

ADMIS DAILY FINANCIAL MARKETS Tuesday June 05, 2012



Today's Outlooks

BONDS: A high volatility watch remains in place the bulls have initial control

STOCKS: Soft Euro data and G-7 conference call keep sentiment under pressure

METALS: Residual bull control but the bullish edge has a weak foundation

COPPER: Vulnerable status as slowing fears continue to weigh on prices

CURRENCIES: The Dollar continues to be lifted by safe-haven support.

Overnight Price Changes

BONDS	+130	FTSE	N/A	SF	-55	GOLD	+4.30
S&P	-370	DOLLAR	+317	CANADIAN	-18	SILVER	+20.80
DOW	-65	YEN	+16	EURO	-68	PLATINUM	+10.90

London Gold Fix \$1,552.50 N.A. LME Copper Stocks 230,875 tons N.A. Gold Stocks 10.995 million ounces +16,720, Silver Stocks 142.979 million ounces -171,623

Bonds and Stock Market Overview

BONDS: After a needed corrective setback on the charts yesterday morning, US Bonds are somewhat back in vogue at the start of the Tuesday US trade action. Comments from Spanish officials overnight, that Spain is facing unsustainable borrowing costs ahead have once again rekindled fresh concerns of trouble for the Euro zone and that in turn has rekindled some flight to quality buying of US Treasuries. With Euro zone data overnight seemingly reconfirming weakness again and the trade already anticipating weak data from the US ISM Non-Manufacturing report later this morning, the bull camp is probably confident in its initial fundamental standing at the start of the Tuesday trade.

STOCKS: Global equity markets entered the initial morning hours in a mixed fashion today, with Asian stocks trying to rally with European markets showing some minor ongoing weakness off ongoing anxiety from Spain. Shares in China fell to their lowest level in nearly two months early in the session but garnered support from service sector data that showed expansion and an Australian interest rate cut. That positive tone came under modest pressure during the European trade after the latest read on the region's service sector continued to show contraction.

Currency Market Overview

Upcoming International Reports (all times CT)

06/05 4-Week BILl Auction
06/05 Johnson Redbook Sales
06/05 France Services PMI 2:48 AM
06/05 German Service PMI 2:53 AM
06/05 Euro-zone Retail Trade 4:00 AM
06/05 German Manufacturing Orders 5:00 AM
06/05 Weekly ICSC-UBS Chain Store 6:45 AM
06/05 Canadian Building Permits 7:30 AM
06/05 Canadian Monetary Policy 8:00 AM
06/05 Canadian Monetary Policy 8:00 AM
06/05 ISM Non-Manufacturing Index 9:00 AM
06/05 API Energy Stocks 3:30 PM
06/05 Japan Composite PMI 6:15 PM
06/05 Japan Services PMI 6:15 PM
06/06 France ECRI Future Inflation 3:30 AM
06/06 Germany ECRI Future Inflation 3:30 AM
06/06 UK ECRI Future Inflation 3:30 AM
06/06 Euro-zone ECRI Future Inflation 4:00 AM
06/06 Euro-zone GDP 4:00 AM
06/06 German Industrial Production 5:00 AM
06/06 Euro-zone Monetary Policy 6:45 AM
06/06 EIA Energy Stocks 9:30 AM
06/07 10-Yr note Auction Announcement
06/07 13 and 26 Week Bill Auction
06/07 30-Yr Auction Announcement
06/07 3-Yr note Auction Announcement
06/07 Japan Leading Indicators 12:00 AM
06/07 France Unemployment Situation 12:30 AM
06/07 Swiss Employment 12:45 AM
06/07 Swiss Consumer Price Index 2:15 AM
06/07 UK CIPS/NTC Research Service 3:30 AM
06/07 UK Monetary Policy 6:00 AM
06/07 Initial Jobless Claims 7:30 AM
06/07 Canadian PMI 9:00 AM
06/07 EIA Gas Storage 9:30 AM
06/07 Consumer Credit 2:00 PM
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 rebounded from overnight pressure and is heading higher once again this morning, with renewed safe-haven support more than offsetting the recent sluggishness in US economic data. Euro zone debt anxiety is likely to dominate global markets this morning, and should provide more than enough risk aversion for the Dollar to recover most of this week's early losses. While yesterday's Factory Orders number reinforced the negative tone of last Friday's weak US Payroll data, the markets may be waiting for fresh Fed dialogue later today before putting any brakes on this morning's Dollar recovery.

EURO: The June Euro is back on the defensive this morning, as this week's recovery has fallen apart during the past few hours. Comments by the Spanish Treasury Minister that his nation is currently "shut out" of global financial markets has had a particularly negative impact on the Euro, as Spain is scheduled to auction debt later this week. In addition, today's bleak Euro zone Retail Sales data has underscored the impact that peripheral debt problem have made throughout the region.

YEN: The June Yen is posting moderate gains this morning but is staying well below the recent highs for the move even though the flight of safety vibe out the Euro zone has been ramped up by today's Spanish risk flare-up. Japanese officials are unlikely to find G7 support for concerted intervention to weaken the Yen, although there

have been enough verbal threats thrown out during the past few days to keep traders wary of retesting Friday's highs. The June Yen is likely to remain well supported during today's session but will have limited upside as long as Euro zone debt problems do not flare up any further.

SWISS: The June Swiss fell sharply back from the overnight highs this morning as Euro zone debt problems continue to diminish global market sentiment. Unless there is a clearly positive reaction to the G7 conference call later on this morning, the June Swiss is likely to slide further to the downside before finding any meaningful support. The June Swiss should descend to the 103.15 level later this morning, and will have difficulty overcoming the negative impact of Euro zone problems during today's session.

POUND: The June Pound has been unable to put together any sort of recovery this week, and is once again headed back towards Friday's lows for the move. With the UK markets still on holiday this morning, Euro zone debt problems are providing more than enough pressure for the June Pound to head sharply to the downside. Unless there is a vast improvement in global economic sentiment, the June Pound is likely to remain on the defensive during the balance of today's trading.

CANADIAN DOLLAR: The June Canadian was unable to hold overnight gains but is consolidating near unchanged levels this morning. The Bank of Canada is expected to hold Canadian interest rates steady at their meeting this morning but unless their post-meeting statements can provide some additional strength, the June Canadian will need to see a positive reception to this morning's G7 conference call in order to revive this week's recovery. The June Canadian may slide back to the 95.90 level later this morning, but the Canadian would be the most likely candidate for a sharp recovery rally if macro-economic sentiment shows some tangible improvement later on during the session.

Metals Markets Overview

GOLD: Gold appears to have maintained a moderate portion of last Friday's startling rally again overnight, with players suggesting gold continues to draft some ongoing support from renewed flight to quality interest. Apparently ultra low yields on fixed income instruments and persistent declines in global equity markets has forced some players back into gold, while others are simply moving back into gold because of ideas that coordinated easing is probably in the offing. Therefore, it isn't surprising to see fresh easing hopes in the wake of an emergency G7 conference call this morning, which in turn could be expected to precede potential easing action from the ECB on Wednesday.

SILVER: While July silver prices have started out on a positive footing today, prices are favoring the lower quarter of the prior session's range. While ongoing fears of funding problems for Spain is serving to cap off the initial gains in silver prices this morning, the bull has managed to control off hopes that an emergency G7 conference call will spark some risk on vibes and perhaps even some fresh easing action. Recently silver seems to have drafted off hopes in the gold trade of a return to safe haven status, but others are insisting that the recent gains in silver prices are instead the result of widening calls for coordinated stimulus.

PLATINUM: The platinum market has maintained a slightly positive track on the charts this morning, with July platinum prices holding a large portion of the sharp range up action from the end of last week. Like the gold and silver markets, platinum is apparently hopeful of official action in the form of easing or stimulus from central banks. However, residual fear of a European crack up has discouraged some would-be longs in platinum and for some traders it might take actual confirmation of some new official plan just to re-challenge a four month old downtrend channel resistance line on the charts.

COPPER: The copper market seems to have resumed a generally weak posture on the charts again this morning, despite the fact that July copper prices this morning remain roughly 4 cents above yesterday's spike low and there were reports overnight of value hunting buying in Shanghai. Some players think that the big range down reversal action yesterday hints at some form of major bottom in copper prices, but that thinking has been at least partially undermined by renewed weakness this morning. While copper might be approaching a record non-commercial and non-reportable combined net short positioning, seeing copper prices still sitting roughly 19 cents a pound above the 2011 Euro zone debt debacle lows has many traders expecting even more downside action ahead.

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