The Hightower Report
Futures Analysis & Forecasting

Daily Financial, Currency and Metals Commentary
Friday September 17, 2010

		Estimate	High	Low	
09/17	German Producer Price Index	1:00 AM	-	-	-
09/17	Euro-zone Balance of Payment	3:00 AM	-	-	-
09/17	CPI	7:30 AM	+.4	+.4	+.2
09/17	Real Earnings	7:30 AM	-	-	-
09/17	University of Michigan Consu	8:45 AM	-	-	-
09/17	Fed Governor Tarullo Panel	10:30 AM	-	-	-
09/17	Commitments of Traders	2:30 PM	-	-	-
09/20	13 and 26 Week Bill Auction		-	-	-
09/20	Canadian Wholesale Trade	7:30 AM	-	-	-
09/20	NAHB - Housing Market Index	12:00 PM	-	-	-
09/21	4-Week Bill Auction		-	-	-
09/21	FOMC Meeting		-	-	-
09/21	Japan Index of Business Cond		-	-	-
09/21	Johnson Redbook Sales		-	-	-
09/21	Swiss Trade Balance	1:15 AM	-	-	-
09/21	Canadian Consumer Price Inde	6:00 AM	-	-	-
09/21	Weekly ICSC-UBS Chain Store	6:45 AM	-	-	-
09/21	Housing Starts and Pmts	7:30 AM	-	-	-
09/21	API Energy Stocks	3:30 PM	-	-	-
09/22	UK Monetary Policy Minutes		-	-	-
09/22	Euro-zone Industrial New Ord	4:00 AM	-	-	-
09/22	Canadian Leading Indicators	7:30 AM	-	-	-
09/22	Canadian Retail Trade	7:30 AM	-	-	-
09/22	EIA Energy Stocks	9:30 AM	-	-	-

BONDS COMMENTARY
09/17/10

Traders might be forced to sell minor rallies as the trend remains down

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
BONDS +0

The pattern of lower lows and lower highs looks to have been extended overnight, as slightly better than expected US data from Thursday, slightly hot inflation readings and a noted Friday morning rally in equities seems to put a number of bearish forces in motion for US Treasuries. With a portion of the trade anticipating the need for a quantitative easing restart earlier in the week, the flow of data from the US this week had to be discouraging, as the odds of a move from the FOMC early next week looks to be reduced. With the equity markets showing upside progression that can also make the outlook for the economy feel even better. With the PPI registering a somewhat hot reading yesterday (especially in the midst of a slow patch in the US economy) it is possible that some Treasury traders are a little fearful of the CPI release later this morning. While the market will also be presented with Corporate Earnings and a Michigan Consumer survey, the market might not see the data flow today, as critical as the data from the prior trading session. It is also possible that US Treasuries are seeing additional pressure from traders and investors who are worried about a lash back from China in the wake of renewed US official complaints about the slow pace of appreciation in the Chinese currency. With China a stalwart investor of US Treasury debt, the Treasury market can ill afford to discount or ignore the potential for conflict off the Currency issue. So far this morning, the trade hasn't seen fresh Japanese intervention, even though the markets expected the BOJ to force their currency even lower. Some traders think that additional intervention by the Japanese will result in some fresh buying of shorter dated US securities. However, until the actual intervention surfaces, the US Treasury market probably keeps its attention on US/Chinese official dialogue, second tier economic data and the direction of the US equity markets. The bull camp clearly needs a softening in the numbers or some fresh international flight to quality development to turn the recent tide in prices. Unfortunately for the bull camp, the scheduled data flows today (with the exception of the CPI) are third tier data points. In reality, the CPI and inflation readings shouldn't be seen as an item that fully rekindles inflationary fears but seeing both PPI and CPI come out of an unchanged to +.3% range to the upside, probably gives off more of an inflation signal, than a deflation signal.

TODAY'S MARKET IDEAS:
It could be difficult to throw off the pattern of lower lows and lower highs today. In fact, with the US tossing stones at one of the biggest buyers of US Treasuries, one has to be concerned that China will decide to fire a verbal shot across the bow of the US Administration, who seems to periodically discount the presence of economic and market theory. Furthermore, the market also hasn't seen enough slack data this week to ratchet up the expectation for additional easing from the Fed next week. With the added burden of a slight increase in noted inflation readings from the US and UK, there would seem to be the potential for ongoing pressure from a number of fronts. As suggested already, about the only thing the bull camp can hope for is intervention spillover buying from the BOJ and unless the Yen starts to rise, intervention might not be seen today. Lastly, seeing US and global equity prices rise sharply looks to make the outlook for the economy seem even better and therefore the potential for a fresh new low for the move would seem to be good. We see initial resistance at 130-04 in December bonds, with similar resistance in December Notes seen at 124-01. While the pace of declines might not be that significant today, the bias looks to remain down.

NEW RECOMMENDATIONS:
None.

PREVIOUS RECOMMENDATIONS:
None.

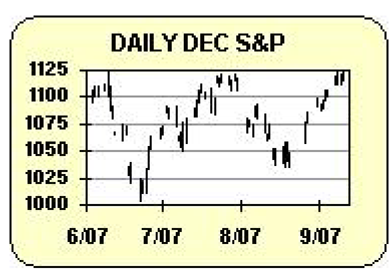
BONDS TECHNICAL OUTLOOK:
Note: Technical commentary is based solely on statistical indicators and does not necessarily correspond to any fundamental analysis that may appear elsewhere in this report.

BONDS (DEC) 09/17/2010: The close below the 40-day moving average is an indication the longer-term trend has turned down. Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is 128-110. The next area of resistance is around 130-220 and 131-240, while 1st support hits today at 129-000 and below there at 128-110.

10 YR TREASURY NOTES (DEC) 09/17/2010: The major trend has turned down with the cross over back below the 40-day moving average. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. A negative signal for trend short-term was given on a close under the 9-bar moving average. The market tilt is slightly negative with the close under the pivot. The near-term upside target is at 124-265. The next area of resistance is around 124-105 and 124-265, while 1st support hits today at 123-155 and below there at 123-040.

STOCKS COMMENTARY
09/17/10

The bulls have control and might not relinquish control easily



OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
S&P 500 +790, **DOW** +59

The US stock market looks to start the last trading day of the week with a positive tilt from international markets. In addition to economic readings that were better than expected from the US this week, the market also continues to get a decent flow of buy-out action and it also seems to be getting a distinctly positive flow of headlines from the tech sector. The markets don't seem to be too concerned about the Chinese economy, even after the Peoples Bank of China overnight warned of mounting bad debt in the wake of that country's recent structural reforms. Some analysts think that the overnight statements from the Peoples Bank of China area sign that loose monetary policies will remain in place and that more than countervails the debt issues in the Chinese economy. The markets also don't seem to be overly concerned about a 3% decline in Italian Industrial orders overnight. In fact, the markets seem to be taking their cue from a series of positive tech sector stories and therefore the trade initially seems to be viewing the glass as half full, instead of half empty in the early Friday morning trade.

S&P 500: The December S&P also looks to start the Friday session out with a big range up move, as prices have already reached the highest level since May 18th in the early action. The 1125 level is thought by some technical analysts to have become a new support zone, with others in the trade thinking that the next significant point on the upside is the May 18th high of 1135.90. With Johnson and Johnson thought to be poised to buy out Crucell and the trade hopeful of a slightly positive consumer sentiment reading later this morning, the bull camp is certainly embracing the positives and discounting potential negatives.

DOW: The December Mini Dow has ramped up sharply this morning and in the process it has reached the highest level since May 13th. In other words, the Mini Dow futures have technically forged an upside chart breakout and would appear to be poised to return to the vicinity of the flash crash! Regaining the 10,600 level on the charts in the Dow Jones Industrial average on the opening this morning will probably attract a number of headlines, as that would put the cash market within striking distance of the early August highs. Apparently the blue chip stocks are capable of rising, without the promise of additional quantitative easing from the US Fed.

NASDAQ: Favorable tech sector news was seen overnight, as RIM profits rose sharply and two other tech sector companies either announced share buy back efforts or posted strong profits. Therefore the market sees a distinctly positive spin from the tech sector and that sentiment seems to have spread to other sectors of the market. The tech trade seems to think that lean and mean tech sector stocks can thrive even in a slow but positively biased economy. Technically, the December Nasdaq did manage a gap up opening overnight and that put the Index at the highest level since May 12th. Unless the inflation readings trip up sentiment this morning, the scheduled US data flow is not generally expected to derail existing sentiment.

TODAY'S MARKET IDEAS:
The bulls clearly have control early in the Friday trading session and the initial data flows don't look to derail that control. However, with the range up action this morning and with many equity market measures sitting at 3 and 5 month highs, the trade probably won't simply discount the sentiment readings later this morning. In other words, a bit of favorable readings might be factored into prices already with the impressive range up action. However, news from the tech sector looks to be strong enough to carry the markets up for at least the first half of the Friday trading session. It is possible that a much hotter than expected CPI reading could create some concern, but that is probably just not an issue that has the capacity to fully derail the bulls.

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 (DEC) 09/17/2010: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's close above the 9-day moving average suggests the short-term trend remains positive. The close over the pivot swing is a somewhat positive setup. The near-term upside target is at 1131.55. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 1128.10 and 1131.55, while 1st support hits today at 1117.10 and below there at 1109.55.

S&P E-MINI (DEC) 09/17/2010: Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 1131.68. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 1128.12 and 1131.68, while 1st support hits today at 1116.88 and below there at 1109.19.

DOW (DEC) 09/17/2010: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. The downside closing price reversal on the daily chart is somewhat negative. It is a slightly negative indicator that the close was under the swing pivot. The near-term upside target is at 10538. The next area of resistance is around 10508 and 10538, while 1st support hits today at 10454 and below there at 10430.

MINI-DOW (DEC) 09/17/2010: 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 close over the pivot swing is a somewhat positive setup. The next upside target is 10632. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 10602 and 10632, while 1st support hits today at 10498 and below there at 10423.

NASDAQ (DEC) 09/17/2010: Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. It is a mildly bullish indicator that the market closed over the pivot swing number. The next upside target is 1966.75. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 1960.50 and 1966.75, while 1st support hits today at 1939.00 and below there at 1923.75.

MINI-RUSSELL 2000 (DEC) 09/17/2010: Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next upside objective is 657.5. The next area of resistance is around 653.3 and 657.5, while 1st support hits today at 642.6 and below there at 636.0.

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										
USAAZ0	129-270	39.91	45.25	27.63	21.81	130.69	131.12	132.38	129.78	128.63
TYAAZ0	123-290	45.19	48.23	33.14	35.09	124.11	124.08	124.57	123.76	123.11
SPAZ0	1122.60	72.60	65.33	91.23	95.81	1118.83	1106.33	1082.69	1086.44	1077.51
EPZ0	1122.50	71.48	64.58	90.63	95.50	1118.81	1106.42	1082.99	1086.56	1077.55
TFEZ0	648.0	64.25	59.52	87.10	91.30	648.65	640.02	625.22	628.97	625.73
NDAZ0	1949.75	79.60	70.79	92.21	96.67	1932.13	1899.58	1847.50	1850.76	1834.96
YMZ0	10550	70.46	63.85	89.24	94.97	10498.50	10412.11	10238.78	10280.42	10187.03
DFAZ0	10481	64.86	60.52	89.73	94.59	10481.25	10405.44	10230.33	10277.44	10184.80

Calculations based on previous session. Data collected 09/16/2010

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						
USAAZ0	Bonds	128-100	128-310	130-010	130-220	131-240
TYAAZ0	10 Yr Treasury Notes	123-035	123-150	123-310	124-105	124-265
SPAZ0	S&P 500	1109.55	1117.10	1120.55	1128.10	1131.55
EPZ0	S&P E-Mini	1109.18	1116.87	1120.43	1128.12	1131.68
TFEZ0	Mini-Russell 2000	636.0	642.5	646.8	653.3	657.5
NDAZ0	NASDAQ	1923.75	1939.00	1945.25	1960.50	1966.75

YMZ0	Mini-Dow	10422	10497	10527	10602	10632
DFAZ0	Dow	10430	10454	10484	10508	10538

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CURRENCIES COMMENTARY

09/17/10

The Dollar tracking lower again into the US opening

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR -89, **YEN** +1, **SWISS** +0, **CA DOLLAR** +30

Upcoming International Reports (all times CT)
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09/17 German Producer Price Index 1:00 AM
09/17 Euro-zone Balance of Payment 3:00 AM
09/17 CPI 7:30 AM
09/17 Real Earnings 7:30 AM
09/17 University of Michigan Consu 8:45 AM
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DOLLAR: The Dollar has been weak during overnight trading, and has now posted a new low for this week's sell off. Last night's statement from the Chinese central bank has given a boost to equity markets around the globe, which in turn has further eroded the Dollar's remaining safe-haven support. The Bank of Japan has not intervened in the markets since mid-week, although the Dollar was only finding limited strength from that activity. If today's US data maintains the recent tone of sluggish forward momentum for the US economy, the Dollar is likely to stay on the defensive to finish out the week. Look for the Dollar to find support just below the 81.00 level during today's session, and in need of overseas help to put together any sort of rebound from these levels.

EURO: The December Euro continues to build upon this week's revival in global market sentiment, and is once approaching the early August highs. The positive reception given to Euro zone bond auctions over the course this week may have been the key factor in sustaining this current rally, as the market appears to be voting with its wallet towards the chances for further EU sovereign debt problems. With over 4 cents gained against the Dollar during the last five sessions, there may be a possibility for an end-of-week profit-taking pullback later on during today's session. The December Euro may test resistance near the 1.3175 level today if global equity markets remain strong, but will need further positive news from the Euro zone to get close to the August highs.

YEN: The December Yen has been unable to move far away from this week's lows, as the market clearly is wary of further intervention from the Bank of Japan. While the rhetoric from Japanese officials has been threatening, the Bank of Japan has refrained from further activity since Wednesday. The longer that the Bank of Japan stays away from the markets, the better the chances for the December Yen to recover a portion of this week's heavy losses. Even so, the December Yen may find support near the 116.50 area today as many in the market will not want to hold positions over the weekend.

SWISS: The December Swiss continues to trade away from the 100.00 level, but may be finding an area of support late in the week. The Swiss National Bank was thought to have been a likely candidate for intervention against the recent strength of the December Swiss, but the market appears to be doing their job for them as a sharp Euro rally has come at the same time as the Swiss has declined. The December Swiss should find support this morning near the 98.25 level, but this week's highs are looking more and more like a near-term top.

POUND: The December Pound has found solid support from the global equity rally this week, and has traded above the 1.57 level for the first time in over a month. Although this move has not been accompanied by any pickup in UK economic data, the strength of this current move may be a clear indication that the December Pound has finally left the recent trading range. The December Pound may test the 1.57 level again during today's session, and will likely hold on to these gains to finish out the week.

CANADIAN DOLLAR: The Dec Canadian has traded back toward the early August highs, with ideas of further

Canadian rate hikes over the near term providing a large amount of support. The rebound in global equity markets has strengthened this rally as well, although there may be a chance of a late session pullback due to profit-taking. Look for the Dec Canadian to find resistance near the 97.68 highs today, but it should be able to retain this strength to finish out the week.

TODAY'S MARKET IDEAS:
The Dollar continues to have a weak tone this morning, and may finish out the week that way unless a surprise in today's US economic numbers causes a flare-up of risk concerns. Look for the Dec Canadian to make another new high for this rally to close out the week.

NEW RECOMMENDATIONS:
None.

PREVIOUS RECOMMENDATIONS:
1) Long December Yen 106 puts from 50 with an objective of 250. Risk the position to a close below 10. 2) Short 1 Dec Yen 116.50 put long buy 6 Dec Yen 109.00 puts for a net cost of 30. Risk the combination to a net loss of $1,100 and use an objective of 113.00 basis the December Yen futures.

CURRENCIES TECHNICAL OUTLOOK:

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US DOLLAR (DEC) 09/17/2010: Daily stochastics are trending lower but have declined into oversold territory. The market's short-term trend is negative as the close remains below the 9-day moving average. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 81.02. The next area of resistance is around 81.76 and 82.08, while 1st support hits today at 81.23 and below there at 81.02.

EURO (DEC) 09/17/2010: Rising stochastics at overbought levels warrant some caution for bulls. A positive signal for trend short-term was given on a close over the 9-bar moving average. The market's close above the 2nd swing resistance number is a bullish indication. The near-term upside objective is at 132.01. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 131.50 and 132.01, while 1st support hits today at 130.10 and below there at 129.20.

JAPANESE YEN (DEC) 09/17/2010: 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. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside target is now at 115.80. The next area of resistance is around 117.05 and 117.73, while 1st support hits today at 116.09 and below there at 115.80.

SWISS (DEC) 09/17/2010: Stochastics trending lower at midrange will tend to reinforce a move lower especially 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 defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next downside target is now at 97.19. The next area of resistance is around 99.39 and 100.59, while 1st support hits today at 97.69 and below there at 97.19.

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										
DXAZ0	81.49	33.19	37.08	24.26	16.42	81.69	82.36	82.80	82.60	83.19
JYAZ0	116.57	37.42	43.59	59.63	37.46	118.41	118.80	118.57	117.04	116.11
EUAZ0	130.80	71.00	64.11	69.33	84.35	129.89	128.50	127.78	128.93	127.95
BPAZ0	156.21	61.40	57.25	54.97	74.76	155.45	154.64	154.54	155.34	154.24

CAAZ0	97.22	63.18	58.81	78.70	86.53	97.23	96.61	95.51	95.97	95.86
SFAZ0	98.54	51.00	54.72	77.18	67.29	99.53	99.03	98.34	96.75	96.00
DAAZ0	92.72	70.09	67.33	91.08	90.97	0.93	0.92	0.90	0.89	0.88

Calculations based on previous session. Data collected 09/16/2010
Data sources can & do produce bad ticks. Verify before use.

DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
CURRENCY COMPLEX						
DXAZ0	US Dollar	81.01	81.22	81.54	81.76	82.08
JYAZ0	Japanese Yen	115.79	116.08	116.76	117.05	117.73
EUAZ0	Euro	129.19	130.09	130.60	131.50	132.01
BPAZ0	British Pound	154.90	155.65	156.02	156.77	157.14
CAAZ0	Canadian Dollar	96.74	96.98	97.21	97.45	97.68
SFAZ0	Swiss	97.19	97.69	98.89	99.39	100.59
DAAZ0	Australian Dollar	92.01	92.38	92.69	93.06	93.37

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PRECIOUS METALS COMMENTARY

09/17/10

The bulls retain the edge as bull elements outnumber bear elements

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
GOLD +7.50, **SILVER** +12.40, **PLATINUM** +15.80

London Gold Fix $1281.50 +$10.25 LME Copper Stocks 384,200 tons -2,950 tons Shanghai Deliverable stocks were 98,225 tons +200
Gold Stocks 10.800 million ounces +1,608 ounces, Silver Stocks 111.742 million ounces +269,825 ounces

OUTSIDE MARKET DEVELOPMENTS: With equity markets in Asia and Europe generally higher, U.S. stock indices have posted moderate gains during the early Friday trade. The Dollar is weaker against most of the major currencies during overnight trading, although posting a small gain versus the Swiss. In their annual Financial Stability report, the People's Bank of China reaffirmed their loose monetary policy and warned of a growing risk of asset bubbles and inflation. The Japanese Prime Minister stated that his new cabinet will compile an extra budget for the next six months, and not issue new government bonds as a source of funds for those projects. The German Producer Price Index for August was up 3.2% year-on-year, lower than expectations. The Euro zone current account surplus during July was 3.7 billion Euros, lower than forecasts. The major US economic numbers to be released this morning include the August Consumer Price Index at 7:30 AM, and a private survey of US Consumer Sentiment during September around 9:00 AM.

GOLD

GOLD MARKET FUNDAMENTALS: The December gold contract has managed another new high overnight, and has managed that rise despite some very strong upside action in many global equity markets. Indian gold prices did manage a slight gain overnight, but that strength might have been caused by traders fearful of seeing even higher gold prices next week. Comments from the Peoples Bank of China overnight about rising bad debt levels inside China seems to have reduced the threat of more near term tightening from China, and in some minds that dialogue actually seems to hint that loose policy will remain in place. It is also possible that some gold traders see the potential for US/Chinese currency tensions as a reason to buy gold. With the US PPI report coming in at +0.4% yesterday and posting that semi hot reading in what is generally thought to be a slow economy, some traders seem to be ratcheting up their inflation expectations. Therefore the trade will probably take a long look at the US CPI readings later this morning, especially after the UK posted a hot inflation reading earlier this week. Lastly, some traders this morning took note of a weaker US Dollar and therefore the bull camp has a number of themes in place this morning. The bear camp would seem to be left with the argument that equities and other risk instruments could serve to draw some money away from gold. Comex Gold Stocks were 10.800 million ounces, up 1,608 ounces. Stocks have declined 11 of the last 20 days. The bulls have the edge again this morning even though the market has become even more overbought technically. However, the number of themes serving the bull camp is rather long, and a seller of gold looks to be fighting a pretty solid tide. In fact, with a noted slide in the Dollar today, it is possible that currency related buying of gold might serve to provide gold with an additional boost. We continue to think that players should be long gold but that option coverage might be well advised, just in case intervention or a shift in sentiment prompts a back and fill balancing in gold prices ahead.

SILVER

SILVER MARKET FUNDAMENTALS: The silver market has managed another new high for the move this morning and in the process it at least temporarily reached the $21.00 level. For those keeping track, silver prices have now returned to price levels last seen in 1980. At times, the silver market seems to be tracking in sync with gold and at other times silver seems to be its own market. However, silver has been able to outperform the gold market on several occasions this week. A main argument of the bull camp in silver seems to be that silver continues to trade well below "its all time high". In other words, silver and other metals markets appear to be drafting off gold and at times they are seeing buying off the idea that they are "cheaper" in price than gold. Some silver players seem to be playing for upcoming inflation, while others appear to be looking for diversification or flight to quality holdings. Adding to the upside tilt is talk that silver coins are also seeing strong demand in the wake of the headline coverage produced by this week's price action. With strong gains in copper and platinum markets again this morning, silver might have a better outside market environment than was seen at times on Thursday. Comex Silver Stocks were 111.742 million ounces, up 269,825 ounces. Comex Silver stocks are at their highest levels in the past 10. While the silver market rally is at least partially overdone technically, the market doesn't seem to be overly concerned about the potential negatives. In fact, with silver now seeing signs of surging silver coin and bullion sales, it would appear that the public is coming into the market in greater numbers. With the US equity markets positive, the Dollar weaker and a host of physical commodities ranging up overnight, that would seem to leave the market poised for more follow through gains. Next resistance on the weekly silver futures charts is seen up at $21.185 and beyond there the next resistance level is seen up at $21.50.

PLATINUM

January platinum has forged another new high for the move overnight, and in the process has reached the highest price level since May 19th. Apparently the market doesn't care that the strike at the Angloplats mine ended, because the strike at the Northam mine continues. However, platinum doesn't appear to be rising on the charts this week because of classic supply side developments. In other words, the market is seemingly catching a ride from both gold and silver prices. As in the silver market, platinum is probably getting spillover buying interest because January platinum prices still sit significantly below the April highs. The platinum market also sits significant below the 2008 highs of $2,308.80, and that might prompt players to move into platinum as a cheaper relative alternative to gold.

TODAY'S MARKET IDEAS:

Other than a growing overbought technical condition, the bear camp doesn't seem to have much in the way of ammunition. In fact, some players might decide to play up the idea of inflation if the US CPI reading comes in as hot as the PPI report. Furthermore, one might even suggest that inflationary expectations play louder in the face of strong equity market action and a possible improvement in economic sentiment.

NEW RECOMMENDATIONS:

None.

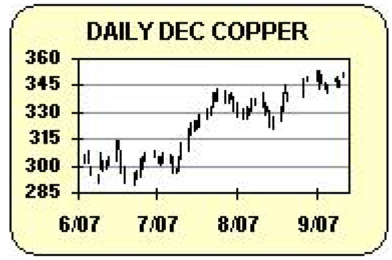
PREVIOUS RECOMMENDATIONS:

Long December gold at $1,270. Short a December gold $1,315 call and long December gold $1,250 gold put for $4. Risk the position to a net loss of 1,400. Use an objective on the short call of $10 or look to exit the short call and long futures combination on a trade to $1,325.

COPPER COMMENTARY

09/17/10

The copper bulls are catching a broad market buying wave today



GENERAL: The copper market has jumped up to the highest prices level since late April in the early Friday morning trade. In addition to a weaker Dollar, the copper market is also seeing a noted range up move in equities, positive economic dialogue from China and it has seen a noted amount of declines in LME copper stocks for the week. LME Copper Stocks were 384,200 tons, down 2,950 tons overnight. LME Copper Stocks are at the lowest levels since 11/05/2009. LME Copper stocks have now declined in 15 of the last 20 days. Also LME copper stocks are at the lowest in the past 10 readings. On the other hand, Shanghai Deliverable Stocks were 98,225 tons, up 200 tons on the week. However, Shanghai Deliverable stocks have declined in 14 of the last 20 weeks. Copper is a physical commodity that is seeing a number of other physical commodities on the rise again in the early going.

TODAY'S MARKET IDEAS:
There might be little in the way of resistance in December copper until the $3.60 level. For the time being, the copper market continues to think that global demand is capable of holding together, and it also seems as if the copper trade also thinks that supply will continue to tighten. Uptrend channel support rises to $3.46, with that support level rising to $3.4750 on Monday. There is a minor gap area on the charts up at $3.5640 for those looking for a closer in objective.

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 (DEC) 09/17/2010: The market made a new contract high on the rally. The daily stochastics gave a bullish indicator with a crossover up. Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. Market positioning is positive with the close over the 1st swing resistance. The near-term upside objective is at 1287.6. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 1282.3 and 1287.6, while 1st support hits today at 1269.0 and below there at 1260.9.

COMEX SILVER (DEC) 09/17/2010: 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. Market positioning is positive with the close over the 1st swing resistance. The next upside target is 2110.2. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 2099.0 and 2110.2, while 1st support hits today at 2062.0 and below there at 2036.3.

COMEX PLATINUM (OCT) 09/17/2010: Momentum studies are trending higher but have entered overbought levels. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 1633.35. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 1623.30 and 1633.35, while 1st support hits today at 1598.90 and below there at 1584.55.

COMEX COPPER (DEC) 09/17/2010: The crossover up in the daily stochastics is a bullish signal. 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. With the close over the 1st swing resistance number, the market is in a moderately positive position. The near-term upside target is at 355.91. The next area of resistance is around 352.77 and 355.91, while 1st support hits today at 345.43 and below there at 341.22.

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										
GCAZ0	1275.7	74.52	71.05	81.20	83.60	1265.80	1258.72	1249.91	1219.85	1220.83
SIAZ0	2080.5	85.04	78.22	92.95	94.79	2048.98	2017.01	1959.67	1872.58	1863.08
PLAV0	1611.10	75.39	68.32	84.73	89.66	1590.18	1570.68	1550.58	1546.72	1544.32
CPAZ0	349.10	60.57	60.01	78.72	78.98	347.63	346.96	341.75	332.35	324.72

Calculations based on previous session. Data collected 09/16/2010
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						
GCAZ0	COMEX Gold	1260.8	1269.0	1274.2	1282.3	1287.6
SIAZ0	COMEX Silver	2036.2	2062.0	2073.2	2099.0	2110.2
PLAV0	COMEX Platinum	1584.55	1598.90	1608.95	1623.30	1633.35
CPAZ0	COMEX Copper	341.21	345.42	348.56	352.77	355.91

Calculations based on previous session. Data collected 09/16/2010
Data sources can & do produce bad ticks. Verify before use.