

ADMIS DAILY FINANCIAL MARKETS Friday June 26, 2009



Today's Outlooks

BONDS: Bearish scheduled data probably discounted by lingering bullishness

STOCKS: The bulls can apparently push up prices with minimally bullish data

METALS: The bulls have regained the fundamental and technical edge

COPPER: The fundamentals have clearly shifted back in favor of the bull camp

CURRENCIES: Traders might buy the Canadian for a near term recovery bounce

Overnight Price Changes

BONDS	+20	FTSE	N/A	SF	+69	GOLD	+5.90
S&P	-260	DOLLAR	-544	CANADIAN	+68	SILVER	+23.50
DOW	-23	YEN	+48	EURO	+94	PLATINUM	+14.00

London Gold Fix \$943.00 +\$9.75 LME Copper stocks 270,250 tons -1,350 tons GOLD stks 8.715 ml oz +15,498 oz SILVER stks 118.5 ml oz -678,158 oz

Bonds and Stock Market Overview

BONDS: While the stock market has shown definitive strength this week and the US numbers have generally been better than initial expectations, the Treasury market really came alive in the face of an up tick in initial claims and a favorable end to the latest Treasury auction yesterday morning. In other words, the bull camp showed much more resolve and buying capacity than we expected, especially since it seemed like the market saw a quasi perfect storm early in the week and the market didn't seem like it was poised to forge another distinct upside breakout. Nonetheless, one might suggest that an improvement in the economy overall, might actually be a development that provides some short covering interest, as it is possible that the trade was factoring in unrelenting and run away US debt supply.

STOCKS: Surprisingly the stock market managed to mostly reject the slightly discouraging initial and ongoing claims readings from the US yesterday. In fact, seeing Treasuries rally aggressively and seeing US stocks marching higher on the charts is somewhat of an anomaly. Apparently the stock market was cheered by the performance of Bernanke in the face of a Congressional witch hunt.

Currency Market Overview

DOLLAR: The Dollar has come into the action today under a liquidation wave and is perhaps poised to fall back below the 80.00 level in the trade this morning. The Dollar yesterday seemed to get some renewed inflation type buying yesterday but that tilt was very short lived and the real and mostly bearish bias of the Dollar eventually triumphed. Some players are suggesting that the Dollar is falling because risk appetites are declining and money is moving toward equities and other instruments that should perform well in a continued recovery effort.

EURO: With the Dollar showing weakness and the fear of risk apparently declining further, it is not surprising to see more money move toward the Euro this morning. In fact, with a French Consumer Confidence reading improving more than was expected overnight, there would even seem to be fundamental justification for buying the Euro. As in the Dollar down trend bias, the Euro probably needs to see continued gains in global equity markets to facilitate even more gains in the Euro.

YEN: The Yen just seems to be a side show, with the ebb and flow of sentiment vacillating between the Dollar, Euro, Pound and Canadian. With some deflationary news from Japan overnight and the need for flight to quality investments seemingly on the decline, we have to think the path of least resistance in the Yen is set to remain down. In fact, we would be surprised to see the September Yen manage even a rise above 104.78 without a significant reversal in the US equity markets.

SWISS: The Swiss seems to be undervalued and into a positive swing on the charts this morning. With a positive KOF Leading indicator (apparently the first positive reading in that measure in over two years) the Swiss, like the Euro might have something besides a general abatement of risk, to justify a near term rise on the charts. Near term upside targeting in the September Swiss, is seen up at 93.03 today and perhaps even at 93.45 early next week.

POUND: With the overall global macro economic outlook seemingly improving and the Pound clearly rejecting a sell off in the prior trading session, it is possible that the September Pound is poised for a quick return to the top of the consolidation zone at 166.00. Favorable US housing information and up beat economic readings from France and Switzerland overnight, would seem to leave the recovery currencies in a position to rally. Pushed into the market, one has to be long the Pound, but buying strength certainly increases the risk and narrows the reward potential.

CANADIAN DOLLAR: The Canadian was clearly undermined by the slack US data in the prior trading session, but with the markets overall seemingly more up beat today it would appear that the bulls have regained the upper hand. However, the Canadian charts were damaged with the rather severe June correction and it could take a rise back above a down trend channel resistance line up at 89.07 today and at 88.86 on Monday, to fully shift the technicals back into the bull's favor. We think that the June swoon in the Canadian makes it one of the better (perhaps cheaper) instruments on the board to play for a continued improvement in the global outlook.

Metals Markets Overview

GOLD: Apparently the gold market isn't overly interested in classic supply side developments, as a major gold producer (Gold Fields) predicted a rise in their 4th quarter gold production overnight and that didn't seem to dent the overnight price gains much. However, the gold market continues to think that overall South African gold production will remain on the decline and there continues to be some concern about the potential for labor issues in South Africa eventually denting supply. Overall, the gold market just hasn't been that interested in most physical supply side developments lately.

SILVER: Like the gold market, the silver market appears to be faced with some slightly bearish classic supply side news into the US opening. However, silver also seems to be set to give signs of rising production little consideration, in the face of what seems to be, a mostly positive "economic bias". It should also be noted that silver exchange stocks declined overnight and that might be seen as a partial offset to the news of higher production at the mining level.

PLATINUM: Despite a continuing chorus of negative global auto sales dialogue, one would have expected platinum to be undermined this morning. However, there is still a strike threat, the Dollar is weak and economic sentiment is up beat. Therefore, the October platinum market is seemingly poised to see a rise back into overhead resistance up at \$1,239.

COPPER: Since the copper market was able to shake off a negative economic view early in the week and rally impressively, we have to think that the bull camp in the action today is set to have even more control. In addition to the ongoing typical pattern of declines in daily LME copper stocks, the copper market also saw a noted (pattern breaking) decline in weekly Shanghai copper stocks of 12,448 tons. With the Shanghai copper market reaching the highest level in two weeks overnight, the US numbers expected to be supportive this morning and the US Dollar weaker, the bull camp looks to have enough information to make a serious bid to push copper prices back up to the vicinity of the June highs.

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