

**INFINITY DAILY FINANCIAL MARKETS**  
**Friday July 30, 2010**



**Today's Outlooks**

**BONDS:** Favorable European and UK numbers leaves the bears with the edge

**STOCKS:** Earnings strong but market concerned with headwinds in Washington

**METALS:** Strong physical buying, possible gains off of flight to quality

**COPPER:** The copper market pulls back from recent highs in front of today's US economic numbers.

**CURRENCIES:** The Dollar is building a risk premium before US economic numbers.

**Overnight Price Changes**

<b>BONDS</b>	<b>+190</b>	<b>FTSE</b>	<b>N/A</b>	<b>SF</b>	<b>+31</b>	<b>GOLD</b>	<b>+2.80</b>
<b>S&amp;P</b>	<b>-430</b>	<b>DOLLAR</b>	<b>+188</b>	<b>CANADIAN</b>	<b>+36</b>	<b>SILVER</b>	<b>+5.30</b>
<b>DOW</b>	<b>-31</b>	<b>YEN</b>	<b>+70</b>	<b>EURO</b>	<b>-69</b>	<b>PLATINUM</b>	<b>-2.80</b>

London Gold Fix \$1168.00 +\$2.00 LME Copper Stocks 413,500 tons +1,975 Shanghai Deliverable stocks were 104,507 tons -9,415 Gold Stocks unchanged at 11.085 million ounces, Silver Stocks 110.233 million ounces - 318,038 ounces.

**Bonds and Stock Market Overview**

**BONDS:** Treasuries enter the last day of the July trading higher, as anxiety mounts over global growth prospects, U.S. Fed chatter that highlighted deflation fears and slumping equity markets. September 30-year bonds traded at their highs of the session this morning ahead of key economic report on U.S.

**STOCKS:** Earnings news has been supportive to the market but macro-economic concerns and continued concerns over a lack of spending restraint in Washington has helped keep confidence readings low and the economic outlook uncertain. Once again, the market is seeing strong earnings from the 2nd quarter but the trade is not too confident that this will equate to more investment and more employment for the third quarter. The 2nd quarter GDP data will be released today with most traders looking for a slowdown to near 2.5% from 2.7% in the first quarter.

**Currency Market Overview**

**DOLLAR:** After testing the lows for the move overnight, the Dollar has rebounded into positive territory and is posting a moderate gain. With the market focusing in on this morning's US economic numbers for a good portion of the past week, today's strength in the Dollar may be due to a return of

risk aversion. Weak equity prices around the globe could indicate a general move towards the sidelines, particularly with other overseas issues beginning to have an impact.

**EURO:** The September Euro has fallen away from the recent highs, as today's Euro zone economic data failed to live up to expectations. In addition, large redemptions for Spanish debt this morning may be bringing back contagion ideas to the market. The September Euro has fallen back below the 1.30 level again, this time from new high ground for the move.

**YEN:** In spite of some poor Japanese economic data overnight, the September Yen has been able to post a new 8-month high today as a flight to quality appears to have overwhelmed most other issues. Concerns with Europe as well as with the upcoming US economic numbers have fueled the move, which may suggest this move could be reversed quickly if a more positive vibe comes out of either of those regions. Look for the September Yen to test support near the 115.50 level as the first stop on an extended move lower, once risk concerns are dampened later on today.

**SWISS:** The September Swiss was also able to make a new high for the move, but this morning Swiss Leading Indicators numbers has helped to fuel a reversal of this rally. A weak GDP number could send the September Swiss right back into positive territory, but there may be more end-of-month profit-taking on the cards with almost 10 cents worth of gains since the end of May. The September Swiss may test support near the 95.75 level early on the day, but today's direction will ultimately hinge on how the market interprets US economic data.

**POUND:** The September Pound has been another currency where the end of the month has meant a liquidation selloff. Weakness has been limited, however, as there appears to be further upside potential for this upmove during the near future. Look for the September Pound to find support near the 1.5550 area today, but the longer-term trend should remain intact.

**CANADIAN DOLLAR:** The Sept Canadian has been relatively quiet overnight, as economic numbers from both sides of the US/Canada border later this morning will determine the direction of the market. In spite of general weakness in global equity markets, the Sept Canadian has held its ground so far. If risk fears in the market can be dampened, the Sept Canadian may have an opportunity to retest the 97.00 resistance level but both sets of economic numbers may need to be relatively well received in order for this to occur.

### **Metals Markets Overview**

**GOLD:** More physical buying was seen in Asia overnight, as jewelers appeared anxious to secure bullion ahead of the 2nd Quarter GDP report this morning. General expectations are calling for around 2.5% annual growth in the 2nd Quarter, a modest decline from 2.7% in the 1st Quarter. Coming up short of that could ramp up trader anxiety and risk aversion and send buyers back into gold and out of other riskier assets, while a better than expected number could do the opposite.

**SILVER:** Silver is trading moderately higher this morning despite weaker equity prices, as it appears to be taking its cues more from gold than from the stock market and other industrial commodities this week. The metals markets are likely to look to today's GDP reading for direction, with a strong number likely bearish to precious metals (including silver) while a weaker than expected number probably bullish. However, given silver's dual role as both a precious and an industrial metal, its reaction to the GDP release could be more muted than gold's.

**PLATINUM:** October platinum may have given back some ground this morning, but prices have been able to hold most of yesterday's sharp gains and remain within striking distance of new highs for the month. Supply issues from South Africa have provided the market with much of its recent strength, but this recent rally may be reversed if today's US economic numbers are seen as weak. Look for October platinum to find support near the 1552.00 area during today's session, but poor US numbers may see any sell-off extend itself much lower.

**COPPER:** While the generally weak tone for global equity markets this morning has kept the copper market under pressure, prices have held up fairly well and have given back little of their recent gains. A severe drop in Shanghai copper stocks today may be going a long way in easing concerns, as it has mitigated one of the larger daily increases for LME copper stock in recent memory. News that the Chinese feel that they have overtaken Japan as the world's second largest economy should not be much of a surprise, given their strength in the face of global economic weakness.

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