

	Estimate	High	Low	
03/23 Johnson Redbook Sales		-	-	-
03/23 France Business Climate	1:45 AM	-	-	-
03/23 UK Consumer Price Index	3:30 AM	-	-	-
03/23 Weekly ICSC-UBS Chain Store	6:45 AM	-	-	-
03/23 Canadian Leading Indicators	7:30 AM	-	-	-
03/23 Existing Home Sales	9:00 AM	-3	+3	-3
03/23 Richmond Fed Manufacturing S	9:00 AM	1	2	1
03/23 API Energy Stocks	3:30 PM	-	-	-
03/23 2-Yr Auction		-	-	-
03/23 Japan Trade Balance	5:50 PM	-	-	-
03/24 5-Yr Auction		-	-	-
03/24 France Manufacturing PMI	2:48 AM	-	-	-
03/24 France Services PMI Flash	2:48 AM	-	-	-
03/24 German IFO Business Climate	3:00 AM	-	-	-
03/24 Euro-zone Industrial New Order	4:00 AM	-	-	-
03/24 Adv Durable Goods	7:30 AM	-	-	-
03/24 New Home Sales	9:00 AM	-	-	-
03/24 EIA Energy Stocks	9:30 AM	-	-	-
03/25 German GfK Consumer Confiden	1:00 AM	-	-	-
03/25 France Consumer Spending	1:45 AM	-	-	-
03/25 Initial Jobless Claims	7:30 AM	-	-	-
03/25 EIA Gas Storage	9:30 AM	-	-	-
03/25 Japan Consumer Price Index	5:30 PM	-	-	-
03/26 France Consumer Confidence	1:45 AM	-	-	-
03/26 GDP (Q4 '09)	7:30 AM	-	-	-
03/26 University of Michigan Consu	8:45 AM	-	-	-
03/26 Japan Construction Orders	11:00 PM	-	-	-
03/28 Japan Retail Sales	5:50 PM	-	-	-

## BONDS COMMENTARY

03/23/10

**Just enough economic uncertainty to leave the bull camp in control**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):  
 BONDS +30**

The Treasury market mostly waffled around both sides of unchanged throughout the Monday trading session, with the 118-00 level in June bonds offering up some type of weak resistance. The markets in general still seem to be seeking a clearer picture on where the US economy is headed and with some housing data due out over the coming two trading sessions, it is possible that Treasury prices might begin to take a little more direction from classic fundamental developments. However, with the market also facing \$44 Billion in Two Year Note supply at mid session today and the trade getting those existing home sales figures ahead of the auction, we suspect that trading ranges will be expanded today. We also expect that the shorter end of the market will continue to see relatively more pressure than the rest of the Treasury market, as the trade might feel more comfortable pressing the front end of the Yield curve. With the Fed's Bullard predicting a US jobs gain in March and also suggesting that the US will see its unemployment rate downtick modestly in the "spring", the US economy would appear to be on the cusp of showing the type of improvement that is expected to put the Fed on a track to raise interest rates. In fact, a Fed Member yesterday even suggested that the policy of low rates for an extended period of time, was painting the Fed into a corner and that type of dialogue should serve to limit the upside capacity of the Treasury market in the near term. However, the market will probably see some type of soft readings from the Existing Home sales figures and perhaps from new home sales figures later this week and that could give the bull camp in bonds the capacity to make the highest highs since early December. Seeing the equity market rebound in the wake of the health care reform passage, highlights how intense debate in Washington over



the last two months might have served to keep overall sentiment in the gutter. If the US is able to go forward without Washington headlines dominating the news cycle, then perhaps psychology can begin to improve. With a number of sources and potentially the Treasury market probably set to anticipate something positive from the next monthly Non Farm payroll report, we suspect that the market is once again poised for a minor rally, that could end up being the last thrust to the vicinity of 119-00 in June bonds and to 118-00 in June Notes. In fact, we think the best chance of a rally, over the next two weeks, is in the coming 2-3 trading sessions and that the Treasury market will quickly find that the bull camp will lose its resolve fairly quickly on coming rallies. For the action today, we suspect that the market will be lifted early by the Existing home sales report but we also suspect that the 2 Year Note auction results will barely manage to lift prices further. Critical support in June bonds is seen at 117-24, with similar support in June Notes pegged at 117-06.

#### **TODAY'S MARKET IDEAS:**

The bulls still maintain control as the economy should continue to show anemic activity.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

Short June Bonds at 118-02, with an objective of 115-01. Risk the trade to 119-10.

#### **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) 03/23/2010:** 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 118-110. The next area of resistance is around 118-050 and 118-110, while 1st support hits today at 117-250 and below there at 117-180.

**10 YR TREASURY NOTES (JUN) 03/23/2010:** Positive momentum studies in the neutral zone will tend to reinforce higher price action. The cross over and close above the 18-day moving average is an indication the intermediate-term trend has turned positive. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 117-220. The next area of resistance is around 117-170 and 117-220, while 1st support hits today at 117-020 and below there at 116-235.

### **STOCKS COMMENTARY**

**03/23/10**

#### **A further tamping down of political anxiety favors the bull camp**

#### **OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**

**S&P 500 +140, DOW +12**

After a moderate corrective dip most equity prices have returned to the vicinity of the 2010 highs. Apparently relief over the end of the intense debate over health care reform is enough to rekindle the bullish track in equity prices.

Generally positive dialogue on the economy from the Fed overnight seems to be hinting at a coming improvement in the US jobs market and that might also have added into the recovery action that was seen in the prior trading session. With news overnight of a huge monthly Chinese trade deficit reading, some traders might actually discount the prospect of a US/Chinese trade war. The markets might also have been lifted by a rather noted improvement in French Business Survey reading overnight as the French economy lately hasn't been throwing off much in the way of positive economic news. In looking ahead we have to leave the bull camp with the edge, as the February and March up trend pattern looks to have come back into power once again.



**S&P 500:** The June S&P has managed a definitive rebound in the overnight trade and is seemingly poised to rise

into new high ground despite what could be sloppy existing home sales figures. We would note that equities have generally managed to rally on the charts over the last two months despite a litany of slack US scheduled readings. In the end, less uncertainty and anxiety gives the bull camp ongoing control over prices. Near term support in the June S&P should be respected today at 1162, with very little resistance seen at the old high of 1165.

**DOW:** Like the rest of the market, the June Mini Dow this morning sits right on fresh new highs for the year. Apparently ideas that the jobs market is about to improve and relief over the practical end to the intense health care reform debate is capable of boosting investor sentiment. While the market might see a little choppy action in the wake of the existing home sales report later this morning, the market recently has been able to discount slack US economic data. Therefore, the June Mini Dow looks to respect support today of 10,727 and in turn the market will probably forge even higher highs for the year during the trading session today.

**NASDAQ:** With the June Nasdaq sitting right on the 1950 level early in the trade it is clear that sentiment generally continues to favor the bull camp. We suspect that the February through March up trend pattern is set to control prices, with the trade generally hopeful of better conditions and earnings ahead. Critical support in the June Nasdaq is seen at 1947.75 and there is only thin resistance at yesterday's high of 1955.00. With the Nasdaq more overbought than other market measures in the latest COT figures, trades might expect to see more volatility in the Nasdaq than in other market sectors.

#### **TODAY'S MARKET IDEAS:**

Apparently the magnitude of relief off the end of political warfare in Washington is capable of lifting equities even further today.

#### **NEW RECOMMENDATIONS:**

None.

#### **PREVIOUS RECOMMENDATIONS:**

Long April E-Mini S&P 1140 puts at 12, with an objective of 36. \*Exit at the market!

#### **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 (JUN) 03/23/2010: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal up on the daily chart is somewhat positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 1142.28. The market is approaching overbought levels with an RSI over 70. The next area of resistance is around 1170.15 and 1174.87, while 1st support hits today at 1153.85 and below there at 1142.28.

S&P E-MINI (JUN) 03/23/2010: Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal up is a positive indicator that could support higher prices. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next downside target is now at 1142.00. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 1170.25 and 1175.00, while 1st support hits today at 1153.75 and below there at 1142.00.

DOW (JUN) 03/23/2010: 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 short-term trend is positive on the close above the 9-day moving average. More selling pressure is likely given yesterday's gap lower price action on the day session chart. There could be some early pressure today given the market's negative setup with the close below the 2nd swing support. The next downside objective is now at 10598. The next area of resistance is around 10647 and 10667, while 1st support hits today at 10613 and below there at 10598.

MINI-DOW (JUN) 03/23/2010: The daily stochastics have crossed over up which is a bullish indication. 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. The daily closing price reversal up on the daily chart is somewhat positive. The close over the pivot swing is a somewhat positive setup. The next upside objective is 10846. The market is becoming somewhat overbought now that the RSI is over 70. The next area of resistance is around 10811 and 10846, while 1st support hits today at 10679 and below there at 10582.

NASDAQ (JUN) 03/23/2010: The market made a new contract high on the rally. Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The outside day up is a positive signal. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside target is now at 1907.07. The 9-day RSI over 70 indicates the market is approaching overbought levels. The next area of resistance is around 1966.37 and 1978.56, while 1st support hits today at 1930.63 and below there at 1907.07.

MINI-RUSSELL 2000 (JUN) 03/23/2010: Daily stochastics turning lower from overbought levels is bearish and will tend to reinforce a downside break especially if near term support is penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. The upside daily closing price reversal gives the market a bullish tilt. Market positioning is positive with the close over the 1st swing resistance. The next downside objective is 659.1. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 688.9 and 694.0, while 1st support hits today at 671.5 and below there at 659.1.

## 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
<b>FINANCIAL COMPLEX</b>										
USAAM0	117-310	65.06	60.11	72.66	78.15	117.88	117.32	117.22	116.73	116.10
TYAAM0	117-095	58.33	57.08	45.64	52.69	117.18	117.04	117.15	116.66	116.13
SPAM0	1162.00	80.56	75.00	93.32	92.51	1160.15	1152.74	1134.71	1105.21	1110.67
EPM0	1162.00	80.45	74.72	93.02	92.09	1160.13	1152.72	1134.68	1105.13	1110.68
TFEM0	680.2	72.18	71.84	89.53	86.32	677.35	675.41	661.24	631.28	631.93
NDAM0	1948.50	79.75	75.05	93.62	92.59	1939.13	1929.44	1891.92	1829.88	1840.90
YMM0	10745	81.63	74.47	91.85	92.17	10698.50	10624.22	10496.06	10279.02	10329.48
DFAM0	10630	65.70	65.10	92.49	87.59	10674.25	10603.78	10485.83	10275.58	10324.88

Calculations based on previous session. Data collected 03/22/2010

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>FINANCIAL COMPLEX</b>						
USAAM0	Bonds	117-170	117-240	117-300	118-050	118-110
TYAAM0	10 Yr Treasury Notes	116-230	117-015	117-065	117-170	117-220
SPAM0	S&P 500	1142.27	1153.85	1158.57	1170.15	1174.87
EPM0	S&P E-Mini	1142.00	1153.75	1158.50	1170.25	1175.00
TFEM0	Mini-Russell 2000	659.0	671.4	676.5	688.9	694.0
NDAM0	NASDAQ	1907.06	1930.62	1942.81	1966.37	1978.56
YMM0	Mini-Dow	10582	10679	10714	10811	10846
DFAM0	Dow	10597	10612	10632	10647	10667

Calculations based on previous session. Data collected 03/22/2010

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## CURRENCIES COMMENTARY

03/23/10

**Expect the Canadian Dollar to be the primary leadership currency**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**

**US DOLLAR +262, YEN -25, SWISS -12, CA DOLLAR -5**

### Upcoming International Reports (all times CT)

03/23 2-Yr Auction  
03/23 Johnson Redbook Sales  
03/23 France Business Climate Surv 1:45 AM  
03/23 UK Consumer Price Index 3:30 AM  
03/23 Weekly ICSC-UBS Chain Store 6:45 AM  
03/23 Canadian Leading Indicators 7:30 AM  
03/23 Existing Home Sales 9:00 AM  
03/23 Richmond Fed Manufacturing S 9:00 AM  
03/23 API Energy Stocks 3:30 PM  
03/23 Japan Trade Balance 5:50 PM  
03/24 5-Yr Auction  
03/24 France Manufacturing PMI Fla 2:48 AM  
03/24 France Services PMI Flash 2:48 AM  
03/24 German IFO Business Climate 3:00 AM  
03/24 Euro-zone Industrial New Ord 4:00 AM  
03/24 Adv Durable Goods 7:30 AM  
03/24 New Home Sales 9:00 AM  
03/24 EIA Energy Stocks 9:30 AM  
03/25 13 and 26 Week Bill Auction  
03/25 German GfK Consumer Confiden 1:00 AM  
03/25 France Consumer Spending 1:45 AM  
03/25 Initial Jobless Claims 7:30 AM  
03/25 EIA Gas Storage 9:30 AM  
03/25 Japan Consumer Price Index 5:30 PM  
03/26 France Consumer Confidence 1:45 AM  
03/26 GDP (Q4 '09) 7:30 AM  
03/26 University of Michigan Consu 8:45 AM  
03/26 Japan Construction Orders 11:00 PM  
03/28 Japan Retail Sales 5:50 PM



**DOLLAR:** The Dollar is holding above the prior closing value in the early Tuesday trade but a big Chinese trade deficit reading released overnight, that would seem to tamp down some support for the Dollar. We also think that a better than expected French business survey and up beat dialogue from a US Fed Member late yesterday, have served to take some of the bid out of the Dollar. We also think that reduced political anxiety in the US has allowed global economic sentiment to improve and that in turn takes some of the flight to quality buying interest away from the Dollar. However, if the Dollar is in fact a true bull market, it should be able to transition from a flight to quality driven currency, to a currency being lifted by either the macro economic differential, or by the interest rate differential argument. On the other hand, just because a US Fed member predicts an improvement in the US jobs situation, in the "spring" doesn't mean that a recovery is assured. The Fed also suggested that the Fed's promise of low rates lingering for a long period of time, is painting the Fed into a corner and that could prompt some to speculate over the prospect of rising US rates. With the Fed's Plosser this morning suggesting that a mis-measured Output gap can hide the need for rate hikes, one gets the impression that sentiment at the US Fed is in the process of change, but the economy would still seem to lack the proof of recovery. For now, unless the Dollar has changed its focus, it should fall back slightly in the face of an improvement in economic psychology.

**EURO:** The June Euro seems to remain out of favor but perhaps not under as much direct selling pressure as one might have expected. In fact, with global equity prices showing strength and general sentiment levels seemingly on a positive track, it is a little surprising that the Euro hasn't managed to bounce. With a much better than expected French business survey seen overnight, one might have expected the Euro to have found some support this morning. On the other hand, a looming EU summit directly ahead might be keeping a lid on the Euro, as there will be a push from Greece and perhaps from the IMF for the EU to lend some assistance to Greece. In short, the Euro isn't acting very well considering the information and outside market action! Perhaps the trend in

the Euro is set to remain down.

**YEN:** The June Yen remains mired within a rather wide consolidation pattern that is bound by 111.40 to 110.00 but with a slightly improved global economic tilt in place this morning, that should give the bear camp an edge. However, we would expect a minor bounce in the Yen in the wake of the US existing home sales figures and also in the wake of ongoing gains in global equity prices. Pushed into the market today, we would look to sell a rally to 110.85, looking for a near term slide down to 110.20.

**SWISS:** The June Swiss has forged a pattern of lower highs on the charts over the last four trading sessions and that might have largely been the result of an intervention threat from the SNB and also from the angle from the SNB that their economy was successfully helping to meter their currency. We think the recent slide below 94.00 was a pointer for even lower Swiss pricing ahead.

**POUND:** The Pound attempted a rally early in the trade today but that interest was quickly lost. Perhaps the market saw some support off a slightly hotter than expected UK CPI reading, but what the Pound bulls really need to see, is something positive on the pace of the UK recovery and that wasn't forthcoming. The Pound also seems to be periodically undermined by concerns of renewed Greek/EU debt wrangling and that might serve to keep the Pound glued to consolidation support levels. In fact, a weak US existing home sales reading might serve to undermine the Pound this morning and in turn send it back below the 1.50 level.

**CANADIAN DOLLAR:** The Canadian Dollar has seemingly rejected the sub 98.00 trade forged yesterday and that isn't surprising considering that the overall global outlook appears to have improved now that US health care reform battle is set to be removed from the daily headlines. With further gains in global equity prices and anything positive from the US report front, the June Canadian could forge a quick return back to its recent highs.

#### **TODAY'S MARKET IDEAS:**

A little improvement in global economic sentiment doesn't seem to be undermining the Dollar and lifting the Euro!

#### **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 (JUN) 03/23/2010:** Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close above the 9-day moving average is a positive short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. The market tilt is slightly negative with the close under the pivot. The near-term upside objective is at 81.52. The next area of resistance is around 81.13 and 81.52, while 1st support hits today at 80.57 and below there at 80.40.

**EURO (JUN) 03/23/2010:** Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close below the 9-day moving average is a negative short-term indicator for trend. 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 target is 134.28. The next area of resistance is around 136.04 and 136.39, while 1st support hits today at 134.99 and below there at 134.28.

**JAPANESE YEN (JUN) 03/23/2010:** Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is positive on the close above the 9-day moving average. The outside day up and close above the previous day's high is a positive signal. The market setup is supportive for early gains with the close

over the 1st swing resistance. The next downside target is 109.73. The next area of resistance is around 111.57 and 112.06, while 1st support hits today at 110.41 and below there at 109.73.

SWISS (JUN) 03/23/2010: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. 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 close over the pivot swing is a somewhat positive setup. The next downside objective is now at 93.55. The next area of resistance is around 94.97 and 95.30, while 1st support hits today at 94.09 and below there at 93.55.

## 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
<b>CURRENCY COMPLEX</b>										
DXAM0	80.85	55.86	55.23	36.49	48.30	80.53	80.45	80.63	80.19	79.67
JYAM0	110.99	50.36	49.99	30.79	28.13	110.83	110.69	111.36	111.03	110.47
EUAM0	135.51	40.15	41.20	58.50	44.81	136.16	136.63	136.34	137.62	139.21
BPAM0	150.82	44.62	42.63	52.20	51.71	151.65	151.21	150.99	155.48	156.73
CAAM0	98.17	60.41	61.82	87.34	80.20	98.61	98.25	97.32	95.79	95.89
SFAM0	94.53	59.15	55.42	81.42	79.63	94.67	94.36	93.72	94.12	94.91
DAAM0	90.98	62.71	61.30	86.94	82.91	0.91	0.91	0.90	0.89	0.89

Calculations based on previous session. Data collected 03/22/2010

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## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>CURRENCY COMPLEX</b>						
DXAM0	US Dollar	80.39	80.56	80.95	81.13	81.52
JYAM0	Japanese Yen	109.72	110.40	110.89	111.57	112.06
EUAM0	Euro	134.28	134.98	135.34	136.04	136.39
BPAM0	British Pound	148.74	149.96	150.45	151.68	152.17
CAAM0	Canadian Dollar	97.18	97.70	98.12	98.64	99.06
SFAM0	Swiss	93.54	94.09	94.42	94.97	95.30
DAAM0	Australian Dollar	89.76	90.49	90.74	91.47	91.72

Calculations based on previous session. Data collected 03/22/2010

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

## PRECIOUS METALS COMMENTARY

03/23/10

**The bulls weren't able to sustain control the bears have the edge**

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):**

**GOLD -1.50, SILVER -8.50, PLATINUM -2.70**

London Gold Fix \$1100.75 -\$3.50 LME Copper stocks 520,675 tons

-1,400 tons

GOLD stks 10.022 ml oz -32 oz SILVER stks 116.4 ml oz -193,379 oz



**OUTSIDE MARKET DEVELOPMENTS:** Metals prices mostly remained around unchanged levels, but well off the lows posted during yesterday's trade. However, generally positive global equity market action, off what appears to be relief off the end to the intense US health care debate does appear to be lending some support to physical

commodity markets this morning. In the overnight action, the trade saw a huge Chinese trade deficit reading, which some say might tamp down the threat of aggressive Trade action from the US against the Chinese. The trade also saw a much stronger than expected French Business survey reading and that might have contributed to a generally up beat economic tilt into the early US trade action. While the US Existing Home Sales number later today will be the only key economic number of note, that news will be joined by a US auction of \$44 billion in 2 Year Notes at mid session. The Greece sovereign debt situation continues to hang in the balance, as the trade is awaiting an EU summit later this week. In retrospect, yesterday's turnaround in US equity markets leaves many market measures re-approaching new highs for the move early today and that seems to be favoring the bull camp in the metals in the early Tuesday trade.

## **GOLD**

**GOLD MARKET FUNDAMENTALS:** April gold comes into the Tuesday action right around the prior closing value but almost all of the overnight trade was forged above the prior close. The bull camp in gold might be a little disappointed with the lack of renewed buying interest in the Euro this morning, in the wake of better Euro zone numbers overnight. Furthermore, the bull camp in gold might also be a little bit disappointed in the lack of strength in gold prices in the face of generally higher equity prices, especially since Indian gold prices were mostly positive overnight. Perhaps hawkish dialogue from the Fed's Plosser early today and residual strength in the US Dollar have put off some would-be gold buyers this morning. It is also possible that some traders are fearful of a weak US existing home sales report later this morning, as adverse weather was thought to have held back the US economy in the month of February. Apparently news that Zimbabwe gold mines were running well below their capacity because of power related issues was of limited interest to the early Tuesday gold trade and that would seem to suggest that outside market fundamentals, not inside market fundamentals continue to hold sway in the gold market. We half expected the gold market to be tracking higher this morning in the wake of mostly positive global equity market action but instead the bull camp in gold seems to have gone missing. Perhaps gold was simply overbought from the latest COT positioning and perhaps the Dollar is going to remain a thorn in the side of the gold bull's case. In short, the path of least resistance is pointing downward this morning, unless the Dollar falls back below the 80.88 level on the charts.

## **SILVER**

**SILVER MARKET FUNDAMENTALS:** While the bull camp will point out the overnight attempt to regain the \$17.00 level in the May silver contract, the trade wasn't initially able to sustain that rally. While China noted an impressive increase in February silver imports overnight, the silver trade didn't seem to give that news much attention. In fact, the silver market continues to see a number of very bullish private price forecasts this week, but even that hasn't managed to dramatically shift sentiment away from the downward tilt that was generally seen in the prior two trading sessions. Apparently strength in the equity markets isn't providing silver with a lift from its physical commodity market standing, perhaps because the trade hasn't bought into the idea of a solid US recovery yet. With a US Fed member floating what could be considered slightly hawkish dialogue early this morning it is possible that some physical commodity markets like silver, remain concerned about higher US interest rates. While the silver market saw another minor silver exchange warehouse stock decline yesterday afternoon, the silver market doesn't seem to be in a position to embrace talk of tighter supply. The bull camp hopes that favorable equity prices will offset the prospect of weak US data later today, while the bear camp hopes to see the Dollar remain firm. One has to give a slight edge to the bear camp this morning, as favorable equity market action and what seems to be relief over the end to the health care debate hasn't lent support to silver. With residual strength in the Dollar also being seen, that seems to leave the path of least resistance pointing downward in silver. Initial support and a target for silver prices today is seen in May silver at \$16.77.

## **PLATINUM**

Like the rest of the metals markets, platinum hasn't exactly shown positive action in the wake of a slightly positive track in global economic sentiment overnight. It does seem like the market was able rally aggressively overnight, before the bull camp lost its resolve. However, seeing the April platinum contract fail to hold above the \$1,600 level would seem to leave the market vulnerable to more liquidation. However, one has to have respect for platinum market fundamentals, especially if the outlook for the economy manages to improve.

### **TODAY'S MARKET IDEAS:**

The bull camp just can't seem to regain full control as the Dollar remains strong and the trade is seeing hawkish Fed dialogue.

### **NEW RECOMMENDATIONS:**

None.

**PREVIOUS RECOMMENDATIONS:**

None.

**COPPER COMMENTARY**

03/23/10

**The path of least resistance is pointing downward today**

**GENERAL:** May copper tried to extend its rally off of yesterday's lows overnight, but that effort was quickly lost and copper seemed to settle into a lower bias with a host of other physical commodity markets. After yesterday's huge turnaround in the market, prices should have had enough momentum to hold their recent gains, but residual strength in the Dollar seems to have tripped up the bull case. While LME copper stocks have continued their trend of consecutive daily declines, seeing a huge Chinese trade deficit overnight has to question favorable copper demand expectations from China. News of a 365,000 ton global copper surplus, from the International Copper Study Group from 2009 is old news but that type of news would seem to add to the bear's resolve today. In looking at the charts, the May copper contract has forged a pattern of lower highs and that would seem to leave the bear camp with the technical edge. Near term support in the May copper contract is seen down at \$3.34.



**TODAY'S MARKET IDEAS:**

The bears have the edge as up beat sentiment doesn't seem to matter to the copper trade early this morning.

**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) 03/23/2010: The market back below the 40-day moving average suggests the longer-term trend could be turning down. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The close below the 9-day moving average is a negative short-term indicator for trend. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is now at 1083.9. The next area of resistance is around 1108.6 and 1116.8, while 1st support hits today at 1092.2 and below there at 1083.9.

COMEX SILVER (MAY) 03/23/2010: The market back below the 60-day moving average suggests the longer-term trend could be turning down. Stochastics trending lower at midrange will tend to reinforce a move lower especially if support levels are taken out. The market back below the 18-day moving average suggests the intermediate-term trend could be turning down. The market tilt is slightly negative with the close under the pivot. The next downside target is 1648.3. The next area of resistance is around 1712.5 and 1726.2, while 1st support hits today at 1673.5 and below there at 1648.3.

COMEX PLATINUM (APR) 03/23/2010: 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. It is a slightly negative indicator that the close was

under the swing pivot. The next downside target is now at 1560.48. The next area of resistance is around 1614.94 and 1629.47, while 1st support hits today at 1580.45 and below there at 1560.48.

COMEX COPPER (MAY) 03/23/2010: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close above the 9-day moving average is a positive short-term indicator for trend. The upside closing price reversal on the daily chart is somewhat bullish. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 328.84. The next area of resistance is around 342.52 and 344.73, while 1st support hits today at 334.58 and below there at 328.84.

## 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
<b>METALS COMPLEX</b>										
GCAJ0	1100.4	39.60	44.16	42.85	33.31	1114.93	1111.73	1119.26	1107.29	1110.81
SIK0	1693.0	46.95	50.08	73.14	62.76	1722.68	1717.72	1707.10	1666.28	1695.87
PLAJ0	1597.70	51.18	55.05	81.80	71.40	1618.23	1614.52	1592.50	1558.29	1550.51
CPAK0	338.55	54.81	55.11	61.31	57.08	339.29	337.52	337.12	326.40	329.40

Calculations based on previous session. Data collected 03/22/2010

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

## DAILY SWING STATISTICS

Contract		Support 2	Support 1	Pivot	Resist 1	Resist 2
<b>METALS COMPLEX</b>						
GCAJ0	COMEX Gold	1083.8	1092.1	1100.3	1108.6	1116.8
SIK0	COMEX Silver	1648.2	1673.5	1687.2	1712.5	1726.2
PLAJ0	COMEX Platinum	1560.47	1580.44	1594.97	1614.94	1629.47
CPAK0	COMEX Copper	328.83	334.57	336.78	342.52	344.73

Calculations based on previous session. Data collected 03/22/2010

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