

	Estimate	High	Low	
12/28 Chicago PMI	8:45 AM	-2	-2	Unch
12/28 New Home Sales	9:00 AM	-3.1	-3.1	-1.5
12/28 Help Wanted Index Conf Brd	9:00 AM	+1	+1	-1
12/31 Existing Home Sales	9:00 AM	n/a	n/a	n/a
01/02 Johnson Redbook Retail Sales	7:40 AM	n/a	n/a	n/a
01/02 Construction Spending	9:00 AM	n/a	n/a	n/a
01/02 ISM Manufacturing Index	9:00 AM	n/a	n/a	n/a
01/03 Challenger Employment Survey	6:30 AM	n/a	n/a	n/a
01/03 ICSC Weekly Chain Store Sales	6:45 AM	n/a	n/a	n/a
01/03 Jobless Claims	7:30 AM	n/a	n/a	n/a
01/03 Factory Orders	9:00 AM	n/a	n/a	n/a
01/03 API / EIA Energy Stks	9:30 AM	n/a	n/a	n/a
01/03 Domestic Car/Truck Sales	AM/PM	n/a	n/a	n/a
01/04 Unemployment Rate	7:30 AM	n/a	n/a	n/a
01/04 Non Farm Payrolls	7:30 AM			
01/04 ISM Non-Manufacturing Index	9:00 AM	n/a	n/a	n/a
01/04 EIA Gas Storage	9:30 AM	n/a	n/a	n/a
01/04 Swiss Consumer Price Index	12:45 AM	n/a	n/a	n/a
01/04 Canadian Industrial Product	a7:30 AM	n/a	n/a	n/a

BONDS COMMENTARY

12/28/07

A MINOR UPWARD BIAS TODAY OFF ONGOING PATTERN OF WEAK US NUMBERS

OVERNIGHT CHANGES THROUGH 3:15 AM: BONDS +8

The bull camp got more than their share of information yesterday with the durable goods report catching the market completely off guard with a minimal instead of modest gain for the month. With the stock market already fomenting macro economic slowing concerns off a less than stellar holiday shopping season, the Durable surprise could have really escalated the talk of recession again. In fact, with a fresh batch of concerning news on Citigroup surfacing yesterday morning, the turmoil in Pakistan and the sharp slide in US equities one might even suggest that the action in the Treasury market was a little disappointing to the bull camp. In fact, if one also considers that the 5 Year Note auction was deemed a success and that issue was contributing to the upward bias in the market yesterday, a higher close of less than 1 full point in Bonds and Notes is very telling, especially when one considers that the Treasury market at Wednesday's close was fresh off an aggressive 3 day washout! In other words, the Treasury market continues to have some sort of prevailing bias against the upside and that bias might be the result of ongoing inflation concerns or because the trade thinks that the liquidity auction promise from the Fed is set to help the economy. However, despite the markets apparent inability to fully embrace the bull track, we have to assume that the path of least resistance today will be up as the regularly scheduled US economic data looks to bring forth at least some additional concerns of slowing. In fact, with the 5 year auction interest highlighting interest in the cash market we suspect that the Chicago PMI and the New Home sales reports will favor the bulls early and that could set a positive early tone. If there is a surprise in the scheduled data today it might come from a cross up in the help wanted Index, as the lead up to the holiday season might have provided a temporary improvement in that reading. While we suspect that the bias in prices will be up today, in order to see the Treasuries return to an uptrend pattern probably requires some form of disappointment in the monthly Non Farm payroll readings which are due out next Friday. In the near term, the March bonds should have solid support at 114-02 with initial resistance seen at 114-30. In order to send March bonds above 114-30 might require a slide in the March S&P below 1485.30 today. Initial support in March Notes is seen at 112-06, with resistance present



initially at 112-20.

TODAY'S MARKET IDEAS:

Given the grudgingly bullish mentality, it could take soft numbers and a dive in equities to push these markets above close in resistance.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

None.

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) 12/28/2007: The market now above the 60-day moving average suggests the longer-term trend has turned up. Momentum studies are still bearish but are now at oversold levels and will tend to support reversal action if it occurs. The market's close below the 9-day moving average is an indication the short-term trend remains negative. Market positioning is positive with the close over the 1st swing resistance. The next downside objective is 113-04. The next area of resistance is around 115-02 and 115-15, while 1st support hits today at 113-29 and below there at 113-04.

10 YR TREASURY NOTES (MAR) 12/28/2007: Momentum studies are declining, but have fallen to oversold levels. The market's short-term trend is negative as the close remains below the 9-day moving average. With the close over the 1st swing resistance number, the market is in a moderately positive position. The next downside target is now at 111-105. The next area of resistance is around 112-205 and 112-280, while 1st support hits today at 111-280 and below there at 111-105.

STOCKS COMMENTARY

12/28/07

BEAR ITEMS CONTINUE TO SURFACE WITH FINANCIAL CONCERNS ALSO PRESENT

OVERNIGHT CHANGES THROUGH 3:15 AM:

S&P 500 +260, DOW +19

All things considered the action in the stock market yesterday wasn't nearly as discouraging as it could have been in the wake of the news flow. In fact, with a series of disappointing economic readings, soaring oil prices and fresh negative dialogue on Citigroup the market could have been seriously undermined. With the added geopolitical uncertainty of the Bhutto killing could have fostered concerns of a regional event that could further add to the fears of global slowing. With Goldman apparently suggesting that more firms are set to reveal even larger write downs one has to concede that the sub-prime crisis is still exerting consistent pressure on stock prices. While we think that the financial sector is working through the sub-prime crisis with due haste and that many entities are shedding undesirable holdings or simply writing them off, it is clear that the market is set to remain under the cloud for the near term. With the added weight of the slowing economy seemingly gaining a foothold again, the bear camp has the edge and it will take some type of positive headline development to alter that edge. The problem is the market might not be in a position to get something positive from the Fed as the next FOMC meeting isn't until the end of January and the next ultra critical economic reading is next Friday's Monthly Non Farm payroll report!



S&P 500: With a big range down failure yesterday and little capacity to reject the slide into the close, the S&P seems to have residual selling capacity. Positives that could defray the downside tilt are the Buffett bond issuer effort and the fact that big wall Street firms are jettisoning troubled divisions. However, we are not sure that we

see a distinct positive development in the marketplace to shift sentiment away from the bear bias in control in the prior session. In fact, aggressive traders might consider getting short the March S&P on a bounce to 1495.50 unless of course, the market rises to that level off better than expected scheduled data flow this morning.

DOW: While the March Mini Dow has managed to bounce in the face of general weakness in the Asian markets overnight, we get the sense that the bounce is primarily a technical short covering bounce and not value hunting buying. With the negative news still flowing toward major financial issues, the scheduled data expected to depict slowing and energy prices a growing concern again, we would suggest that traders look to sell a minor bounce in the March Dow to 13,510 this morning.

NASDAQ: Surprisingly the bounce this morning off the prior session's low is relatively weak when compared to other sectors of the market and that in conjunction with the periodic leadership by the Nasdaq on the downside yesterday looks to leave the bears in control today. While the after hours most active list shows gains in several key bellwether tech sector issues for some reason that theme is no longer carrying the sway it was a week ago. In short, to throw off the bearish tilt in this market, the March contract probably needs to avoid a slide below 2124.50 and perhaps even more important it might have to manage a rise back above 2139 to effectively shut off the speculative selling interest.

TODAY'S MARKET IDEAS:

None.

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) 12/28/2007: Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The market is in a bearish position with the close below the 2nd swing support number. The next upside target is 1511.02. The next area of resistance is around 1498.95 and 1511.02, while 1st support hits today at 1480.05 and below there at 1473.23.

S&P E-MINI (MAR) 12/28/2007: Stochastics are at mid-range but trending higher, which should reinforce a move higher if resistance levels are taken out. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The close below the 2nd swing support number puts the market on the defensive. The next upside target is 1519.87. The next area of resistance is around 1502.75 and 1519.87, while 1st support hits today at 1476.75 and below there at 1467.88.

DOW (MAR) 12/28/2007: The market back below the 60-day moving average suggests the longer-term trend could be turning down. Momentum studies are rising from mid-range, which could accelerate a move higher if resistance levels are penetrated. The close under the 18-day moving average indicates the intermediate-term trend could be turning down. The close below the 2nd swing support number puts the market on the defensive. The near-term upside target is at 13716. The next area of resistance is around 13569 and 13716, while 1st support hits today at 13351 and below there at 13280.

MINI-DOW (MAR) 12/28/2007: The close under the 60-day moving average indicates the longer-term trend could be turning down. Momentum studies are trending higher from mid-range, which should support a move higher if resistance levels are penetrated. The intermediate trend has turned down with the cross over back below the 18-day moving average. The outside day down and close below the previous day's low is a negative signal. The defensive setup, with the close under the 2nd swing support, could cause some early weakness. The next upside

objective is 13726. The next area of resistance is around 13575 and 13726, while 1st support hits today at 13349 and below there at 13275.

NASDAQ (MAR) 12/28/2007: The close under the 60-day moving average indicates the longer-term trend could be turning down. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. The market setup is somewhat negative with the close under the 1st swing support. The next upside objective is 2169.00. The next area of resistance is around 2147.50 and 2169.00, while 1st support hits today at 2114.50 and below there at 2103.00.

EMINI-RUSSELL 2000 (MAR) 12/28/2007: The major trend has turned down with the cross over back below the 60-day moving average. Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The close above the 9-day moving average is a positive short-term indicator for trend. The market is in a bearish position with the close below the 2nd swing support number. The near-term upside target is at 810.3. The next area of resistance is around 792.7 and 810.3, while 1st support hits today at 767.1 and below there at 759.0.

DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	20 DAY M AVG	40 DAY M AVG	50 DAY M AVG	60 DAY M AVG
FINANCIAL COMPLEX									
USAAH8	114-15	44.54	46.15	27.38	24.69	115.77	115.49	114.97	114.32
TYAAH8	112-080	46.41	48.71	31.55	26.35	112.89	112.26	111.78	111.25
SPH8	1489.50	50.37	50.01	50.88	53.81	1491.21	1485.33	1496.59	1509.62
EPH8	1489.75	50.37	50.01	50.76	53.16	1491.20	1485.31	1496.58	1509.60
RIAH8	780.2	51.43	50.66	66.81	73.48	774.80	776.73	786.23	796.41
ER2H8	779.9	51.35	50.61	64.82	71.93	774.81	776.72	786.22	796.41
NDH8	2131.00	54.73	52.78	62.30	71.77	2113.81	2114.94	2135.95	2145.67
YMH8	13462	49.05	49.47	49.15	49.36	13506.90	13414.30	13504.96	13621.30
DFH8	13460	49.00	49.44	48.17	48.73	13506.85	13414.28	13504.94	13621.28

Calculations based on previous session. Data collected 12/27/2007

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						
USAAH8	Bonds	113-03	113-28	114-09	115-02	115-15
TYAAH8	10 Yr Treasury Notes	111-100	111-275	112-030	112-205	112-280
SPH8	S&P 500	1473.22	1480.05	1492.12	1498.95	1511.02
EPH8	S&P E-Mini	1467.87	1476.75	1493.87	1502.75	1519.87
RIAH8	Russell 2000	760.5	768.3	784.3	792.1	808.0
ER2H8	EMini-Russell 2000	758.9	767.0	784.6	792.7	810.3
NDH8	NASDAQ	2103.00	2114.50	2136.00	2147.50	2169.00
YMH8	Mini-Dow	13274	13349	13500	13575	13726
DFH8	Dow	13280	13351	13498	13569	13716

Calculations based on previous session. Data collected 12/27/2007

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CURRENCIES COMMENTARY

12/28/07

DOLLAR UNDER PRESSURE FROM SOFT ECON OUTLOOK & GEOPOLITICAL RISK

OVERNIGHT CHANGES THROUGH 3:15 AM:

US DOLLAR -199, YEN +35, SWISS +41, CA DOLLAR +2

Upcoming International Reports (all times CT)

12/28 France GDP	1:45 AM
12/28 Swiss KOF Leading Indicator	4:30 AM
12/31 UK Consumer Confidence	4:30 AM
01/02 Euro-Zone RBS\NTC Research Manufacturing PMI	3:00 AM



DOLLAR: It seems as if the Dollar could be hit by another wave of broad based selling this session as a combination of a softening US economic outlook and an escalation in Middle East geopolitical tensions has provided a fresh selling incentive for the bear camp. Despite gains in US equity markets, the Dollar traded mostly weaker over night as sentiment has turned negative again. Investors seem to be lowering their risk threshold following yesterday's assassination of Pakistan's opposition leader as traders are concerned the event could lead to more political turmoil in the Middle East region and compromise global security since Pakistan does have nuclear weapons. This outlook has provided a boost to the Yen and Swiss over night. But even if the geopolitical anxiety begins to wane, the Dollar will still have to contend with softening economic issues and with some fresh signs the fallout from the global credit crisis will linger into the New Year suggests the path of least resistance for the Dollar is likely to remain down. More negative news regarding larger write downs from US investment banks suggest the full affect of the global credit crunch has yet to be fully felt and that could continue to weigh on the Dollar.

This week's unexpectedly soft reading on durable goods and the weak reading on pre-Christmas retail sales suggests the subprime/credit crisis along with high oil prices is eroding growth in the 4th quarter. We suspect traders hold out little hope for any positive surprises from today's new home sales and Dec Chicago PMI data which is likely to support the view the Fed will have to cut rates again next year. If a lower US rate outlook holds, we suspect Mar Dollar will eventually fall back to the November lows. Close in support for the Mar Dollar comes in at 76.00 then near 75.61.

EURO: With the US economy showing more signs of weakness it isn't too surprising to see the Euro trade sharply higher against the Dollar this week. Despite rising US inflation pressures, ideas the Fed will be cutting rates in the New Year to offset weak US growth and the affects of the subprime/credit crisis certainly gives the rate advantage to the Euro right now. In contrast, despite some signs of economic slowing the ECB seems to be leaning toward a rate hike to keep inflation in check and the diverging US Fed/ECB rate policy track certainly has the potential to lift the Mar Euro back to the 150 level. Close in resistance comes in between 147.60 to 147.80 and above there at 148.80.

YEN: Yesterday's events in Pakistan have certainly raised the geopolitical risk barometer and that seems to have lowered investor's appetite for risk which is giving a boost to the Yen right now. While the March yen may have the potential to rally back into the 90.00 to 90.50 price range in the short run, we suspect the upside will be limited by signs the economy is struggling with stagflation. Although high oil prices pushed Japan's annual inflation to near a 10 year high last month, the BOJ appears handcuffed to raise rates since the economy is also showing signs of weakness. Therefore, once the geopolitical turmoil calms down, we suspect the appeal of the carry trade will reestablish the Yen's down trend.

SWISS: The political turmoil in Pakistan is certainly providing a boost to the Swiss franc and the currency's safe haven appeal may be able to lift the March Swiss back to at least the 90.00 to 90.30 price range. The geopolitical turmoil has also taken the "carry" trade pressure off the Swiss. The market didn't seem to be undermined by a down tick in the KOF leading economic indicator possibly because a SNB report showed most Swiss companies have a positive growth outlook for next year.

POUND: With broad based selling against the Dollar taking place, the Pound is also gaining ground. But with the economy slowing combined with the affects from the global credit crunch, we suspect the upside in the pound is

limited. Another lower reading on UK housing prices for Dec raises the odds the BOE will be cutting rates early in the New Year and that outlook is likely to limit an upside correction in the Mar pound to the 200 to 201.30 price range.

CANADIAN DOLLAR: While the Mar Canadian maintained a firm tone over night, the market appears to be getting a bit overbought and we suspect the market may need a to see firm action in the commodity sector, specifically metals and oil this session in order to push through resistance near \$1.0250. However, the general selling wave against the Dollar may intensify today if US new home sales and the Chicago PMI come in weaker than expected. In that case, broad based selling in the US Dollar will certainly provide a lift to the Canadian. With the economy solid and the country feeling limited affects from the subprime/credit crunch, there is certainly the potential for the Canadian to remain on an upward price path.

TODAY'S MARKET IDEAS:

None.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Long a March Canadian futures at 99.40. *liquidated puts, hold the long futures with an objective of 102.50.

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) 12/28/2007: The close under the 60-day moving average indicates the longer-term trend could be turning down. Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The close below the 18-day moving average is an indication the intermediate-term trend has turned down. The close below the 2nd swing support number puts the market on the defensive. The next downside objective is now at 76.08. The next area of resistance is around 76.92 and 77.38, while 1st support hits today at 76.28 and below there at 76.08.

EURO (MAR) 12/28/2007: The major trend could be turning up with the close back above the 40-day moving average. 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 is an indication the intermediate-term trend has turned positive. The gap up on the day session chart gave a bullish indicator and more follow through could be seen this session. Since the close was above the 2nd swing resistance number, the market's posture is bullish and could see more upside follow-through early in the session. The near-term upside target is at 147.41. The next area of resistance is around 147.04 and 147.41, while 1st support hits today at 145.78 and below there at 144.90.

JAPANESE YEN (MAR) 12/28/2007: The crossover up in the daily stochastics is a bullish signal. The stochastics indicators are rising from oversold levels, which is bullish and should support higher prices. The market's close below the 9-day moving average is an indication the short-term trend remains negative. The outside day up is a positive signal. The market has a bullish tilt coming into today's trade with the close above the 2nd swing resistance. The near-term upside objective is at 89.25. The next area of resistance is around 89.04 and 89.25, while 1st support hits today at 88.28 and below there at 87.72.

SWISS (MAR) 12/28/2007: The cross over and close above the 60-day moving average is an indication the longer-term trend has turned positive. Daily momentum studies are on the rise from low levels and should accelerate a move higher on a push through the 1st swing resistance. The cross over and close above the 18-day moving average indicates the intermediate-term trend has turned up. The market's close above the 2nd swing resistance number is a bullish indication. The next upside target is 88.97. The next area of resistance is around 88.68 and 88.97, while 1st support hits today at 87.76 and below there at 87.12.

DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	20 DAY M AVG	40 DAY M AVG	50 DAY M AVG	60 DAY M AVG
CURRENCY COMPLEX									
DXH8	76.60	42.91	47.93	79.80	66.80	76.73	76.20	76.42	76.72
JYH8	88.65	36.22	39.33	8.20	10.64	90.06	90.49	90.07	89.59
EUH8	146.41	59.71	55.34	23.72	39.36	145.77	146.27	145.61	144.99
BPH8	199.18	40.59	40.19	9.02	12.06	201.72	204.11	204.01	203.85
CAH8	102.04	69.86	59.77	77.66	91.32	99.74	101.90	102.15	102.06
SFH8	88.22	53.94	50.19	13.07	23.13	88.31	88.88	88.32	87.88
DAH8	87.47	59.04	52.81	32.74	46.64	0.87	0.88	0.88	0.88

Calculations based on previous session. Data collected 12/27/2007
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						
DXH8	US Dollar	76.07	76.27	76.73	76.92	77.38
JYH8	Japanese Yen	87.71	88.27	88.48	89.04	89.25
EUH8	Euro	144.89	145.78	146.15	147.04	147.41
BPH8	British Pound	198.07	198.71	199.00	199.64	199.93
CAH8	Canadian Dollar	101.68	101.85	102.06	102.23	102.44
SFH8	Swiss	87.11	87.75	88.04	88.68	88.97
DAH8	Australian Dollar	86.65	87.14	87.31	87.79	87.97

Calculations based on previous session. Data collected 12/27/2007
Data sources can & do produce bad ticks. Verify before use.

PRECIOUS METALS COMMENTARY

12/28/07

**A MINOR BULLISH BIAS EARLY BUT THE BULLS NEED FURTHER \$
DECLINES TODAY**

**OVERNIGHT CHANGES THROUGH 3:15 AM:
GOLD -0.40, SILVER +1.20, PLATINUM -18.70**

London Gold Fix \$828.50 +\$6.00 LME Copper stocks 198,350 tons +125 tons
GOLD stks 7.365 ml oz, Unch oz SILVER stks 133.5 ml oz, +307,140



OUTSIDE MARKET DEVELOPMENTS: After initially balking at the news of the turmoil in Pakistan, the gold trade generally seems to be viewing the situation in Pakistan as supportive. However, the silver market and other industrial metals markets don't seem to be getting much support from the prospect of geopolitical uncertainty. Some traders think that the renewed strength in energy prices this week is supportive of the metals, especially since many US airlines were seen raising fares this week and that is another development that fosters inflationary fears. It would also seem like the recent pattern of slower than expected US numbers and additional write downs on Wall Street has put gold and silver back into a positive to benefit from flight to quality buying. However, the retrenchment in copper and platinum prices and the slide in equity prices might keep the fear of "too much slowing" alive and that in the recent past has served to weigh on precious metals prices. With a rather full slate of scheduled US data due out this morning and the Durables disappointment in the prior session still fresh on the

market's mind, it might not take much in the way of soft numbers to foment the slowing mentality again today. On the other hand, the funeral of Benazir Bhutto could bring forth violence and uncertainty ahead of the weekend and that in turn could put a flight to quality environment in place.

GOLD

GOLD MARKET FUNDAMENTALS: The gold market continues to face a changing series of potential market moving themes. This week the market has primarily reacted to and benefited from a noted slide in the US Dollar and that weakness has presented itself again in the early going today. The market has also seen a fresh infusion of uncertainty off the turmoil in Pakistan and off fresh sub-prime issues. Another issue that has returned to a headline status in gold is the fact that February crude oil prices rose within relative striking distance of contract highs. However, the bear camp today might embrace the idea that the market is short term overbought after the persistent gains over the last two weeks and the fear that today's scheduled US numbers will accentuate US slowing fears again. In another potentially bearish overnight story, Indian gold futures were weaker, with traders suggesting that the trade was booking profits! In physical supply side news this week, the market has seen evidence of decreasing production in South America but that was countervailed by news of declining output in Asian production. In the end, the gold market is generally assuming declining South African gold production to dominate the supply situation and in general the market just hasn't been that interested in physical supply side stories. With the market expecting weak US numbers again this morning and some political pundits thinking that ongoing turmoil in Pakistan will pressure the Dollar, gold could be facing the same conditions as were present on Thursday. With a recent pattern of higher highs and higher lows and the market seeing fundamental support from a number of arguments, one has to leave the bias pointing upward today. In fact, if events escalate in Pakistan ahead of the weekend and the Dollar comes under further pressure in the wake of scheduled data this morning, we suspect that traders will want to hold long gold positions for the weekend. Therefore, expect the market to grind toward the November 26th high or flash higher if the violence in Pakistan becomes the main focal point of the day.

SILVER

SILVER MARKET FUNDAMENTALS: Given the action in gold and silver this week, it is clear that silver has been held back because some traders view silver to be less of a financial instrument than a physical commodity. In other words, gold is clearly being dominated by flight to quality, the Dollar, inflation and other issues but silver seems to have lingering concerns about sagging physical demand in the face of persistent slowing fears. With the silver market also being presented with evidence of rising production in Peru and the US, one could also suggest that supply side issues could be considered a drag on prices. However, the silver market really hasn't showed that much sensitivity to physical supply side developments. It also seemed as is a retrenchment in copper prices yesterday weighed on silver and with copper prices showing additional weakness in the early going today, the bulls might fear ongoing silver pressure as a result of the action in the base metals markets. However, the silver market probably won't completely ignore the strength in gold and the weakness in the Dollar, especially if the gold market sees distinct flight to quality buying off an escalation of turmoil in Pakistan later today. It is difficult to argue against more upside gains in March silver today but we would also suggest that silver is set to be dragged higher by the action in gold and the Dollar. In other words, the silver market appears to be an uncommitted bull. Critical uptrend channel support today looks to come in at \$14.73 and there might be little resistance until the \$15.00 level.

PLATINUM

The platinum market was certainly due for a correction after its recent record run up. However, platinum will probably get some spillover support from gold flight to quality interest but as can be seen on the charts, flight to quality buying conditions are not nearly as beneficial to platinum as is a solid growing macro economic outlook. Platinum continues to be supported by Russian supply fears but to rise to fresh contract highs probably requires something other than flight to quality, as flight to quality metals buyers might look for something cheaper than platinum.

TODAY'S MARKET IDEAS:

Long gold and short silver might be a way to play the metals over the coming two trading sessions.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

Short February gold 760 put from 9.80 with an objective of zero. Risk to 13.60.

COPPER COMMENTARY

12/28/07

A DISTINCT NEGATIVE BIAS FROM BOTH THE TECHNICALS & THE FUNDAMENTALS

GENERAL: With fresh follow through selling in copper again this morning it is clear that the fundamental and technical bias has shifted from the views present at the beginning of the week. All things considered, the copper market deserved to fall back after a recent 10% and rather compacted appreciation. In fact, in the face of renewed macro economic slowing concerns the setback in prices seems fundamentally justified. Overnight Shanghai weekly copper stocks showed a minimal decline on the week of only 125 tons, which seems to mirror the daily gains forged in the LME stocks. Given the minimal change in Shanghai stocks and the fact that the market ran up off expectations of improving demand from China, the bull camp just can't get anything to help its case. With the US data today expected to depict more weakness and the numbers actually bringing forth fresh news on the US housing/real estate sector, it wouldn't be surprising to see March copper fall back toward the bottom of the November/December consolidation zone down around the \$3.00 level. With the copper market also seeing evidence of rising Asian output late in the prior trading session, the bear camp has to be emboldened on a number of fronts.



TODAY'S MARKET IDEAS:

None.

NEW RECOMMENDATIONS:

None.

PREVIOUS RECOMMENDATIONS:

*Liquidated the long futures recommendation at the open on Thursday around \$3.1450, with the options registering an approximate net credit of 135 points! Long March copper from \$3.0030 and long a March Copper 290 put, with a short March copper 345 call at a net debit of approximately 610 points.

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.

CBOT GOLD (FEB) 12/28/2007: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. 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 near-term upside target is at 839.3. The next area of resistance is around 833.2 and 839.3, while 1st support hits today at 823.2 and below there at 819.3.

CBOT SILVER (MAR) 12/28/2007: Daily stochastics have risen into overbought territory which will tend to support reversal action if it occurs. The market's close above the 9-day moving average suggests the short-term trend remains positive. The daily closing price reversal down puts the market on the defensive. It is a slightly negative indicator that the close was lower than the pivot swing number. The next upside objective is 15.037. The next area of resistance is around 14.883 and 15.037, while 1st support hits today at 14.595 and below there at 14.461.

COMEX GOLD (FEB) 12/28/2007: Rising stochastics at overbought levels warrant some caution for bulls. A positive signal for trend short-term was given on a close over the 9-bar moving average. The close over the pivot swing is a somewhat positive setup. The next upside objective is 839.6. The next area of resistance is around 835.8 and 839.6, while 1st support hits today at 827.8 and below there at 823.7.

COMEX SILVER (MAR) 12/28/2007: Momentum studies are trending higher but have entered overbought levels. A positive signal for trend short-term was given on a close over the 9-bar moving average. The downside closing price reversal on the daily chart is somewhat negative. The close over the pivot swing is a somewhat positive setup. The next upside objective is 1499.7. The next area of resistance is around 1491.3 and 1499.7, while 1st support hits today at 1472.4 and below there at 1461.7.

COMEX PLATINUM (JAN) 12/28/2007: 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 next upside target is 1540.30. With a reading over 70, the 9-day RSI is approaching overbought levels. The next area of resistance is around 1539.40 and 1540.30, while 1st support hits today at 1538.20 and below there at 1537.90.

COMEX COPPER (MAR) 12/28/2007: Studies are showing positive momentum but are now in overbought territory, so some caution is warranted. The market's short-term trend is positive on the close above the 9-day moving average. The market setup is somewhat negative with the close under the 1st swing support. The next upside objective is 317.10. The next area of resistance is around 315.20 and 317.10, while 1st support hits today at 311.25 and below there at 309.15.

DAILY TECHNICAL STATISTICS

	CLOSE	9 DAY RSI	14 DAY RSI	14 DAY SLOW STOCH D	14 DAY SLOW STOCH K	20 DAY M AVG	40 DAY M AVG	50 DAY M AVG	60 DAY M AVG
METALS COMPLEX									
GCG8	831.8	67.89	62.02	68.05	81.68	808.23	811.75	805.22	796.91
SIH8	1481.8	62.01	56.87	57.86	72.29	1445.72	1469.52	1457.01	1444.60
PLF8	1538.80	70.61	67.56	92.26	93.25	1490.15	1470.97	1466.77	1455.08
CPH8	313.15	58.74	53.11	56.42	71.96	304.89	311.79	319.99	327.88
ZOG8	828.2	64.75	60.13	67.42	78.82	808.05	811.66	805.14	796.84
ZIH8	14.739	58.11	56.87	59.38	71.76	14.46	14.70	14.57	14.45

Calculations based on previous session. Data collected 12/27/2007

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						
GCG8	COMEX Gold	823.6	827.8	831.6	835.8	839.6
SIH8	COMEX Silver	1461.7	1472.3	1480.7	1491.3	1499.7
PLF8	COMEX Platinum	1537.90	1538.20	1539.10	1539.40	1540.30
CPH8	COMEX Copper	309.10	311.20	313.10	315.20	317.10
ZOG8	CBOT Gold	819.3	823.2	829.3	833.2	839.3
ZIH8	CBOT Silver	14.461	14.595	14.749	14.883	15.037

Calculations based on previous session. Data collected 12/27/2007

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