

THURSDAY SEPTEMBER 30, 2010

LME DAILY METALS REPORT

As of Sept. 29	HIGH	LOW	CLOSE	CSH/3	3'S/15	LME STOCKS (CH)	SUP	RESIS	RSI	VOL (000)	O/I (000)	10 MAV	40 MAV	100 MAV
CU	8064	8020	8064	-5	+82	374,150 (-950)	7500	8043	72	94	283	7841	7529	7044
AL	2341	2323	2341	-31.75	-73	4355650 (-3150)	2250	2370	72	144	653	2249	2153	2067
PB	2300	2296	2300	-27	-12.75	191,700 (-225)	1950	2400	64	29	93	2242	2161	1961
ZN	2229	2215	2225	-29.75	-57	616,750 (+225)	2200	2400	59	51	222	2196	2129	1972
NI	23325	23100	23350	+14	+625	122,556 (-102)	20200	23670	63	25	97	22967	22101	20196
SN	24350	24160	24325	+7	+595	13,430 (-85)	21800	24800	74	5.7	17.2	23612	21757	19387
NAA	2300	2290	2300	-30	-4	135,640 (-880)	NA	NA	71	1.7	10.2	2212	2133	2021
Shanghai Nearby Last (YUAN)	CU :60,600 (-190)					AL: 15,870 (-80)			ZN: 17,875 (-75)			LME/SHAN CU		
Shanghai Stocks as of Sep 30	CU: 87,447 MT(-6918)					AL: 489,234 MT (-4641)			ZN: 254,310 (+15257)			ARB: +2238		

	CU	AL	PB	ZN	NI	SN
2010 HI/LOW	8075 / 6035	2494 / 1828	2690 / 1535	2550 / 1577	27250 / 16975	24500 / 14850
2009 HI/LOW	7423 / 3025	2305 / 1279	2525 / 957	2615 / 1070	21325 / 9250	17000 / 9700

Explanations for our table: High/low/close are official LME prices for the day prior; cash/3's and the 3's/15 spreads is the spread between the respective periods, with a positive number reflecting a backwardation and a negative numbers reflecting a contango. Stocks (in MT) show inventories on hand for the current day, along with changes from the day prior. Volume and open interest data are for the day prior, while the MAV refers to the 10, 40, and 100-day moving averages. Shanghai prices are as of close of trading from the day prior; Shanghai stocks are in MT for the week indicated; please contact this writer for any further questions. *Arb differential number is derived as follows: LME 3-m copper in Yuan, including 17% VAT, minus SHFE third month; (+ would mean LME is over).

This market comment was written at 8:30 a.m. on September 30th, US east coast time...

Metals prices finished higher yesterday, with copper taking out its 2010 high of \$8043, and lifting other metals up along with it. The dollar fell for a fourth straight session, hitting a five-month low against the euro on growing perceptions that further US monetary easing could possibly be announced at the Fed's Nov. 2-3 meeting.

Metals are mixed as of this writing, but well off earlier lows. The earlier declines in Shanghai were sparked when the government announced new property rules, this time telling the banks to secure a down payment of at least 30% from *all* mortgage applicants as part of a new effort to rein in soaring property prices. However, metals seem to have regained their footing since then. The weaker dollar is providing key support in this regard, as it has distinctly failed to rally for much of this week despite grim headlines coming out of the European debt markets. In yesterday's developments, for example, Moody's downgraded Spain's credit rating by one notch to Aa1, citing the country's weak growth prospects, low productivity levels, and inflexible labor rules. Out of Ireland today, the government disclosed a "final" price tag of nearly 40 billion Euros for bailing out its distressed banks, and said it would have to make more drastic budget cuts. There was no negative reaction in either the Spanish or Irish markets to these announcements, as the news was likely expected and thus discounted. This is best reflected in the buoyant Euro, which continues to march higher, even getting to a high of \$1.3676 earlier today.

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* **Japan's refined zinc exports** for August plunged 51% from a year earlier to 6,330 tons, marking the eighth straight month of declines, Ministry of Finance data showed today.

LEAD **SUPPORT: \$2250 / RESISTANCE: \$2400**

Lead is at \$2288, down \$12, and again very quiet, with only a \$30 trading range in place.

NICKEL **SUPPORT: \$20,200 / RESISTANCE: \$23,670**

Nickel is at \$23,325, down \$25 and quiet, although we are in close range of \$23,670 resistance.

* Steel demand growth in **China** is expected to recover by 2011, the executive director of **Vale** told Reuters yesterday. "I see demand slowing for two or three months, then growing again.

TIN **SUPPORT: \$21,800 / RESISTANCE: \$24,800**

Tin is at \$24,550, up \$225 and now at fresh highs; with two closes above \$23,800 now behind us, the next upside target on the charts is \$24,800.