



August 10, 2010

Daily Summary: China eco data that despite surging exports which beat forecasts gave reason for investors to take some profits on Asian markets overnight reducing value on the MSCI Asia Pacific Index by 0.9%. Import growth in China slowed to 22.7% from 34.1% in June giving evidence that policy measure to slow growth are effective with exports faring better at a rate of 38.1% over a year ago as compared to a 43.9% gain in June. Within the China eco data, came copper imports which climbed to 342,901 tons gaining for the first time in four months and supporting the fundamental view that consumption there remains robust despite the forced slowdown of property sales. To put the China growth picture as it relates to the need for raw materials into perspective, this figure is within the tenth largest monthly import ever recorded for copper.

LME Warehouse Stocks

Copper: -2100 to 408,375
Al: -5175t to 4,386,475
Zinc: -575t to 617,125
Lead: unchg at 187,975
Nickel: -240t to 116,034
Tin: +95t to 14,990

LME 3 month Copper CHART



Comex Copper Open Interest: 141,382 -2479

COMEX / LME Arbitrage

Cash Arb \$25 LDN Prem
Comex/LME3mo-Sept \$11LDN Prem
Comex/LME Sept-Sept \$5 CMX Prem
Comex/LME3mo-Dec \$32 CMX Prem

Outlook: Today's sell off was long overdue. Market longs have been getting nervous as they look for exit points. We are currently using 35% margin to equity, looking take advantage of further long liquidation. The index rolls have been going smoothly as most people have positioned themselves ahead of them. We are looking for activity to slowdown as we enter the end of the vacation month and picking up again after labor day.

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