Fed's Evans indicated that the US Fed was likely to remain with the easing stance for the next 3 or 4 Fed meetings. Apparently the stock market isn't overly concerned about the lack of US data flow this week, as the trade has generally managed to keep positive momentum in place, off very little headline assistance. Therefore, we have to leave the edge with the bull camp, but we are concerned with the amount of deficit news that could be seen in the Wednesday trading session.

S&P 500: The March S&P mostly remains in a positive tilt in the early going today and that is somewhat surprising considering that the trade is fearful of financial sector punishment within the impending financial reform push. Up trend channel support in the March S&P is seen at 1130.50 today, with that support level rising to 1134.75 on Thursday. However, there will be plenty of focus on US debt today, with a US Budget reading, another US auction and US Treasury Secretary testimony on the US 2011 budget and that flow of news could end up favoring the bear camp toward the end of the trading session today.

DOW: The up trend channel in the March Mini Dow seems to remain in place, despite ideas that upside momentum is slowing. A buyout in the Biotech sector overnight seems to be providing the broad market with a slight lift in the early going today especially after the markets saw some slightly disappointing economic news from both the UK and the Euro zone overnight. Up trend channel support in the March Mini Dow is seen at 10,416 today and that trend line support rises to 10,444 on Thursday. The bulls have the trend, even if the trade seems to be rising without a distinctly positive fundamental force. Initial resistance in the March contract today is seen at 10,591.

NASDAQ: The March Nasdaq managed a very impressive range up extension in the prior trading session and has managed to hold the brunt of those gains into the Wednesday morning trade. Clearly favorable tech sector news has flowed from a number of sources this week, with favorable merger and buyout news from the Biotech sector seen again overnight. At least in the early trade today, the March Nasdaq would seem to have initial support at even number 1900 and there might be little in the way of resistance until 1912. Unless the market starts to place its vote on health care reform, the bias looks to remain up.

TODAY'S MARKET IDEAS:

A minimal bullish tilt remains in place but the bulls need fresh headline help to extend the Feb/March rally.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

STOCKS 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.

S&P 500 (MAR) 03/10/2010: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's short-term trend is positive on the close above the 9-day moving average. The outside day up is somewhat positive. Market positioning is positive with the close over the 1st swing resistance. The near-term upside target is at 1153.55. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 1149.00 and 1153.55, while 1st support hits today at 1135.80 and below there at 1127.15.

S&P E-MINI (MAR) 03/10/2010: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. The upside daily closing price reversal gives the market a bullish tilt. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 1153.18. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 1147.37 and 1153.18, while 1st support hits today at 1133.63 and below there at 1125.69.

DOW (MAR) 03/10/2010: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 10480. The next area of resistance is around 10540 and 10560, while 1st support hits today at 10500 and below there at 10480.

MINI-DOW (MAR) 03/10/2010: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. The upside daily closing price reversal gives the market a bullish tilt. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 10666. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 10620 and 10666, while 1st support hits today at 10514 and below there at 10454.

NASDAQ (MAR) 03/10/2010: A new contract high was made on the rally. Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. The outside day up is a positive signal. There could be more upside follow through since the market closed above the 2nd swing resistance. The near-term upside objective is at 1930.00. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 1917.00 and 1930.00, while 1st support hits today at 1886.00 and below there at 1868.00.

MINI-RUSSELL 2000 (MAR) 03/10/2010: The market made a new contract high on the rally. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. A positive signal was given by the outside day up. Market positioning is positive with the close over the 1st swing resistance. The next upside target is 679.7. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 674.9 and 679.7, while 1st support hits today at 664.1 and below there at 658.2.

DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
FINANCIAL COMPLEX										
USAAMO	116-170	48.13	49.85	69.79	64.89	116.86	117.13	116.40	116.13	115.93
TYAAMO	117-035	55.11	55.76	47.23	45.20	117.15	117.27	116.78	116.19	115.97
SPAHO	1142.40	79.82	69.73	91.98	93.25	1134.13	1121.42	1108.88	1106.08	1108.03
EPHO	1140.50	79.95	69.82	91.80	92.94	1134.06	1121.39	1108.88	1106.07	1108.02
TFEHO	669.5	86.33	77.50	93.68	94.17	662.98	649.69	636.53	626.11	624.96
NDAHO	1901.50	82.47	72.27	91.44	92.79	1883.75	1857.11	1831.29	1821.59	1826.80
YMH0	10567	74.43	66.33	89.27	90.60	10519.75	10430.78	10355.39	10321.27	10345.13
DFAHO	10520	69.67	63.56	85.56	81.54	10508.50	10425.78	10353.83	10318.69	10341.67

Calculations based on previous session. Data collected 03/09/2010

Data sources can & do produce bad ticks. Verify before use.

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
FINANCIAL COMPLEX						
USAAMO	Bonds	115-260	116-060	116-160	116-280	117-060
TYAAMO	10 Yr Treasury Notes	116-210	116-290	117-020	117-100	117-150
SPAHO	S&P 500	1127.15	1135.80	1140.35	1149.00	1153.55
EPHO	S&P E-Mini	1125.68	1133.62	1139.43	1147.37	1153.18
TFEHO	Mini-Russell 2000	658.1	664.1	668.9	674.9	679.7
NDAHO	NASDAQ	1868.00	1886.00	1899.00	1917.00	1930.00
YMH0	Mini-Dow	10454	10514	10560	10620	10666
DFAHO	Dow	10480	10500	10520	10540	10560

Calculations based on previous session. Data collected 03/09/2010
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CURRENCIES COMMENTARY

03/10/10

Apparently the Dollar will continue to win by default

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR -17, YEN -53, SWISS +20, CA DOLLAR +1

Upcoming International Reports (all times CT)

03/10 10-Yr Auction
03/10 German Consumer Price Index 1:00 AM
03/10 German Foreign Trade 1:00 AM
03/10 France Industrial Production 1:45 AM
03/10 UK Industrial Production 3:30 AM
03/10 Wholesale Trade 7:30 AM
03/10 EIA Energy Stocks 9:30 AM
03/10 Japan GDP 5:50 PM
03/11 13 and 26 Week Bill Auction
03/11 30-Yr Auction
03/11 Swiss Monetary Policy 2:30 AM
03/11 Canadian Industrial Capacity 7:30 AM
03/11 Canadian International Merch 7:30 AM
03/11 Initial Jobless Claims 7:30 AM
03/11 US Trade Balance 7:30 AM
03/11 EIA Gas Storage 9:30 AM
03/12 Euro-zone Industrial Product 4:00 AM
03/12 Canadian Labor Force Survey 6:00 AM
03/12 Business Inventories 7:30 AM
03/12 Retail Sales 7:30 AM
03/12 University of Michigan Consu 8:45 AM
03/14 Japan Tankan Survey 5:50 PM
03/15 13 and 26 Week Bill Auction
03/15 Japan Consumer Confidence Su 12:00 AM
03/15 Swiss Producer Price Index 2:15 AM
03/15 New York Empire State Manufa 7:30 AM
03/15 Capacity Utilization 8:15 AM
03/15 Industrial Production 8:15 AM
03/15 NAHB - Housing Market Index 12:00 PM



DOLLAR: The Dollar remains bullishly biased in the early trade today and that is somewhat surprising considering the number of cross currents facing the Greenback over the last 24 hours. Supporting the Dollar is news that a ratings agency remains negative toward the UK debt situation and also generally soft UK and Euro zone economic data. Apparently the Dollar bulls are capable of tamping down favorable Chinese trade data overnight, perhaps because the UK and Euro zone data was the last data out. It would seem that the Dollar is being held back today somewhat because of ongoing run away US debt fears, which could be clearly fanned today by a surprising series of readings on US debt. In fact, today the market will see an official US Budget deficit update, Geithner testimony on the 2011 budget and another US Treasury auction and those events could end up being a drag on the slight upward early tilt in the Dollar. With the market seemingly embracing the news of ongoing concern for the UK debt standing, that has seemingly given the Dollar a flight to quality edge early and perhaps news of surging US debt won't serve to knock the Dollar bulls out of control. Critical support in the June Dollar index is seen at 80.97 this morning, with little in the way of resistance until the 81.20 level.

EURO: As suggested already, the Euro zone saw some negative Italian GDP readings for the 4th quarter but that news was at least partially offset by a positive January Italian Industrial output reading. The Euro also seems to be partially undermined by suggestions from Greece, that they will need support unless their borrowing costs are brought down. Apparently Greece continues to angle for some type of credit term assistance and that might be

more acceptable to the Germans. Nonetheless, the Greeks think that they might get help from the IMF, but that is difficult considering that Greece doesn't have its own currency. While we have to leave the edge with the bear camp in the Euro, one has to give the bull camp a little credit for a quasi coiling pattern on the charts around the 1.36 level. Pushed into the market, we would still favor the downside, but the Euro might be temporarily bailed out by debt and political news from the US.

YEN: The Yen seems to have lost the bid again and that would appear to be the result of ongoing gains in US equities yesterday and a positive Chinese macro economic news flow overnight. With a big range down failure in the Yen overnight, that could bring in up trend channel support down at 1.0937 today as a target with that level rising to 1.0943 on Thursday. In the end, the Yen remains a flight to quality instrument and apparently the current focus in the market is for liquidation in flight to quality instruments.

SWISS: The trade overnight was kicking around the idea that the SNB might have intervened to restrict the upward track in the Swiss. We think that the Greek credit spreads comment served to rekindle debt fears and that undermined the Swiss. We also think that the market overstated the demand for risk instruments early in the week and this week's highs, in the Swiss will probably only be revisited in the event that the global macro economic outlook makes a noted improvement. At least in the near term, aggressive traders might look to sell the June Swiss on rallies back to 93.27.

POUND: At least two things (maybe more) look to be hanging around the neck of the Pound in the Wednesday trade. First of all, Fitch suggested overnight that the outlook for UK debt remains negative and secondly the UK showed a decline in January Industrial output readings. Not surprisingly, the Pound wasn't able to benefit from what seemed to be favorable Chinese trade figures overnight and that highlights the dismal condition of UK sentiment! We don't see a fundamental reason for the Pound to avoid a return to the early March lows.

CANADIAN DOLLAR: Apparently global macro economic sentiment remains just positive enough to leave the Canadian well bid. Clearly, favorable Chinese trade data and an ongoing bullish bias in equities are enough to underpin the Canadian, which looks at least partially overbought technically. However, there is so little competition for the Canadian and therefore it might continue to win by default.

TODAY'S MARKET IDEAS:

Dollar and Canadian look to have the edge over most currencies.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

1) Long a June Yen 109/103 bear put spread for 200 points. Risk the trade to a loss of \$800 and use an objective of 108 in the Yen futures. 2) Long a June Yen 103 puts for 125, with an objective of 230. Risk the trade to a close below 60.

CURRENCIES 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.

US DOLLAR (MAR) 03/10/2010: Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The close over the pivot swing is a somewhat positive setup. The next downside target is 80.18. The next area of resistance is around 80.78 and 81.05, while 1st support hits today at 80.35 and below there at 80.18.

EURO (MAR) 03/10/2010: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The intermediate trend has turned down with the cross over back below the 18-day moving average. The market tilt is slightly negative with the close under the pivot. The next upside target is 136.93. The next area of resistance is around 136.51 and 136.93, while 1st support hits today at 135.51 and below there at 134.94.

JAPANESE YEN (MAR) 03/10/2010: The market now above the 40-day moving average suggests the longer-term trend has turned up. Declining momentum studies in the neutral zone will tend to reinforce lower price action. The market's short-term trend is negative as the close remains below the 9-day moving average. Market positioning is positive with the close over the 1st swing resistance. The next downside target is now at 110.28. The next area of resistance is around 111.57 and 112.01, while 1st support hits today at 110.71 and below there at 110.28.

SWISS (MAR) 03/10/2010: A positive indicator was given with the upside crossover of the 9 and 18 bar moving average. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's short-term trend is positive on the close above the 9-day moving average. It is a slightly negative indicator that the close was lower than the pivot swing number. The near-term upside objective is at 93.61. The next area of resistance is around 93.35 and 93.61, while 1st support hits today at 92.69 and below there at 92.30.

DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
CURRENCY COMPLEX										
DXAH0	80.56	54.76	57.04	50.33	47.32	80.52	80.52	80.50	79.35	78.97
JYAH0	111.13	47.68	49.69	66.47	58.35	111.19	111.97	111.17	110.59	110.51
EUAH0	136.01	44.56	41.45	46.43	51.54	136.09	136.08	136.12	139.20	140.45
BPAH0	149.97	30.85	31.11	25.15	26.81	150.65	150.88	153.35	157.51	158.40
CAAH0	97.44	72.59	66.13	85.45	90.54	97.22	96.40	95.96	95.49	95.30
SFAH0	93.02	46.70	43.83	53.12	57.87	93.03	93.01	92.97	94.73	95.14
DAAH0	91.32	68.56	62.45	85.72	90.02	0.91	0.90	0.90	0.90	0.89

Calculations based on previous session. Data collected 03/09/2010

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DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAH0	US Dollar	80.17	80.34	80.61	80.78	81.05
JYAH0	Japanese Yen	110.27	110.70	111.14	111.57	112.01
EUAH0	Euro	134.93	135.51	135.93	136.51	136.93
BPAH0	British Pound	148.74	149.36	149.97	150.59	151.20
CAAH0	Canadian Dollar	96.57	97.04	97.37	97.83	98.17
SFAH0	Swiss	92.29	92.69	92.95	93.35	93.61
DAAH0	Australian Dollar	90.23	90.86	91.14	91.77	92.05

Calculations based on previous session. Data collected 03/09/2010

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PRECIOUS METALS COMMENTARY

03/10/10

Look for an upside breakout today in the silver market

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
GOLD +5.10, SILVER +15.70, PLATINUM +16.10**

London Gold Fix \$1124.50 +4.50 LME Copper stks 538,175 tons -700 tons
GOLD stks 9.975 ml oz Unch oz SILVER stks 109.8 ml oz -432,252 oz



OUTSIDE MARKET DEVELOPMENTS: On balance the macro economic news flow overnight was mixed, but apparently precious metals and other physical commodity markets have decided to embrace favorable Chinese trade news. According to some analysts, Chinese trade data hints at an ongoing recovery in the Chinese economy, even if that news was partially countervailed by evidence of weaker Chinese loan activity. With a fresh 2 year high in palladium prices recently and more gains in the platinum group metals markets again overnight, it would appear that gold and silver prices this morning are getting a lift from the "other" precious metals markets. Countervailing the favorable Chinese trade data overnight, is news that UK debt concerns have remained in the headlines overnight. However, a generally positive ongoing bias in many global equity markets this week, has apparently kept the macro economic outlook positive, even though the US report slate this week has been very thin. The markets today will see a US Budget balance reading, Wholesale trade inventories and US Treasury Secretary testimony on the 2011 budget and that could provide some fresh market fireworks. The trade will also see the second leg of a three leg US Treasury auction cycle.

GOLD

GOLD MARKET FUNDAMENTALS: As suggested already, the gold market seems to be watching positive leadership from the PGM's overnight and that news is apparently enhanced by press reports of decent demand for gold in the Indian gold trade. Some players are suggesting that a series of daily declines in gold recently set the market up for some bargain hunting buying today. However, a minor rise in the Dollar and ongoing Greek credit term concerns are seen as limiting forces in the Wednesday US gold trade. It would also seem like the bear camp wants to continue to play up the idea that the pace of the global recovery is weak and uneven. It did appear as if the Fed's Evans suggestions yesterday afternoon, about the Fed remaining on hold for another 6 months, helped to lift gold prices. While the market also saw news of a slight decline in physical gold production overnight from a minor producer, the gold market really hasn't paid that much attention to physical supply side stories lately. In the end, the bull camp has to be happy with the ability to rally gold prices early this morning in the face of a weaker Euro. The gold market seems to have become undervalued into the prior session's lows. In fact, even the Indian gold market was stirred into action by the setback in prices yesterday and that might mean that \$1,108 level is currently being seen as a value zone. Down trend channel resistance isn't seen until \$1,142.80 in the April gold contract and that might be a fair near term target. It should be noted that down trend channel resistance falls to \$1,141 on Friday.

SILVER

SILVER MARKET FUNDAMENTALS: The bulls are making a big deal out of the residual strength in platinum group metals prices this week as that would seem to suggest that sentiment toward industrial and precious metals markets is strengthening. The bulls might also point to the prospect of a tightening of physical silver supply with another minor decline in daily silver exchange warehouse stocks posted overnight. However, supply hasn't exactly been a dominating fundamental force in the silver trade lately and therefore action in equities and other physical commodity markets might continue to be very important to the silver trade. Nonetheless, the silver bulls seem to be able to foster favorable forward demand expectations even in the face of a thin US report slate this week and that in turn could justify silver prices sitting within close proximity to the highest silver price level since January 21st. Like gold, seeing silver prices manage a rise this morning in the face of a higher US Dollar, would seem to suggest that the bulls are managing to win the early battle today. One can't discount the prospect of an upside breakout on the silver charts directly ahead, especially since the silver market is showing strength in the face of many outside market negatives. Apparently silver prices below \$17.00 are now considered too cheap for conditions, but we are just not convinced that silver prices are destined to rise sharply above the \$17.50 level in the May contract in the coming trading sessions.

PLATINUM

The platinum market has managed a very distinct upside breakout extension on the charts overnight and that hints at ongoing bullish control. Perhaps favorable Chinese trade news overnight simply gives the relatively tight supplied PGM's a chance of returning to the January highs, which are located up at \$1,654. In the end, platinum and palladium are small supply markets that appear to be facing rising global demand.

TODAY'S MARKET IDEAS:

The bulls control despite strength in the Dollar and that hints at a change of fundamental focus in the metals markets.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COPPER COMMENTARY

03/10/10

After coiling pattern the bulls look to regain control again

GENERAL: For a change, the copper market is being pulled up by the precious metals markets. In fact, copper prices might also be getting some spillover support from ongoing gains in PGM's prices. Up trend channel support in May copper is seen at \$3.3990 today and that support level rises to \$3.4250 on Thursday. While it is still too early to suggest that a pattern of daily declines in LME warehouse copper stocks has become a trend, a continuation of that pattern might eventually be seen as confirmation of solid world copper demand. On the other hand, one would expect copper to derive some support from favorable Chinese trade figures released overnight. In fact, a 10% rise in Chinese February copper product imports, should underpin copper prices and perhaps set the stage for a rise in prices back above the early March high of \$3.4870 in the May copper contract.



TODAY'S MARKET IDEAS:

The bulls have the headlines in their favor today.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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 (APR) 03/10/2010: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. The close below the 9-day moving average is a negative short-term indicator for trend. The market tilt is slightly negative with the close under the pivot. The next downside objective is 1101.8. The next area of resistance is around 1129.0 and 1135.5, while 1st support hits today at 1112.2 and below there at 1101.8.

COMEX SILVER (MAR) 03/10/2010: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. The daily closing price reversal up on the daily chart is somewhat positive. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 1763.2. The next area of resistance is around 1752.5 and 1763.2, while 1st support hits today at 1711.1 and below there at 1680.3.

COMEX PLATINUM (APR) 03/10/2010: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market's close below the pivot swing number is a mildly negative setup. The next upside target is 1618.72. The next area of resistance is around 1607.25 and 1618.72, while 1st support hits today at 1577.55 and below there at 1559.33.

COMEX COPPER (MAR) 03/10/2010: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market's close below the pivot swing number is a mildly negative setup. The next downside target is 331.80. The next area of resistance is around 340.70 and 343.40, while 1st support hits today at 334.90 and below there at 331.80.

DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	4 DAY M AVG	9 DAY M AVG	18 DAY M AVG	45 DAY M AVG	60 DAY M AVG
METALS COMPLEX										
GCAJ0	1120.6	51.31	52.30	78.04	71.14	1128.23	1126.59	1117.68	1112.00	1111.39
SIAH0	1731.8	66.55	60.07	88.24	90.58	1727.20	1694.44	1646.14	1686.29	1695.21
PLAJ0	1592.40	66.21	61.47	83.65	86.32	1588.80	1569.98	1547.09	1548.63	1523.67
CPAH0	337.80	60.02	58.09	79.78	78.18	338.44	334.96	329.02	325.85	324.61

Calculations based on previous session. Data collected 03/09/2010

Data sources can & do produce bad ticks. Verify before use.

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
METALS COMPLEX						
GCAJ0	COMEX Gold	1101.7	1112.1	1118.6	1129.0	1135.5
SIAH0	COMEX Silver	1680.2	1711.0	1721.7	1752.5	1763.2
PLAJ0	COMEX Platinum	1559.32	1577.55	1589.02	1607.25	1618.72
CPAH0	COMEX Copper	331.80	334.90	337.60	340.70	343.40

Calculations based on previous session. Data collected 03/09/2010

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