

	Estimate	High	Low	
02/26 UK Consumer Confidence		-	-	-
02/26 UK GDP	3:30 AM	-	-	-
02/26 Euro-zone Consumer Price Ind	4:00 AM	-	-	-
02/26 Swiss KOF Leading Indicator	4:30 AM	-	-	-
02/26 GDP (Q4 '09)	7:30 AM	+6.0	+6.1	+5.7
02/26 ISM - NY	7:30 AM	-	-	-
02/26 Chicago PMI	8:45 AM	-	-	-
02/26 University of Michigan Consu	8:45 AM	-	-	-
02/26 Existing Home Sales	9:00 AM	+ .5	+1	+ .4
02/26 Japan Housing Starts	11:00 PM	-	-	-
03/01 PCE Deflator	7:30 AM	-	-	-
03/01 Personal Income	7:30 AM	-	-	-
03/01 Construction Spending	9:00 AM	-	-	-
03/01 Help Wanted Index Online	9:00 AM	-	-	-
03/01 ISM Manufacturing Index	9:00 AM	-	-	-
03/01 Swiss PMI	2:30 AM	-	-	-
03/01 France Manufacturing PMI	2:48 AM	-	-	-
03/01 German Manufacturing PMI	2:53 AM	-	-	-
03/01 Euro-Zone Manufacturing PMI	3:00 AM	-	-	-
03/01 Euro-zone Unemployment Rate	4:00 AM	-	-	-
03/01 Canadian GDP (By Industry)	7:30 AM	-	-	-
03/01 Canadian Industrial Product	7:30 AM	-	-	-
03/01 PCE Deflator	7:30 AM	-	-	-
03/01 Personal Income	7:30 AM	-	-	-
03/01 Construction Spending	9:00 AM	-	-	-
03/01 Help Wanted Index Online	9:00 AM	-	-	-
03/01 ISM Manufacturing Index	9:00 AM	-	-	-
03/01 Japan Household Spending	5:30 PM	-	-	-
03/01 Japan Unemployment Rate	5:30 PM	-	-	-
03/02 Johnson Redbook Sales		-	-	-
03/02 Euro-zone Industrial Produce	4:00 AM	-	-	-
03/02 Weekly ICSC-UBS Chain Store	6:45 AM	-	-	-
03/02 Canadian Monetary Policy	8:00 AM	-	-	-
03/02 API Energy Stocks	3:30 PM	-	-	-
03/02 Japan Composite PMI	5:15 PM	-	-	-
03/02 Japan Services PMI	5:15 PM	-	-	-

BONDS COMMENTARY

02/26/10

Just enough economic uncertainty to leave the bulls with the edge

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
 BONDS -30

The Treasury market seemingly ran up into the last leg of the US Treasury auction yesterday afternoon. In short, any US debt auction that isn't a disaster is a good thing as the flow of supply continues to be unrelenting. At the end of this week it appeared as if a number of markets were starting to fear a rekindling of the Greece debt crisis, while other markets were simply discouraged by the prospect of slackening US numbers or by the fear of further uncertainty from Washington. If the health care reform effort is fully rekindled and there is a push for a comprehensive and expensive package that could continue to weigh on equities and perhaps even apply some pressure to Treasury prices. Typically the big report of the day would be the GDP report, but because that is an old number it is possible that the real attention will be paid to the US existing home sales report. While early estimates call for a minor rise in the existing home sales reading, the rather shocking under shoot on the new home sales report earlier in the week could mean that some traders are expecting something softer than the



expected reading from the existing home sales report. With some regional ISM and PMI readings also due out there will be no shortage of information on the economy. While it might be premature, the ultra weak new home sales report released early in the week and the sharp down move in the equities did prompt some talk in the media of a double dip recession, which means the stronger than expected US Durable Goods report was discounted by some. In short, the bias from the economic front is bullish and that tilt might not be reversed easily. In fact, there are some economists suggesting that severe winter weather in the Northeast might make the February payroll readings weaker than expected. While Asian equities were showing minor gains in the early going today, it seemed as if there was lingering concern for the Greek debt situation, especially since the EU told Greece that the current austerity program wasn't enough and that should leave the debt issue as a positive to US Treasuries through the Friday US trade. In fact, with Greek protests already turning violent early in the week we have to think that US Treasuries will move to insert some type of added flight to quality premium to prices ahead of the weekend. With the EU demanding that Greece cut 4% instead of 2% from their budget that would seem to require them to double the austerity and that should whip up the protests over the weekend. In short, the bias is pointing upward today even if a couple of the scheduled numbers are positive. Near term upside targeting in the June bonds is seen at 117-10, with similar resistance and targeting seen in June Notes up at 117-13. In order to turn the bullish tide around technically probably requires a decline back below 116-25 in June bonds and a trade back below 116-28.

TODAY'S MARKET IDEAS:

The upward bias looks to sustain through the scheduled number flow this morning.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Short 1 June bond at 116-31, with an objective of 113-10. Risk the position to 118-04.

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 (MAR) 02/26/2010: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The market now above the 18-day moving average suggests the intermediate-term trend has turned up. The market setup is supportive for early gains with the close over the 1st swing resistance. The next upside objective is 119-070. The next area of resistance is around 118-300 and 119-070, while 1st support hits today at 118-010 and below there at 117-120.

10 YR TREASURY NOTES (MAR) 02/26/2010: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. A positive signal for trend short-term was given on a close over the 9-bar moving average. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside target is 119-040. The next area of resistance is around 118-295 and 119-040, while 1st support hits today at 118-090 and below there at 117-265.

STOCKS COMMENTARY

02/26/10

The bulls might have early control but negative still abound

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

S&P 500 +180, DOW +11

Technically the S&P managed a classic big range down reversal and while there doesn't appear to have been a major fundamental development to give credence to the reversal yesterday, one has to give the bulls a technical edge off the action Thursday afternoon. It is possible that news of an Apple 4 for 1



stock split provided a boost to stocks (just after mid session Thursday) and if that was the primary source of the recovery effort that would seem to carry little in the way of shelf life for the bull case. However, strength in Bank shares and some mining issues also provided some lift to the equity markets yesterday and that would seem to broaden the bull's case a bit. With news late Thursday that some US Senators were urging the US Administration for action against China for currency manipulation, the threat of a trade issues could be something that serves to undermine sentiment today. In other concerning developments for the Obama Administration, Construction Unions late Thursday afternoon warned the Administration that the EPA wasn't aware of the economic severe impact of proposed CO2 Rules on the US construction industry. However, at least in the early going today, the markets seem to have shaken off the negatives but we would think that the stock market will have very little tolerance for disappointment from the US scheduled data flow.

S&P 500: Typically a classic big range down reversal within a trading session signals some form of key bottom. In some cases the big range down reversal only yields a 2-3 day corrective bounce and since the reversal yesterday afternoon didn't seem to be the result of a tangible fundamental event, we are only willing to predict a fleeting respite from the selling pressure. While it might not be politically correct, the stock market seems to want an end to the health care reform push as that lowers the amount of uncertainty facing employers! With slack numbers from the US, UK and the Euro zone this week, lingering Greek concerns and acrimony in Washington, there still appears to be more risk than reward for longs in the equity markets.

DOW: Like the rest of the market the Mini Dow managed an impressive reversal of a big range down thrust yesterday afternoon and that gives the bull camp the technical edge. However, since we didn't see a definitive fundamental development to clear the decks, we remain skeptical of the bull's case. In fact, the failure to hold above 10,300 could easily rekindle some selling pressure. At least in the early going today the potential for deterioration in the Greece situation has been discounted but the bears are probably willing to bet on increased protests as the call for a doubling of austerity efforts is absorbed. To alter our bearish short term fundamental trend views, probably requires a trade back above the 10,380 level in the March Mini Dow.

NASDAQ: The Nasdaq comes into the session today sitting just under a critical pivot point on the charts of 1820. While a move above 1820 in the March contract would improve the technical position of the Nasdaq, it could take more than a mechanical change in the Apple share price to rekindle optimism and restart the February rally. In fact, it might only take a slide back below 1811 this morning could put momentum back in the hands of the bear camp.

TODAY'S MARKET IDEAS:

Key reversal signal on the charts yesterday needs some type of fundamental confirmation to embolden the bull camp.

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 (MAR) 02/26/2010: Rising stochastics at overbought levels warrant some caution for bulls. The market's short-term trend is positive on the close above the 9-day moving average. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside objective is at 1116.95. The next area of resistance is around 1111.60 and 1116.95, while 1st support hits today at 1092.80 and below there at 1079.35.

S&P E-MINI (MAR) 02/26/2010: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. A positive signal for trend short-term was given on a close over the 9-bar moving average. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next

upside target is 1117.12. The next area of resistance is around 1111.75 and 1117.12, while 1st support hits today at 1092.75 and below there at 1079.13.

DOW (MAR) 02/26/2010: The market back below the 60-day moving average suggests the longer-term trend could be turning down. The daily stochastics have crossed over down which is a bearish indication. Stochastics turning bearish at overbought levels will tend to support lower prices if support levels are broken. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 10124. The next area of resistance is around 10288 and 10385, while 1st support hits today at 10158 and below there at 10124.

MINI-DOW (MAR) 02/26/2010: The market back below the 60-day moving average suggests the longer-term trend could be turning down. Rising stochastics at overbought levels warrant some caution for bulls. The close above the 9-day moving average is a positive short-term indicator for trend. The market tilt is slightly negative with the close under the pivot. The near-term upside target is at 10474. The next area of resistance is around 10411 and 10474, while 1st support hits today at 10229 and below there at 10109.

NASDAQ (MAR) 02/26/2010: Momentum studies are trending higher but have entered overbought levels. The close above the 9-day moving average is a positive short-term indicator for trend. The close over the pivot swing is a somewhat positive setup. The next upside objective is 1842.75. The next area of resistance is around 1831.50 and 1842.75, while 1st support hits today at 1794.50 and below there at 1768.75.

MINI-RUSSELL 2000 (MAR) 02/26/2010: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. A positive signal for trend short-term was given on a close over the 9-bar moving average. The upside daily closing price reversal gives the market a bullish tilt. The close over the pivot swing is a somewhat positive setup. The near-term upside objective is at 638.4. The next area of resistance is around 635.1 and 638.4, while 1st support hits today at 623.6 and below there at 615.3.

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										
USAAH0	118-150	58.63	55.37	36.50	48.34	117.61	117.29	117.77	117.10	117.64
TYAAH0	118-190	63.78	59.93	42.91	55.64	117.98	117.82	117.96	117.17	117.45
SPAH0	1102.20	57.24	53.69	81.47	84.29	1102.63	1098.90	1085.91	1105.76	1104.44
EPH0	1102.25	57.38	53.76	81.47	84.29	1102.63	1098.94	1085.93	1105.76	1104.44
TFEH0	629.4	64.64	59.50	85.11	87.78	628.78	625.37	612.24	622.42	617.32
NDAH0	1813.00	57.01	53.56	79.72	82.23	1812.25	1808.78	1783.51	1823.23	1816.60
YMH0	10320	56.39	53.76	82.50	83.72	10335.50	10301.89	10178.50	10325.04	10328.70
DFAH0	10223	48.17	48.78	79.23	76.84	10312.75	10293.67	10174.39	10319.07	10324.03

Calculations based on previous session. Data collected 02/25/2010

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						
USAAH0	Bonds	117-110	118-000	118-090	118-300	119-070
TYAAH0	10 Yr Treasury Notes	117-260	118-085	118-150	118-295	119-040
SPAH0	S&P 500	1079.35	1092.80	1098.15	1111.60	1116.95
EPH0	S&P E-Mini	1079.12	1092.75	1098.12	1111.75	1117.12
TFEH0	Mini-Russell 2000	615.2	623.5	626.8	635.1	638.4
NDAH0	NASDAQ	1768.75	1794.50	1805.75	1831.50	1842.75
YMH0	Mini-Dow	10108	10228	10291	10411	10474
DFAH0	Dow	10123	10157	10254	10288	10385

Calculations based on previous session. Data collected 02/25/2010
Data sources can & do produce bad ticks. Verify before use.

CURRENCIES COMMENTARY

02/26/10

Slow numbers and ongoing Greek turmoil ultimately favors the Yen

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):
US DOLLAR -191, YEN -17, SWISS +30, CA DOLLAR +39

Upcoming International Reports (all times CT)

02/26 UK Consumer Confidence
02/26 UK GDP 3:30 AM
02/26 Euro-zone Consumer Price Ind 4:00 AM
02/26 Swiss KOF Leading Indicator 4:30 AM
02/26 GDP (Q4 '09) 7:30 AM
02/26 ISM - NY^ 7:30 AM
02/26 Chicago PMI 8:45 AM
02/26 University of Michigan Consu 8:45 AM
02/26 Existing Home Sales 9:00 AM
02/26 Japan Housing Starts 11:00 PM
03/01 13 and 26 Week Bill Auction
03/01 Swiss PMI 2:30 AM
03/01 France Manufacturing PMI 2:48 AM
03/01 German Manufacturing PMI 2:53 AM
03/01 Euro-Zone Manufacturing PMI 3:00 AM
03/01 UK CIPS/NTC Research Manufac 3:30 AM
03/01 Euro-zone Unemployment Rate 4:00 AM
03/01 Canadian GDP (By Industry) 7:30 AM
03/01 Canadian Industrial Product 7:30 AM
03/01 PCE Deflator 7:30 AM
03/01 Personal Income 7:30 AM
03/01 Construction Spending 9:00 AM
03/01 Help Wanted Index Online 9:00 AM
03/01 ISM Manufacturing Index 9:00 AM
03/01 Japan Household Spending 5:30 PM
03/01 Japan Unemployment Rate 5:30 PM
03/02 Johnson Redbook Sales
03/02 Swiss GDP 12:45 AM
03/02 Euro-zone Industrial Produce 4:00 AM
03/02 Weekly ICSC-UBS Chain Store 6:45 AM
03/02 Canadian Monetary Policy 8:00 AM
03/02 API Energy Stocks 3:30 PM
03/02 Japan Composite PMI 5:15 PM
03/02 Japan Services PMI 5:15 PM
03/03 UK Consumer Confidence
03/03 France Services PMI 2:48 AM
03/03 German Service PMI 2:53 AM
03/03 Euro-Zone Services PMI 3:00 AM
03/03 UK CIPS/NTC Research Service 3:30 AM
03/03 Euro-zone Retail Trade 4:00 AM
03/03 Challenger Employment Surve 6:30 AM
03/03 ISM Non-Manufacturing Index 9:00 AM
03/03 EIA Energy Stocks 9:30 AM
03/03 Beige Book^ 1:00 PM



DOLLAR: The Dollar generally continues to garner the benefit of the doubt on its economic recovery and that tilt is probably made possible because of lingering Greek debt concerns. However, the Dollar was at least partially dented versus the Yen in the wake of the somewhat soft US claims data yesterday. In other words, the markets are growing more concerned about the failure to recover and that means that the Yen will probably continue to be the true leadership currency. We are not sure how to read the impact of the US health care summit yesterday as

the two sides appear to have very significant differences and that might result in the Democrats resorting to off floor reconciliation or a cram down push and therefore, significant political turmoil in the US ahead could take some of the favor out of the Dollar. However, we just don't see the Greece turmoil going away, especially with the EU overnight doubling the budget cuts recently proposed by the Greek government. With riots in Greece seen off the initial austerity program and the EU upping the ante rather significantly one probably can't get short the Dollar off the prospect of slowing in the US and the threat of a forced health care reform bill. In other words, the Dollar is getting in its own way and that could leave flight to quality money spilling over into the Yen.

EURO: The has surprisingly managed to bounce in the Friday morning trade despite news that the EU rejected the Greece budget and in turn requested a doubling of the spending cuts. Apparently seeing Greece accept the 2.0 to 2.5 billion Euro plan has initially tempered anxiety and allowed for a technical recovery bounce in the Euro. In our opinion, seeing the EU and Greek officials accepting of a more aggressive austerity program is only half the battle as the real test will be how the man on the street will react to latest developments. In short, the Euro can bounce but we seriously doubt it will throw off the down trend pattern that has been in place since early December. Down trend channel resistance is seen at 1.3619 and then again up at 1.3692 and we can't rule out a temporary rise to those levels.

YEN: The March Yen remains in a position to win off residual weakness in the US economy, residual anxiety off the Greece situation and lastly to win off intensive US political battling. In short, the Yen looks to be the primary flight to quality instrument and at times the Yen could even mount big gains against the Dollar. In short, the carry trade is given a longer life by a delay in the US recovery. While we doubt that the March Yen will manage a rise above the February high of 112.95 off current conditions, sloppy US numbers, big declines in US equities and or increased violence in Greece could result in the highest Yen trade since early December at some point early next week.

SWISS: The Swiss is poised to bounce and considering the oversold condition of the Swiss, it is possible that the bounce could be a little surprising. Down trend channel resistance is seen up at 93.46 today with that resistance falling to 93.39 on Monday. While the market might talk about the threat of SNB intervention to stop the rise in the Swiss, we just don't think that the intervention threat is credible until the Swiss reaches significant higher on the charts.

POUND: The Pound is showing some minor recovery action early this morning and that highlights just how weak the Pound has become. In other words, the Pound is simply weighed down by concerns of a failed recovery and therefore it can hardly bounce in the face of a noted technical short covering environment. While UK household consumption managed to rise overnight, the market also saw the first decline in UK house prices in 10 months and that highlights the precarious condition of the UK economy. Aggressive traders should be prepared to sell into strength in the Pound.

CANADIAN DOLLAR: While the Canadian might bounce like the rest of the Non-Dollar currencies, we just don't see a healthy environment for the Canadian Dollar. While it is premature to fear a double dip recession, global economic readings this week would seem to signal a very long slow and painful global recovery effort. After a bounce to 94.75 resistance basis the March Canadian, we expect the bullish bias in the Canadian to wane.

TODAY'S MARKET IDEAS:

The Yen looks to be the primary flight to quality currency over the coming 5 trading sessions.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

1) Long a June Yen 109/103 bear put spread for 200 points. Risk the trade to a loss of \$800 and use an objective of 108 in the Yen futures. 2) Long a June Yen 103 puts for 125, with an objective of 230. Risk the trade to a close below 60.

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 (MAR) 02/26/2010: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. A positive signal for trend short-term was given on a close over the 9-bar moving average. The daily closing price reversal down is a negative indicator for prices. The market tilt is slightly negative with the close under the pivot. The next downside objective is now at 80.36. The next area of resistance is around 81.00 and 81.34, while 1st support hits today at 80.51 and below there at 80.36.

EURO (MAR) 02/26/2010: A bullish signal was given with an upside crossover of the daily stochastics. 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 below the 9-day moving average is an indication the short-term trend remains negative. The daily closing price reversal up on the daily chart is somewhat positive. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The next upside target is 136.50. The next area of resistance is around 136.10 and 136.50, while 1st support hits today at 134.90 and below there at 134.11.

JAPANESE YEN (MAR) 02/26/2010: 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's close above the 2nd swing resistance number is a bullish indication. The next upside target is 113.86. The next area of resistance is around 113.21 and 113.86, while 1st support hits today at 111.33 and below there at 110.09.

SWISS (MAR) 02/26/2010: Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. A negative signal for trend short-term was given on a close under the 9-bar moving average. The upside closing price reversal on the daily chart is somewhat bullish. With the close higher than the pivot swing number, the market is in a slightly bullish posture. The near-term upside target is at 93.27. The next area of resistance is around 92.99 and 93.27, while 1st support hits today at 92.19 and below there at 91.66.

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										
DXAH0	80.75	63.17	63.95	72.84	70.79	80.79	80.55	80.25	78.96	78.33
JYAH0	112.27	65.49	60.31	43.07	57.48	110.94	110.46	110.87	110.04	110.73
EUAH0	135.50	32.95	32.37	21.64	22.13	135.51	136.00	136.91	140.47	142.16
BPAH0	152.65	22.36	27.32	16.92	14.79	153.97	155.33	156.41	159.17	160.23
CAAH0	94.30	39.59	43.91	69.73	59.88	94.95	95.41	94.66	95.23	95.05
SFAH0	92.59	34.82	34.73	25.08	26.77	92.59	92.83	93.37	95.30	95.91
DAAH0	88.70	46.81	47.55	74.99	72.30	0.89	0.89	0.88	0.89	0.90

Calculations based on previous session. Data collected 02/25/2010

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						
DXAH0	US Dollar	80.35	80.50	80.85	81.00	81.34
JYAH0	Japanese Yen	110.08	111.32	111.97	113.21	113.86
EUAH0	Euro	134.10	134.90	135.30	136.10	136.50
BPAH0	British Pound	150.50	151.48	152.84	153.82	155.18
CAAH0	Canadian Dollar	92.85	93.56	94.33	95.04	95.81
SFAH0	Swiss	91.65	92.18	92.46	92.99	93.27
DAAH0	Australian Dollar	87.15	87.94	88.66	89.45	90.17

Calculations based on previous session. Data collected 02/25/2010

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

PRECIOUS METALS COMMENTARY

02/26/10

Expect a relief rally today not a definitive up turn in prices

OVERNIGHT CHANGES THROUGH 6:05 AM (CT):

GOLD +0.90, **SILVER** +0.30, **PLATINUM** -5.30

London Gold Fix \$1092.75 -\$0.25 LME Copper stks 549,725 tons -500 tons
GOLD stks 9.972 ml oz +38,748 oz SILVER stks 108.8 ml oz -199,007 oz



OUTSIDE MARKET DEVELOPMENTS: With a 180 degree shift in most outside markets from the impacts seen in the prior trading session, it would appear that precious metals are set to start the early US Friday trade on a positive track. However, with the EU rejecting a Greek budget offering and demanding a doubling of spending cuts, it would seem like the Greek debt issue will remain on the front burner. Initially it seems like many markets are cheered by the news that Greece accepted the latest demands put forth by the EU. On the other hand, it is unclear how the general population in Greece will handle the increased austerity demands. With the flow of US economic news yesterday fomenting concerns of a slow recovery, the trade will be very focused on a US GDP reading, an existing home sales report and regional ISM and PMI readings. It is also possible that many markets will be watching the European headlines closely for any signs of increased protests in Athens.

GOLD

GOLD MARKET FUNDAMENTALS: In retrospect the gold market seems to have garnered some support from the avalanche of suggestions from the US Fed that interest rates would be left at low levels. Some traders are even suggesting that gold this week saw some renewed flight to quality buying in the wake of intense political wrangling in the US, while others suggested that the stronger than expected US Durable Goods data was responsible for concentrated buying in gold. It is also possible that gold is getting an indirect lift from press reports that center on China's need to buy more gold to back their dramatically expanding international financial footprint. And since the projections of increase Chinese gold holdings were floated by a Chinese quasi-government entity, those reports seem to have been given added credence. With initial weakness in the Dollar and somewhat higher global equity prices, the bull camp in gold initially looks to have the advantage of outside market action. The bear camp on the other hand is probably banking on renewed uncertainty from Greece and perhaps soft US economic readings. We can't rule out a short covering bounce in April gold back to \$1,122 resistance. In fact, a temporary reversal of outside market forces looks to give the bull camp a false sense of security in the Friday morning action. Perhaps the bulls can even push April gold prices up to \$1,131, but we just don't see the scope for a major shift up in gold prices.

SILVER

SILVER MARKET FUNDAMENTALS: The silver market might be poised to get some follow through buying as a result of a favorable shift in outside market action. Some players are also suggesting that a rise above the prior two session's highs is also capable of giving the bull camp some technically based buying interest. In

fact, the bull camp might even suggest that favorable Chinese demand news is capable of providing the bulls in silver with some spillover support. However, weak US numbers and residual turmoil in Greece are factors that would seem to leave the bear camp in silver and other physical commodity markets with some potential. In the end, the silver bulls seem to need favorable US equity market action and perhaps a consistently lower US Dollar to maintain a fundamental edge today. The silver market might be able to bounce up to near term technical resistance of \$11.21 but we doubt that silver is capable of throwing off the bear tilt that has been in place since early December.

PLATINUM

As expected the platinum market looks to get the biggest short covering reaction within the precious metals

complex. In fact, slightly positive equity market action, a lower Dollar and little anxiety toward Greece (as of this writing) should give the bull camp in platinum the edge. Therefore we can't rule out a short covering bounce back to initial resistance of \$1,550 basis the April platinum contract.

TODAY'S MARKET IDEAS:

A short covering potential today not a change in trend.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

COPPER COMMENTARY

02/26/10

Technical bounce and some EU-Greece relief, but Shanghai stocks surge

GENERAL: Copper market appears to have been saved by a reversal in outside markets. There appears to be some initial acceptance of the EU's austerity program for Greece this morning, and that appears to be providing enough of a lift to spark a short covering bounce in copper. LME copper stocks have shown a pattern dropping, but traders shouldn't rely on it too heavily yet. More telling are Shanghai stocks, which jumped to 149,478 tons this week from 117,179 the last time they were reported two weeks ago (before the Lunar New Year), their highest level since September 2002. While an increase had been expected due to an anticipated boost in sales no that the holiday has passed, this was the largest weekly increase going back to at least August of 1998. Another factor the market has to overcome is the disappointing import data from China earlier in the week. Overall, the fundamentals haven't been too good this week with the disappointing US economic data, weaker equities and higher dollar. However, a Chinese government think-tank's comments that China should own more gold could be having a spillover effect on other metals.



TODAY'S MARKET IDEAS:

While the market is showing signs of a technical reversal, it doesn't feel like a fundamental "all clear" has been given. Look for a 5-7 bounce higher on short covering, but don't expect much more.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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 (APR) 02/26/2010: Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The close below the 9-day moving average is a negative short-term indicator for trend. The upside daily closing price reversal gives the market a bullish tilt. The market has a slightly positive tilt with the close over the swing pivot. The next downside target is 1081.1. The next area of resistance is around 1116.6 and 1124.0, while 1st support hits today at 1095.2 and below there at 1081.1.

COMEX SILVER (MAR) 02/26/2010: Positive momentum studies in the neutral zone will tend to reinforce higher

price action. A positive signal for trend short-term was given on a close over the 9-bar moving average. The outside day up is somewhat positive. It is a mildly bullish indicator that the market closed over the pivot swing number. The near-term upside target is at 1651.8. The next area of resistance is around 1633.7 and 1651.8, while 1st support hits today at 1579.3 and below there at 1542.9.

COMEX PLATINUM (APR) 02/26/2010: The market now above the 60-day moving average suggests the longer-term trend has turned up. A bullish signal was given with an upside crossover of the daily stochastics. Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The market setup is supportive for early gains with the close over the 1st swing resistance. The near-term upside target is at 1556.57. The next area of resistance is around 1547.35 and 1556.57, while 1st support hits today at 1516.45 and below there at 1494.78.

COMEX COPPER (MAR) 02/26/2010: The major trend has turned down with the cross over back below the 60-day moving average. Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The close below the 9-day moving average is a negative short-term indicator for trend. The daily closing price reversal down is a negative indicator for prices. The market's close below the pivot swing number is a mildly negative setup. The next upside target is 332.71. The next area of resistance is around 326.67 and 332.71, while 1st support hits today at 314.83 and below there at 309.02.

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										
GCAJ0	1105.9	51.93	50.78	72.00	70.82	1104.85	1110.01	1097.52	1106.51	1117.86
SIAH0	1606.5	49.39	46.58	58.74	65.08	1602.88	1603.12	1586.62	1687.57	1714.57
PLAJ0	1531.90	52.60	51.64	51.75	56.59	1520.35	1525.61	1523.93	1527.30	1509.00
CPAH0	320.75	51.76	51.15	75.49	76.52	324.15	323.91	311.43	324.06	322.46

Calculations based on previous session. Data collected 02/25/2010

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						
GCAJ0	COMEX Gold	1081.0	1095.1	1102.5	1116.6	1124.0
SIAH0	COMEX Silver	1542.8	1579.2	1597.3	1633.7	1651.8
PLAJ0	COMEX Platinum	1494.77	1516.45	1525.67	1547.35	1556.57
CPAH0	COMEX Copper	309.01	314.82	320.86	326.67	332.71

Calculations based on previous session. Data collected 02/25/2010

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