

	Estimate	High	Low	
06/08 German Foreign Trade	1:00 AM	-	-	-
06/08 France Trade Balance	1:45 AM	-	-	-
06/08 UK Producer Price Index	3:30 AM	-	-	-
06/08 Euro-zone Quarterly Balance	5:00 AM	-	-	-
06/08 Canadian Labor Force Survey	6:00 AM	-	-	-
06/08 Canadian Housing Starts	7:15 AM	-	-	-
06/08 Canadian International Merch	7:30 AM	-	-	-
06/08 US Trade Balance	7:30 AM	+2 bil	-2 bil	-2 bil
06/08 Wholesale Trade	7:30 AM	-	-	-
06/10 Japan Index of Business Cond		-	-	-
06/11 13 and 26 Week Bill Auction		-	-	-
06/11 Japan Consumer Confidence Su	12:00 AM	-	-	-
06/11 France Industrial Production	1:45 AM	-	-	-
06/11 Japan Wholesale Prices (CGPI	6:50 PM	-	-	-
06/12 3-Yr note Auction		-	-	-
06/12 4-Week BILL Auction		-	-	-
06/12 Johnson Redbook Sales		-	-	-
06/12 UK Foreign Trade	3:30 AM	-	-	-
06/12 UK Industrial Production	3:30 AM	-	-	-
06/12 Weekly ICSC-UBS Chain Store	6:45 AM	-	-	-
06/12 Import and Export Prices	7:30 AM	-	-	-
06/12 API Energy Stocks	3:30 PM	-	-	-
06/12 Japan Machinery Orders	6:50 PM	-	-	-
06/13 10-Yr note Auction		-	-	-
06/13 France Consumer Price Index	12:30 AM	-	-	-
06/13 German Consumer Price Index	1:00 AM	-	-	-
06/13 Swiss Producer Price Index	2:15 AM	-	-	-
06/13 Euro-zone Industrial Product	4:00 AM	-	-	-
06/13 Business Inventories	7:30 AM	-	-	-
06/13 PPI	7:30 AM	-	-	-
06/13 Retail Sales	7:30 AM	-	-	-
06/13 EIA Energy Stocks	9:30 AM	-	-	-

BONDS COMMENTARY

06/08/12

The bulls have control but a lack of data might limit gains today

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

BONDS +1200

Treasury prices are back in vogue again today as the US Fed failed to lay down a definitive easing policy track this week. In addition to revived slowing fears in the US, as a result of the Fed dragging its feet, Treasuries are also seeing renewed buying interest off a deterioration of credit conditions in the Euro zone.

Fears of slowing were also present in the Asian trade last night, as some Chinese equity measures ended the week with the biggest weekly losses in over 6 months. While slowing fears are a front and center item for the bull camp today, rumors that Spain will need to ask for more funds this weekend and a series of credit rating downgrades of Spanish entities overnight, has clearly escalated fears of turmoil once again. While dovish comments from the Fed's Evans overnight tempered the upside track in Bonds and Notes this morning, it would not seem like the US economic report slate today or the action in global equity markets will allow for a marked shift in the risk-off mentality. Traders should expect some reaction to McDonald's same store sales figures this morning as those figures can be seen as a somewhat important cyclical signal. However, if there is a noted reaction to data this morning, it will probably come from US Trade Balance data, or perhaps from an IMF Managing Director speech. In the mean time, Treasuries might take a lot of direction from US equities, which are



expected to register attitudes toward the weekend developments in the Euro zone. With September bonds to the lows yesterday, sitting as much as 4 1/2 points below the recent highs, it is possible that the bull camp expects to have control over Treasury prices throughout the coming trading session. In conclusion, expectations of further slowing and ongoing financial turmoil in Europe, could be very difficult to remove from the headlines today, especially given the weak schedule of reports and speeches today.

TODAY'S MARKET IDEAS:

Aggressive traders might consider buying minor setbacks from the initial highs today, as Treasury prices are likely to benefit from renewed safe haven conditions directly ahead. However, we don't sense an extremely high level of anxiety in place this morning and that could limit the magnitude of the upward track today. Initial support is seen down at 149-23 in the September Bonds and there might be little in the way of resistance seen until the 150-11 level. Other upside targets for the September bonds today are seen up at 150-20 and then again at 150-26.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long term position play: Short 1 August Bond 151 put and long 3 Dec Bond 142 puts for a net premium cost of 35 ticks. Risk the combination to a net loss of \$1,950. Use an initial objective of 45 ticks on the short August put (entry price was roughly 3-35) and reserve an objective on the long Dec puts of 3-50 each.

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) 06/08/2012: 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 market tilt is slightly negative with the close under the pivot. The next downside target is 148-050. The next area of resistance is around 149-240 and 150-100, while 1st support hits today at 148-220 and below there at 148-050.

10 YR TREASURY NOTES (JUN) 06/08/2012: 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. The close over the pivot swing is a somewhat positive setup. The next downside objective is 133-305. The next area of resistance is around 134-180 and 134-220, while 1st support hits today at 134-065 and below there at 133-305.

STOCKS COMMENTARY

06/08/12

Lack of QE, weak German data offer bears early edge

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

S&P 500 -770, DOW N/A

Global equity markets took a negative track during the overnight and early morning hours as the European debt situation and reduced prospects for US quantitative easing stoked economic slowdown fears once again. These concerns were exacerbated by ideas that this weekend's Chinese economic data might come in weaker than expected, especially following yesterday's unexpected rate cut by the PBOC. The outside market tone took a further turn lower this morning in the wake of German economic data that showed April import activity slipping at the fastest clip in two years. Headlines yesterday of a three notch downgrade on Spanish banks, along with reports this morning that Euro zone leaders are holding a meeting this weekend, has some in the market thinking that some form of fresh government support for Spain could be forthcoming. While ideas of a possible Spanish bank bailout helped lift the major indices from their worst levels of the morning,



sentiment remains vulnerable to further slowing in China and from the uncertainty surrounding the European debt crisis.

S&P 500: The June S&P 500 continued a late day sell off in overnight and early morning action, marking a more than 20 point slide from yesterday's high. Reduced prospects for a near term dose of quantitative easing from the Fed, slowing economic growth in China and German and fresh Spanish debt concerns all seem to leave the June S&P 500 in a risk-off environment this morning. In addition to a 1.5% slide in European bank shares this morning, US financial shares could come under added strain after the Federal Reserve approved Basel 3 capital requirements yesterday. While news of a weekend meeting among EU officials to discuss a possible bailout package for Spanish banks has offered a temporary lift this morning, crude oil is down nearly 3.0% and copper down 2.5% and that highlights a risk off environment. The early morning tone in the June S&P 500 favors the bear camp, with support below at 1303.00. Near term resistance stands at 1321.00, and then at yesterday's high of 1329.50.

DOW: The June E-mini Dow extended yesterday's late day turn lower during the initial morning hours and marked a lower low in the process. Ideas that the US Fed might be slower to pursue another round of quantitative easing inspired modest selling pressure in blue chip components like Caterpillar and 3M. Additionally, thoughts that China's unexpected rate cut could be an indication that their economy is slowing by more than expected, is another force clouding global sentiment. The price action for the June E-mini Dow turned modestly positive with this week's peak to trough gain of 560 points, but the turn lower from yesterday's high of 12,548 has some wondering if the gains were simply a bounce in a bear market. The June E-mini has a negative bias to start this morning, with the next layer of support coming in at 12,337. It probably takes a move above 12,600 to put the bulls back on top.

NASDAQ: The bear camp appears to be trying to regain control in the June NASDAQ, helped by a nearly 50 point slide from yesterday's high. Into yesterday's high, the June NASDAQ fully retraced last week's decline but failed to hold a trade above resistance at 2570.00. It appears that uncertainty surrounding easier US monetary policy knocked sentiment in the index lower. The early morning edge goes to the bear camp this morning, with support coming in at 2526.75 and then at 2497.50. Key resistance comes in at this week's high of 2570.50.

TODAY'S MARKET IDEAS:

Global equity markets showed disappointment to yesterday's comments from the Fed that seemed to put off another near term dose of quantitative easing. That tone was made worse by fear that the Chinese economy could be slowing at a worse than expected rate and ongoing uncertainty surrounding the European debt situation. The recent breakdown in the June E-mini Dow and S&P 500 shift the edge back in favor of the bear camp, and it also points to a deeper retracement of this week's rally. Aggressive bears might consider selling strength this morning in the June S&P 500, playing for a slide back toward the 1290.00 area. Resistance stands at yesterday's high of 1329.50.

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 (JUN) 06/08/2012: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 1336.22. The next area of resistance is around 1325.65 and 1336.22, while 1st support hits today at 1308.35 and below there at 1301.63.

S&P E-MINI (JUN) 06/08/2012: 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. The close over the pivot swing is a somewhat positive setup. The next upside objective is 1336.00. The next area of resistance is around 1325.00 and 1336.00, while 1st support hits today at 1307.50 and below there at 1301.00.

DOW (JUN) 06/08/2012: The daily stochastics have crossed over up which is a bullish indication. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The gap up on the day session chart gave a bullish indicator and more follow through could be seen this session. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside target is at 12565. The next area of resistance is around 12543 and 12565, while 1st support hits today at 12455 and below there at 12389.

MINI-DOW (JUN) 06/08/2012: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 12617. The next area of resistance is around 12548 and 12617, while 1st support hits today at 12410 and below there at 12340.

NASDAQ (JUN) 06/08/2012: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market could take on a defensive posture with the daily closing price reversal down. The market has a slightly positive tilt with the close over the swing pivot. The near-term upside objective is at 2581.75. The next area of resistance is around 2556.50 and 2581.75, while 1st support hits today at 2519.50 and below there at 2507.75.

MINI-RUSSELL 2000 (JUN) 06/08/2012: Positive momentum studies in the neutral zone will tend to reinforce higher price action. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal down puts the market on the defensive. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 782.4. The next area of resistance is around 770.2 and 782.4, while 1st support hits today at 752.5 and below there at 746.8.

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										
USAAM2	149-070	53.78	58.70	77.58	62.37	150.41	149.97	148.68	144.82	142.93
TYAAM2	134-120	54.92	58.80	72.69	57.55	134.59	134.58	134.07	132.76	131.83
SPAM2	1317.00	51.70	47.47	33.33	47.20	1297.65	1303.41	1309.79	1349.29	1362.17
EPM2	1316.25	51.68	47.44	34.93	47.76	1297.44	1304.06	1309.06	1347.34	1360.69
TFEM2	761.4	49.83	46.87	37.62	48.02	751.50	756.18	759.07	782.84	794.25
NDAM2	2538.00	50.15	46.41	40.92	55.19	2511.44	2515.44	2527.13	2622.32	2652.87
YMM2	12479	52.87	48.15	28.66	47.08	12271.75	12334.56	12407.56	12726.58	12818.90
DFAM2	12499	54.52	48.99	19.12	36.83	12215.00	12320.11	12419.61	12730.93	12822.55

Calculations based on previous session. Data collected 06/07/2012

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						
USAAM2	Bonds	148-040	148-210	149-070	149-240	150-100
TYAAM2	10 Yr Treasury Notes	133-300	134-060	134-100	134-180	134-220

SPAM2	S&P 500	1301.62	1308.34	1318.92	1325.65	1336.22
EPM2	S&P E-Mini	1301.00	1307.50	1318.50	1325.00	1336.00
TFEM2	Mini-Russell 2000	746.7	752.4	764.5	770.2	782.4
NDAM2	NASDAQ	2507.75	2519.50	2544.75	2556.50	2581.75
YMM2	Mini-Dow	12339	12409	12478	12548	12617
DFAM2	Dow	12389	12455	12477	12543	12565

Calculations based on previous session. Data collected 06/07/2012

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CURRENCIES COMMENTARY

06/08/12

Euro zone risk concerns provide the Dollar with strong support.

**OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR +709, YEN +64, SWISS -118, CA DOLLAR -89**

Upcoming International Reports (all times CT)

06/08 German Foreign Trade 1:00 AM
 06/08 France Trade Balance 1:45 AM
 06/08 UK Producer Price Index 3:30 AM
 06/08 Euro-zone Quarterly Balance 5:00 AM
 06/08 Canadian Labor Force Survey 6:00 AM
 06/08 Canadian Housing Starts 7:15 AM
 06/08 Canadian International Merch 7:30 AM
 06/08 US Trade Balance 7:30 AM
 06/08 US Trade Balance 7:30 AM
 06/08 Wholesale Trade 7:30 AM



DOLLAR: The Dollar has found considerable benefit from the revival of safe-haven support during the overnight session and has recovered a large portion of this week's losses. Global "risk" markets were clearly disappointed with Fed Chairman Bernanke's testimony yesterday as he provided few indications that the US Fed would be stepping up the plate with fresh US easing measures over the near-term. In addition, there are ideas that China's surprise rate cut may be an early sign that their economic data releases this weekend will have numbers that fall well short of expectations. With Euro zone anxiety back on the rise this morning, today's US Trade data will likely not have enough impact to calm down global markets going into an uncertain weekend. The Dollar is likely to finish out the week by extending this current rebound, as a flight to safety out of Europe and the general "risk off" mood in global markets will provide more than enough support this morning. The Dollar will have a near-term upside target of 83.05 this morning, and is likely to see further gains as traders head to the sidelines by today's close.

EURO: The June Euro is seeing heavy losses early this morning as this week's recovery rally has quickly evaporated. Spain's severe credit rating downgrade may not be too much of a surprise given their current banking problems but that is adding further emphasis to ideas that they will be asking the EU for a bank rescue package over the weekend. Today's bleak economic numbers out of Germany and France have taken a back-seat to news out of Spain but that has also underscored the sluggish conditions throughout the region. With this weekend's first round of French legislative elections likely to complicate matters further, the ECB may not be able to take the "hands-off" approach seen at this week's meeting for much longer. Unless there is some late news this week that can dampen Euro zone anxiety, the June Euro is likely to finish out this week under severe pressure. The June Euro appears headed for the 124.25 level later today and will remain on the defensive through the rest of this week's trading.

YEN: The June Yen has seen a considerable bounce from yesterday's weekly lows but is clearly lagging behind the Dollar, as a flight-to-safety destination during today's session. While last night's Japanese GDP numbers provided a rare piece of good economic data for that nation, Japanese officials have been fairly clear that they are looking for a much weaker currency sooner rather than later. Safe-haven support is likely to keep the June Yen in positive territory this morning, although prices will remain well below their highs seen earlier this week. The June

Yen should climb up towards the 126.60 level if there are clear signs of further Euro zone problems, but any sharp up move beyond that area would be unlikely given the veiled threats of intervention seen earlier this week.

SWISS: The June Swiss turned sharply lower in the wake of Fed Chairman Bernanke's testimony yesterday and it has found little support during the overnight session. There has been talk that Swiss officials may lower their current Euro floor rate down to the 1.10 level if EU problems start to boil over. With this week's Swiss CPI numbers pointing towards deflationary conditions, expect a firm "peg" and a strong correlation to the current Euro zone turbulence. The June Swiss will head down towards the 103.40 level later today and will finish out this week's trading heading back towards the early June lows.

POUND: The June Pound has pivoted sharply around from yesterday's highs and has given back all of the post-Bank of England meeting rally. Today's lukewarm UK PPI numbers have added further pressure on the June Pound this morning, as high inflation expectations may have kept the Bank of England from taking further quantitative easing action at this week's meeting. The June Pound is likely to retest the 154.00 level later on during today's session, and will need to see calmer conditions from the Euro zone in order to have any chance of reviving this week's recovery rally during the near future.

CANADIAN DOLLAR: The June Canadian remains under pressure this morning, as the current "risk off" attitude in global markets has taken prices well below yesterday's highs. Today's Canadian economic data will be a large hurdle to overcome, particularly with the recent volatility seen in Canadian jobs numbers. Barring any negative surprises from those numbers, the June Canadian should put the brakes on this morning's pullback and head back towards the upside to finish out the week. The June Canadian should climb up towards the 97.05 level later on this morning and would see a strong positive reaction to a late-week turnaround in macro-economic sentiment.

TODAY'S MARKET IDEAS:

The Dollar should remain well supported during today's session as long as risk concerns dominate global markets, and could move up into positive territory for the week if Euro zone problems continue to erode macro-economic sentiment. A strong set of Canadian economic data should help the June Canadian rebound from early pressure, as that currency would be a major beneficiary of a broad-based recovery in commodity and equity markets later on today.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

None

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) 06/08/2012: 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 market's close below the 9-day moving average is an indication the short-term trend remains negative. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 81.76. The next area of resistance is around 82.54 and 82.74, while 1st support hits today at 82.06 and below there at 81.76.

EURO (JUN) 06/08/2012: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. 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 near-term upside objective is at 126.60. The next area of resistance is around 126.06 and 126.60, while 1st support hits today at 125.20 and below there at 124.87.

JAPANESE YEN (JUN) 06/08/2012: Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The close under the 18-day moving average indicates the intermediate-term

trend could be turning down. The market's close below the 1st swing support number suggests a moderately negative setup for today. The next downside target is now at 124.79. The next area of resistance is around 126.11 and 126.64, while 1st support hits today at 125.19 and below there at 124.79.

SWISS (JUN) 06/08/2012: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The close above the 9-day moving average is a positive short-term indicator for trend. The market has a slightly positive tilt with the close over the swing pivot. The next upside objective is 105.40. The next area of resistance is around 104.97 and 105.40, while 1st support hits today at 104.27 and below there at 103.99.

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										
DXAM2	82.30	54.93	60.54	84.72	73.75	82.56	82.73	82.15	80.64	80.39
JYAM2	125.65	44.10	49.37	70.99	55.44	126.68	126.70	126.11	124.82	123.78
EUAM2	125.63	45.81	39.76	18.33	29.94	125.12	124.69	125.88	129.10	129.96
BPAM2	155.27	38.62	35.29	6.70	15.03	154.37	154.77	156.57	159.01	158.97
CAAM2	97.24	44.66	40.07	12.64	25.51	96.70	96.83	97.56	99.35	99.62
SFAM2	104.62	45.78	39.87	18.40	30.11	104.20	103.84	104.83	107.50	108.13
DAAM2	98.88	55.59	48.96	32.29	56.35	0.98	0.98	0.98	1.01	1.01

Calculations based on previous session. Data collected 06/07/2012

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						
DXAM2	US Dollar	81.75	82.05	82.25	82.54	82.74
JYAM2	Japanese Yen	124.78	125.18	125.71	126.11	126.64
EUAM2	Euro	124.86	125.19	125.73	126.06	126.60
BPAM2	British Pound	153.25	154.25	155.29	156.29	157.33
CAAM2	Canadian Dollar	96.56	96.83	97.37	97.64	98.18
SFAM2	Swiss	103.98	104.26	104.69	104.97	105.40
DAAM2	Australian Dollar	97.81	98.24	99.09	99.52	100.37

Calculations based on previous session. Data collected 06/07/2012

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

PRECIOUS METALS COMMENTARY

06/08/12

A negative track could be difficult to remove given today's events

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD -8.40, SILVER -36.90, PLATINUM -16.70

London Gold Fix \$1,576.00 -\$44.75 LME Copper Stocks 229,675 tons +375 tons Shanghai copper stocks -14,623 tons Gold Stocks 11.008 million ounces +800, Silver Stocks 143.486 million ounces +560,074



Risk off vibes are back in place and most physical commodity markets look to remain under pressure unless there is a surprising turn of events out of the Euro zone. Chinese stocks were weaker again overnight, with some

measures posting the biggest weekly losses in six months. Apparently investors and traders in China took the surprise Chinese rate cut as a sign that more negative economic news will be seen directly ahead. European equities were also weaker overnight, as the trade remains concerned over the situation in Spain, especially after a credit ratings change overnight. Rumors overnight are now suggesting that Spain will make a formal request this weekend for more funds. Early US equity market action is also weaker again, as trouble in the Euro zone, residual slowing fears from the US and a lack of definitive direction from the Fed this week has left investors unsettled. However, with another Fed member overnight suggesting that the US was in need of additional easing, a portion of the negative international economic vibe was tamped down. On the other hand, the US economic report slate today somewhat thin with Trade Balance and a wholesale trade figures due out. Therefore, the focus of the markets might remain on Spain and their potential weekend request for funds. The market might also see some reaction to McDonalds same store sales figures which will be released early this morning.

The bears have control again with a slackening global economic vibe, increased fears of financial turmoil in Spain and a lack of imminent easing prospects from the US. While the August gold contract seems to have rejected the overnight low of \$1,556.40 and the trade has clawed back above the prior low of \$1,579.40, it could be a real battle to avoid a resumption of the downward track on the charts later today. In our opinion, the failure to hold above \$1,550 could be damaging in the mid day and early afternoon action, as that could prompt a wave of long liquidation ahead of the weekend. In order to throw off the initial bearish track today probably requires a rise back above \$1,588 in August gold or a rise in the September S&P back above 1315. At the overnight low, August gold had given up a large portion of the sharp run up forged since the end of last week. Not surprisingly gold, equities and a host of physical commodity markets were discouraged by the lack of definitive action from the US Fed Chairman yesterday. While gold could have benefited from a dovish Fed statement overnight from the Fed's Evans, the bull camp apparently isn't going to be easily revived. With global equities under pressure and the Greenback back in favor, it is not surprising to see a risk off environment back in place to start the last trading session of the week. More than likely, gold won't see much of a reaction to the US Trade Balance report. While there could be some headline flow from an American Bankers Association meeting and from a speech from the IMF Managing Director, the attention of the markets might be expected to remain focused on Spain until the European equity markets close. Unless some official statement from the EU alters sentiment, it would appear as if the bear camp is set to start with an edge today. Comex Gold Stocks were 11.008 million ounces up 800 ounces. Comex Gold stocks are at their highest levels in the past 10.

While the even number \$28.00 level might offer up some support initially this morning, the fundamental setup would seem to remain in the bear's camp. In fact, unless July silver prices regain the \$28.65 level or the S&P manages to regain 1315 this morning, we would expect Silver to end the week below \$28.00. Downside targeting this morning is seen down at \$27.75 and perhaps even down to \$27.51 if the losses in the US equity market begin to mount after the European markets close. Like gold, the July silver contract has come under rather definitive pressure overnight. With the rather definitive reversal yesterday and the fresh downside action this morning that probably leaves the technical setup in silver squarely in the bear's camp to start today. The bears will suggest the silver market was short term overdone with the fantastic rally earlier this week and they might also point to the temporary probe below even number \$28.00 this morning as a sign of a near term down trend pattern. The bull camp will have to hope that an initial rejection of the early slide below \$28.00 hints at some type of value zone on the charts, but it would not seem like international macro economic headlines are going to favor the risk on crowd today. Fears toward Spain have escalated in the wake of a Spanish credit downgrade overnight and fears were also fanned as a result of talk that Spain will probably ask for additional funds from the EU this weekend! Some silver bears are even suggesting that the lack of additional easing measures from China and from the US this week, are really the main elements behind the current slide in silver prices. Silver traders probably need to look over their shoulder to the action in the US equity markets for direction today, as the US economic report slate might not garner much attention. Comex Silver Stocks were 143.486 million ounces up 560,074 ounces. Comex Silver Stocks are now at the highest levels since 08/06/2008. Silver stocks have increased 13 of the last 20 days.

With a sharp range down extension overnight, July platinum took out all of this week's action on the downside. Clearly a lack of definitive forward movement on the US easing front appears to be the main element driving platinum prices downward, but it is also likely that fresh concern over Spain is another issue adding into the risk off washout bias in platinum prices. Unfortunately the US report slate this morning doesn't appear to have the capacity to significantly alter sentiment and without something surprising from an IMF director speech, it could be difficult to alter the early bearish track in platinum prices. We would remain bearish platinum until the July contract regains \$1,433 or until the September S&P regains the 1315 level.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COPPER COMMENTARY

06/08/12

Renewed slowing fears, Euro zone debt fears & adverse currency action

GENERAL: The bear camp has to be happy with the events this week, as copper prices look set to end the week in a very weak posture on the charts despite seeing a surprising Chinese rate cut. In fact, in addition to the Chinese rate cut, the copper market also saw another noted weekly decline in Shanghai copper stocks and yet the market can't seem to take its focus off the prospect of a melt down in Europe and the prospect of further slowing in the US, before the US Fed takes action. A decline of almost 10% in Asian copper stocks on the week would ordinarily provide a cushion to copper prices but the copper trade instead continues to fear more slowing in China, more slowing in the US and more economic and financial turmoil in Europe. Given the initial bounce in copper prices this week, even the COT positioning report is likely to favor the bear camp, as tonight's readings are likely to show a moderation of the rather over sized spec short positioning. Copper might see some reaction to McDonald same store sales figures early today and to the US Trade Balance release, but neither of those events looks to have the capacity to dramatically improve the overall macro economic vibe. The real focus of the copper trade today is likely to be on events in the Euro zone and to a lesser degree, to the action in the US equity markets. LME copper stocks last night increased by 375 tons to stand at 229,675 tons.

**MARKET IDEAS:**

The path of least resistance is pointing downward today. There might be some initial support on the charts at \$3.2780, but the bear camp has to feel like they have the capacity to press copper prices back toward the early June lows. In fact, in the event of a quasi meltdown in the Euro zone next week, it would not be surprising to see July copper prices fall down to the lowest levels since last October. While the Chinese rate cut was seen as a positive for copper prices at times this week, China didn't extend the easing to other mechanical banking measures and therefore the most likely bottoming event for copper would seem to be the prospect of US easing. At this point, it would be surprising not to see July copper fall back below the early June lows.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long term Position play: Short 1 July copper \$3.28 call and long 2 December copper \$3.70 copper calls for a net premium cost of 150 points. Use a near term objective on the short call of 300 and risk the combination to a loss in excess of 390 option points. Use an ultimate objective on the long Dec copper calls at 1400 points each.

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 (JUN) 06/08/2012: The major trend has turned down with the cross over back below the 60-day moving average. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. A negative signal for trend short-term was given on a close under the 9-bar moving average. The close below the 2nd swing support number puts the market on the defensive. The next upside objective is 1642.0. The next area of resistance is around 1611.6 and 1642.0, while 1st support hits today at 1566.4 and below there at 1551.5.

COMEX SILVER (JUL) 06/08/2012: Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The market's close above the 9-day moving average suggests the short-term trend remains positive. The market's close below the 1st swing support number suggests a moderately negative setup for today. The near-term upside objective is at 3011.3. The next area of resistance is around 2923.7 and 3011.3, while 1st support hits today at 2792.3 and below there at 2748.4.

COMEX PLATINUM (JUL) 06/08/2012: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal down is a negative indicator for prices. The close below the 1st swing support could weigh on the market. The near-term upside objective is at 1482.05. The next area of resistance is around 1457.69 and 1482.05, while 1st support hits today at 1422.50 and below there at 1411.65.

COMEX COPPER (JUL) 06/08/2012: Daily stochastics are showing positive momentum from oversold levels, which should reinforce a move higher if near term resistance is taken out. The market's short-term trend is negative as the close remains below the 9-day moving average. The market could take on a defensive posture with the daily closing price reversal down. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 347.06. The next area of resistance is around 341.02 and 347.06, while 1st support hits today at 330.98 and below there at 326.97.

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										
GCAM2	1589.0	48.55	47.74	70.43	73.27	1612.30	1590.37	1578.11	1615.61	1627.74
SIAN2	2858.0	50.19	47.44	58.99	66.45	2862.00	2832.32	2819.16	2982.32	3048.42
PLAN2	1440.10	46.50	42.72	44.17	58.34	1444.18	1431.48	1437.43	1512.22	1548.05
CPAN2	336.00	38.87	37.24	11.96	20.36	333.38	336.82	342.36	359.74	366.35

Calculations based on previous session. Data collected 06/07/2012

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						
GCAM2	COMEX Gold	1551.4	1566.3	1596.7	1611.6	1642.0
SIAN2	COMEX Silver	2748.3	2792.2	2879.8	2923.7	3011.3
PLAN2	COMEX Platinum	1411.65	1422.49	1446.85	1457.69	1482.05
CPAN2	COMEX Copper	326.96	330.97	337.01	341.02	347.06

Calculations based on previous session. Data collected 06/07/2012

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

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