

As of Dec. 13	HIGH	LOW	CLOSE	CSH/3	LME STOCKS-CH	SUP	RESIS	RSI	VOL	O/I	10 MAV	40 MAV	100 MAV
CU	7687	7555	7600	-23	382,150 (-875)	7280	8015	48	13,100	1,918	7789	7637	8135
AL	2040	1997	2002	-6	4,826,275 (+14,725)	1975	2170	37	11,550	4,440	2085	2117	2262
PB	2112	2068	2085	-16	360,325 (+1,425)	2050	2167	52	3,420	911	2118	2028	2180
ZN	1959	1907	1912	-1	758,800 (+200)	1859	2000	43	10,134	2,554	2011	1941	2057
NI	18511	18092	18305	1	89,820 (-174)	17800	18900	52	2,256	731	18063	18251	19857
SN	19875	19500	19550	-55	12,015 (+435)	18350	21749	37	221	161	20162	21169	22510
NAA	2130	2125	2130	-25	159,120 (+60)	NA	NA	43	50	75	2163	2191	2311

Shanghai Nearby Last (YUAN) CU: 55,710 (-410) AL:15,885 (-135) / PB : NA ZN: 14,980 (-375) LME/SH CU ARB: NA

Shanghai Stocks - Dec 8: CU: 72,712 MT(+15,057) / AL: 184,363 MT(+6,948) / PB: 44,343 MT(+1,233) / ZN: 373,906 MT(+5,009)

	CU	AL	PB	ZN	NI	SN
2011 HIGH/LOW	10190 / 6635	2803 / 1975.5	2904 / 1772.25	2599.75 / 1718.5	29425 / 16550	33600 / 17000
2010 HIGH/LOW	9687 / 6037.5	2500 / 1828	2690 / 1535	2736 / 1577	27595 / 16975	27500 / 14850

This market comment was written by Edward Meir (edward.meir@intlfcstone.com) at 8:20 a.m. on December 14th, US east coast time. Mr. Meir can be reached at 1-203-656-1143.

Copper prices fell for a second straight session on Tuesday to a two-week low, pressured by lingering unease over the European debt crisis, a stronger dollar, and weaker than expected macro data coming out of the US. Sentiment continued to deteriorate late in the US session following the Fed's policy statement highlighting repercussions from the debt crisis in Europe and its potential impact on growth in the US. The Fed pointed out that "strains in global financial markets continue to pose significant downside risks to the economic outlook" and given its guarded tone, some investors were disappointed not to have seen a more aggressive statement come out, perhaps one signaling that another "QE" program could be in the works. The Fed demurred from providing any such hint, and rightfully so in our view.

Oil prices tacked on more than \$2/bbl yesterday and were the lone standout on the upside yesterday, but apart from lingering Iranian jitters, there was not much else behind the advance. In the currency markets, the dollar soared, hitting an eleven month high against the Euro. Germany's Angela Merkel again rejected any suggestion of raising the funding limit of Europe's future bailout fund yesterday, a stance that was not particularly new, but which hurt the Euro nevertheless. The dollar's strength took its greatest toll on precious metals, with gold falling 2% on the day to its lowest level in nearly two months, triggering wide-spread losses in both silver and platinum. US equity markets also lost ground.

Right now, the markets are sharply lower across the board as we are seeing more of the same "macro malaise" at work. Energy prices are down, but still hanging on to most of yesterday's robust gains, as are gold prices, which have just turned slightly lower. However, base metals have been very weak since the inception of the Chinese session and now closing in on their intraday lows.

Most markets are taking their cue from the struggling Euro, which just broke below \$1.30 in the last hour after investors were left unimpressed by the poor results of an Italian auction. Reuters reports that 3 billion Euros of five-year Italian debt was sold earlier in the day, and although the offering drew decent demand, it was relatively small and managed to move out at rates close to a Euro-era high of around 6.5%. Germany also sold 4.18 billion Euros of two-year bonds, drawing stronger demand than a previous sale, but here too, the offering was small.

Out of Spain, Bloomberg reports that Spanish bank borrowings from the ECB increased by their greatest amount in more than a year. The German government is also beefing up defenses to come to the aid of its banks; in a story out on Bloomberg, Chancellor Angela Merkel's cabinet apparently backed plans to increase Germany's bank-rescue fund in the event of a systemic financial meltdown by boosting its size to 480 billion Euros from 360 billion Euros. Incredibly, the

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German fund is now about the size of its European equivalent, the European Stabilization Fund, and shows us just how badly undercapitalized the latter is in comparison.

In terms of US macro numbers, there is not much out today, but yesterday we got reports showing November retail sales growing at their slowest pace in five months and breaking a string of rather decent numbers we have been getting over the past several weeks. Sales rose by a weaker than expected 0.2% (ex-autos) after gaining 0.6% in October. Including autos, sales were at +.5%. (The strong pace of car sales has been a welcome bright spot in the economy, with sales now running at a 13.6 million annual clip in November, well above September's 13.1 million level).

Out of China, we have reports overnight that a Chinese leading economic indicator fell last month, further evidence that the economy is slowing. The Conference Board said that its forward-looking index declined 0.1% in October after rising 0.4% in September.

COPPER

SUPPORT: \$7280 / RESISTANCE: \$8015

We are now at \$7400, down \$200 and looking weak on the charts; the \$7280 support level seems to be the next downside target, and we could get there by the end of the week.

ALUMINUM

SUPPORT: \$1975 / RESISTANCE: \$2170

Alu is now at \$1980, down \$21. Inventories rose by another 14,000 tons overnight, bringing the four-day increase to about 300,000 tons. We could be soon approaching a staggering 5 million of metal being held in storage, and that is just what is on exchange.

* *Metal Bulletin* reports that **spot deals for aluminum ingots** in the US Midwest have gone quiet, with premiums still hanging on to the 8c level for occasional orders. However, talk is that premiums could be under pressure early next year as the downturn in Europe could force more metal units to head to the US. The Dec/Jan spread also remains in backwardation and could be a further source of pressure.

ZINC

SUPPORT: \$1589 / RESISTANCE: \$2000

Zinc is at \$1871, down \$41 and getting hammered today, easily breaking through support at \$1920. There is now some support at \$1859, the mid-November low, but nothing below that until much lower levels. (See chart below).



LEAD **SUPPORT: \$2050 / RESISTANCE: \$2167**

Lead is at \$2040, down \$45, and now below \$2050 support; we are watching to see if this level gives way on a two-day closing basis.

NICKEL **SUPPORT: \$17,800 / RESISTANCE: \$18,900**

Nickel is at \$17,837, down \$468 and close to support at \$17,800.

* *AMM* reports that **domestic stainless steel consumption** fell to its lowest level this year in September, citing figures from the **Specialty Steel Industry of North America**. Stainless plate consumption stood at 20,563 tons in September, down a whopping 44.2% from August and 21.5% below year-ago levels. Stainless rod consumption fell to 3,892 tons in September, down 15.5% and 43.7%, respectively, in the same comparisons.

TIN **SUPPORT: \$18,350 / RESISTANCE: \$21,749**

Tin is at \$18,800, down \$750, and getting hit pretty hard over the past two days and taking out support at \$20,000. Next downside support is at \$18,350.

STEEL (3-Months)

LME billet prices are at \$565-\$570, and perking up today, the only metal in the group that is higher.

* The **CME Group** launched its new **hot-rolled coil steel options contract** this week, giving steel producers and users an alternative to the exchange's existing steel futures contract.