

INFINITY DAILY FINANCIAL MARKETS

Friday April 29, 2011



Today's Outlooks

BONDS: The bulls still hold an edge but the market has lost momentum

STOCKS: US equity markets flat to start, reaching short term overbought levels

METALS: Ongoing bullishness to prevail in the early Friday morning US trade

COPPER: We think the bear camp has control and prices are vulnerable today

CURRENCIES: The Dollar finishes out the week on the defensive.

Overnight Price Changes

BONDS	-30	FTSE	N/A	SF	+90	GOLD	+4.70
S&P	+80	DOLLAR	-161	CANADIAN	+16	SILVER	+117.90
DOW	+96	YEN	+29	EURO	+38	PLATINUM	+9.10

London Gold Fix \$1531.00 NA LME Copper Stocks 463,650 tons NA Shanghai Deliverable stocks were 128,268 tons -10,808 Gold Stocks unchanged at 11.035 million ounces, Silver Stocks 102.053 million ounces +401,423 ounces

Bonds and Stock Market Overview

BONDS: Apparently the Treasury market took the US initial claims rise yesterday to heart as Treasury prices rebounded aggressively in the wake of that report yesterday. With the last trading day of April today, the bonds and notes are set to leave with some very impressive upside action for the month. Apparently the trade bought into the idea that the truly Fed intends to hold rates down and the talk of high unemployment rates was also given added significance in the wake of the surprise rise in the US initial claims readings on Thursday.

STOCKS: The final trading day of April presents rather flat equity markets, with a low volume trade as markets in Japan were closed for the May Day holiday and London markets closed for the royal wedding. European shares were under modest pressure after a 6 day winning streak that has likely fostered a round of profit taking. While many companies in the country in the Euro area have posted better than expected earnings, there is some concern after others lowered their future outlooks, which suggests a more challenging environment to come.

Currency Market Overview

DOLLAR: The Dollar continues to be on the defensive this morning, although prices were able to avoid a new low for this longer-term down move during overnight trading. Yesterday's lukewarm US GDP number has added to an

increasingly negative tone for the Dollar, which continues to be weighed down by the Fed's reluctance to shift out of an accommodative monetary stance. Today's US data may help to lift prices away from these new multi-year lows, but the prospect of comparatively low US yields over the foreseeable future are going to make it difficult for any strong rebound to occur from these current price levels.

EURO: The June Euro has been able to hold onto recent strength this morning, but remains just short of new high ground for this move. An increase in Euro zone inflation levels this morning emphasized the likelihood that the ECB will be hiking rates again during the next few months, which places them in sharp contrast with the Fed's "easy" monetary policy. If debt concerns from peripheral EU nations can remain quiet, then the June Euro could finish out the week by posting a fresh new high for this move.

YEN: The June Yen looks to be stabilizing near the recent highs, and is grinding out a modest gain this morning. As concerns from the Fukushima nuclear situation become less of an issue, the June Yen may be able to sustain recent strength from the repatriation of overseas funds back to Japan for reconstruction. The June Yen may find resistance near the 123.10 level, but may need the help of weak US data this morning in order to trade above these recent highs.

SWISS: The June Swiss has risen sharply higher this morning, and has posted a new record high for the sixth time in the past seven sessions. A stronger than expected private survey of Swiss Leading Indicators today is another sign of positive Swiss economic conditions, which have helped prices to hold their recent sharp gains. The June Swiss may find resistance near the 115.50 level today, but could climb further into new high ground if US economic numbers come in weaker than expected.

POUND: The June Pound was able to marginally extend this recent rally, but prices were unable hold early gains and have drifted back towards unchanged levels. With recent economic numbers showing a mixed picture of the UK economy, the June Pound may be vulnerable to an end-of-week pullback if US data comes in better than expected. The June Pound may find support near the 166.20 level during today's session, but is giving signs of being top-heavy and could conclude the week with an extended sell off.

CANADIAN DOLLAR: The June Canadian has surged into positive territory this morning, but remains below the recent highs for this rally. Strength in energy and precious metals prices have helped to keep the June Canadian well supported at these levels, but today's Canadian GDP number will go a long way towards sustaining this current rally. The June Canadian may find resistance near the 105.30 level, but it will need continued support from strong commodity prices in order to hold onto these recent gains.

Metals Markets Overview

GOLD: While the bulls might be disappointed by the lack of new all time highs overnight, the gold market remains within striking distance of the all time highs in the early Friday morning trade. While the Dollar hasn't fallen to fresh new lows in the overnight action, the Greenback remains within close proximity to a downside breakout on its charts and therefore the impact from the currency markets might be slightly supportive of gold prices this morning. The gold market was confronted with a surprise rise in Russian interest rates overnight and that can sometimes serve to discourage some would-be buyers of gold.

SILVER: While nearby silver futures remain below their recent highs, prices overnight have posted some rather significant overnight gains. There was a negative story in the Journal suggesting that high silver prices were hindering physical demand, but the silver market appears to be dominated by the expectation of ongoing investment demand. Like gold, the silver market is probably garnering some support from ongoing weakness in the Dollar but many traders will suggest that inflationary expectations are still the primary driver of silver prices this week.

PLATINUM: The platinum market sits just under this week's highs and seemingly poised to claw out more gains. However, the platinum market was presented with more news of rising platinum production from a Russian miner overnight. Apparently Norilsk posted a gain in quarterly production of roughly 5%, with that production gain over the prior year's quarter posting a rise of 18%.

COPPER: The copper market appears to be consolidating just above a critical consolidation zone of \$4.20 in the May copper contract. One might expect the copper market to derive some support from news of a noted decline in

weekly Shanghai copper stocks, as that news could prompt some positive demand talk. While the Dollar is weak, the Greenback did not make a fresh new low overnight and that has generally provided some minor residual support to copper prices.

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