

## ADMIS DAILY FINANCIAL MARKETS Thursday July 29, 2010



### Today's Outlook

**BONDS:** Favorable European and UK numbers leaves the bears with the edge

**STOCKS:** US earnings are strong but mixed economic signs; dollar supports today

**METALS:** Weaker dollar, physical demand supportive to gold

**COPPER:** The copper market continues its recent rally this morning.

**CURRENCIES:** The Dollar stays on the defensive this morning.

### Overnight Price Changes

<b>BONDS</b>	<b>+10</b>	<b>FTSE</b>	<b>N/A</b>	<b>SF</b>	<b>+128</b>	<b>GOLD</b>	<b>+5.10</b>
<b>S&amp;P</b>	<b>+580</b>	<b>DOLLAR</b>	<b>-601</b>	<b>CANADIAN</b>	<b>+65</b>	<b>SILVER</b>	<b>+15.90</b>
<b>DOW</b>	<b>+43</b>	<b>YEN</b>	<b>+75</b>	<b>EURO</b>	<b>+103</b>	<b>PLATINUM</b>	<b>+11.10</b>

London Gold Fix \$1166.00 +\$2.00 LME Copper Stocks 411,525 tons +100 Gold Stocks 11.085 ml oz -93,473,  
Silver Stocks 110.551 ml oz +202,178

### Bonds and Stock Market Overview

**BONDS:** Treasury markets reversed overnight gains and are in the process of correcting Wednesday's charge higher. Economic data released overnight came in positive and supportive to the economic recovery theme, and that is seen as a factor weighing on Treasury prices. Japanese retail sales marked their sixth consecutive up month, while German unemployment figures fell in line with expectations.

**STOCKS:** Solid gains in equity markets in Europe led by potential strong bank earnings due to declining bad loan provisions combined with another new low for the move in the US dollar helped support the market overnight. Given the short-term overbought condition of the market basis traditional technical indicators, it may take a continued flow of positive news to keep the market in a short-term uptrend. June U.S.

### Currency Market Overview

#### **Upcoming International Reports (all times CT)**

07/29 13 and 26 Week Bill Auction  
 07/29 UK Consumer Confidence  
 07/29 German Employment Situation 3:00 AM  
 07/29 Euro-zone Business and Consu 4:00 AM

07/29 Canadian Industrial Product 7:30 AM  
07/29 Initial Jobless Claims 7:30 AM  
07/29 EIA Gas Storage 9:30 AM  
07/29 Japan Consumer Price Index 6:30 PM  
07/29 Japan Household Spending 6:30 PM  
07/29 Japan Unemployment Rate 6:30 PM  
07/29 Japan Industrial Production 6:50 PM  
07/30 Euro-zone Unemployment Rate 4:00 AM  
07/30 Swiss KOF Leading Indicator 4:30 AM  
07/30 Canadian GDP (By Industry) 7:30 AM  
07/30 Employment Cost Index 7:30 AM  
07/30 GDP (Q2 '10) 7:30 AM  
07/30 ISM - NY^ 7:30 AM  
07/30 Chicago PMI 8:45 AM  
07/30 University of Michigan Consu 8:45 AM  
07/30 Japan Construction Orders 12:00 PM  
08/02 13 and 26 Week Bill Auction  
08/02 Construction Spending 9:00 AM  
08/02 Help Wanted Index Online 9:00 AM  
08/02 ISM Manufacturing Index 9:00 AM

**DOLLAR:** The Dollar has been under broad-based pressure this morning, and has now reached the lowest valuation since April. Although the comparison between US economic prospects with those of overseas nations has been played up over the past few weeks, the contrast created by today's decent Euro Zone numbers versus yesterday's US Durable Goods/Beige Book combination may have been the main factor in sending the Dollar down to new lows. With the markets experiencing little in the way of risk flare-ups during the past week, safe-haven support for the Dollar has been eroding away as well.

**EURO:** The September Euro has been the main beneficiary of Dollar weakness, appearing to make a decisive breakout up to new high ground for the move. While today's drop in German Unemployment was expected, the rise in Euro zone sentiment above the 100.0 level was a surprise to the market. As long as EU debt problems stay in the background, the September Euro will likely hold onto the current upside momentum.

**YEN:** The September Yen may also benefit from widespread Dollar weakness, but the decline in market risk concerns may make it difficult for a move back towards the recent highs. As long as the markets remain relatively quiet news-wise, the September Yen will still remain vulnerable to an extended move to the downside. Look for the September Yen to move towards the 115.10 resistance area, but a sharp rally to new highs may require a risk flare-up to fuel the move.

**SWISS:** The September Swiss has been able to benefit from today's positive news from the Euro zone, as prices have returned towards the high end of the recent range. Without fresh news, a move to new highs may be a bit ambitious but a move through the 96.00 level could occur if the Dollar remains under pressure through the day.

**POUND:** Today's UK economic data has not been that positive, but the September Pound has been able to extend the recent rally up to new highs. With a well established uptrend to support this rally, the September Pound should continue to hold today's early strength. An upmove to the 1.5725 area for the September Pound may need some better UK news, however, as the market's focus remains on the Euro zone today.

**CANADIAN DOLLAR:** The dampening of risk concerns has provided a great deal of support for the Sept Canadian, but an inability to hold a move past the 97.00 level may be troubling. Decent Canadian economic factors are likely to support the Sept Canadian at these levels, but the market may need to see more positive data before an upmove can take hold.

### **Metals Markets Overview**

**GOLD:** Gold is finding modest support this morning off of a weaker dollar and physical buying in Asia. The state of California declaring a "State of Fiscal Emergency" (which it also did last year at this time) may heighten anxiety over the US economic situation today and further undermine the Dollar. This could increase investor risk aversion and support gold.

**SILVER:** Silver appears to be getting a bounce this morning off higher equity price in Europe, the weaker dollar, and modest gains in other commodities like crude oil. This comes after a disappointing day yesterday, during which September silver fell to its lowest level since July 7th. Yesterday's disappointing US economic numbers were the trigger for early pressure on the market, but equity markets holding their ground in the face of negative news was a critical factor in preventing the selloff from turning into a washout.

**PLATINUM:** October platinum has been able to benefit from the weaker Dollar and has taken a firm step away from the recent lows. A shutdown at a South African mine has given some support to the market as well. A move up above the 1560.00 level may need further news to sustain it, however, as the market has unable to hold gains during the past week.

**COPPER:** September copper's upmove now has the market at the highest levels since early May, supported by stronger global equities as well as the broad-based weakness of the Dollar. While prospects for the US economy continue to give off a negative tone, concerns of a Chinese slowdown appear to have been dampened for the moment. Today's rare build in LME copper stocks was small, and still leaves that near its lowest level since mid-November.

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