

As of Jan. 26	HIGH	LOW	CLOSE	CSH/3	LME STOCKS-CH	SUP	RESIS	RSI	VOL	O/I	10 MAV	40 MAV	100 MAV
CU	8610	8435	8590	NA	337,115 (-2450)	8000	8500	NA	NA	NA	NA	NA	NA
AL	2290	2260	2277	NA	4,996,650 (-3500)	2100	2300	NA	NA	NA	NA	NA	NA
PB	2329	2271	2325	NA	343,050 (-1475)	2100	2340	NA	NA	NA	NA	NA	NA
ZN	2220	2165	2205	NA	848,350 (-150)	2000	2270	NA	NA	NA	NA	NA	NA
NI	21680	20965	21600	NA	93,804 (+564)	18500	20300	NA	NA	NA	NA	NA	NA
SN	24300	22500	24005	NA	10,194 (-300)	21000	22640	NA	NA	NA	NA	NA	NA
NAA	NA	NA	NA	NA	155,100 (-100)	NA	NA	NA	NA	NA	NA	NA	NA

Shanghai Nearby Last (YUAN) CU: NA AL: NA / PB : NA ZN: NA LME/SH CU ARB:NA

Shanghai Stocks – Jan 19: CU: 131,645 MT(+11,193) / AL: 237,425 MT(+10,498) / PB: 29,434 MT(+291) / ZN: 369,698 MT(+2,291)

	CU	AL	PB	ZN	NI	SN
2012 HIGH/LOW	8679 / 7445	2290 / 2016	2329 / 1950	2200 / 1824	21455 / 18331	24495 / 18900
2011 HIGH/LOW	10190 / 6635	2803 / 1955.75	2904 / 1772.25	2599.75 / 1718.5	29425 / 16550	33600 / 17000

This market comment was written by Edward Meir (edward.meir@intlfcstone.com) at 8:50 a.m. on January 27th, US east coast time.

Metals continued to barrel higher on Thursday, with copper rising more than 2% to a four-month high; gold rose to a 6 1/2 week peak and energy prices also experienced good gains. The US stock market sat the session out, closing the day with a slight loss, although it is on track for one of its best Januaries in years. The Euro was firm for most of the day; despite selling off to \$1.31 by the end of the session, it almost touched a five-week high of \$1.32 at one point.

There is not much new that we can add to what we have been saying in recent commentary; with the dollar under pressure, we are seeing “risk on” trades seep into a number of commodity complexes and base metals should be a prime beneficiary in this regard. In addition, Wednesday’s Fed statement should provide additional “staying power” for a stronger Euro, something we expect to see last well into next week. Of course, longer-term uncertainties in Europe still hover overhead, but for the time being, investors seem to be discounting some sort of a resolution for Greece, while the continent as a whole is expected to muddle through. We are not sure that such complacency is warranted, but if things do take a turn for the worse, it likely will be sometime down the road, likely by the start of the second quarter.

In the meantime, Greece and private creditors report progress in talks on restructuring the country’s debt, with the negotiations continuing. The EU, IMF, and ECB continue to press Greece to pass a supplementary budget with more cuts and also want to see legislation on pension and labor reform. In the meantime, there is a March deadline looming at which point the country could conceivably default if it does not receive its next bailout.

In terms of US macro news, we had quite a bit of data out on Thursday. Durable goods orders rose by a higher than expected 3% last month, boosted by a surge in aircraft orders. Ex-aircraft, orders climbed by a steeper-than-expected 2.9% after declining for the previous two months. In a separate report, the Conference Board said its December index of future economic activity rose by .4% to a five-month high. Initial claims for unemployment benefits also rose last week by



INTL FCStone, Inc. and its affiliates assume no liability for the use of this information contained and expresses no solicitation to buy or sell futures, options on futures contracts, or OTC products. Commodity trading involves risks and past financial results are not necessarily indicative of future performance. Any hypothetical examples given are exactly that and no representation is being made that any person will or is likely to achieve profits or losses based on those examples. Reference to and discussion of OTC products are made solely on behalf of INTL Hanley, LLC. Reproduction without authorization is forbidden. All rights reserved.

21,000 to 377,000, although the four-week moving average continued its recent decline. On the negative side, new US single-family home sales unexpectedly fell in December for the first time in four months.

We just got US GDP growth readings out for Q4, and this came in at +2.8% vs. the +3% expected. There has not been much reaction on the markets this far, although base metals have come off from their earlier highs and are now slightly lower.

Finally, Reuters compiled its long-term price forecasts from at least 30 different analysts for both 2012 and 2013; we present the consensus forecasts below.

	2012 Price Forecasts					
	Aluminium	Copper	Lead	Nickel	Tin	Zinc
	\$/ton	\$/ton	\$/ton	\$/ton	\$/ton	\$/ton
Mean	2239.46	8262.37	2220.90	19956.15	22318.91	2062.70
Median	2256.50	8369.00	2200.00	19875.00	22125.00	2087.50
Highest	2486.00	9083.00	2500.00	23000.00	25794.00	2259.74
Lowest	1850.00	7000.00	1900.00	17375.00	18188.12	1750.00
No of Forecasts	32	32	27	31	21	30

	2013 Price Forecasts					
	Aluminium	Copper	Lead	Nickel	Tin	Zinc
	\$/ton	\$/ton	\$/ton	\$/ton	\$/ton	\$/ton
Mean	2458.32	8730.64	2491.61	21694.96	24427.17	2340.06
Median	2404.17	8859.25	2414.00	21200.00	25128.50	2300.00
Highest	3100.00	10500.00	3100.00	30000.00	30000.00	2800.00
Lowest	2200.00	7054.78	1984.16	17857.00	11684.49	2050.00
No of Forecasts	29	28	24	28	18	27

In other markets, energy prices are flat right now, the precious metals group is down marginally, while US stocks are called to open slightly lower. The Euro is firm, now trading at \$1.3120 on news of a successful Italian auction; Italian yields fell to 1.97% after the country sold 8 billion worth of six-month t-bills, the lowest level since May and down from 3.251% achieved at the previous sale.

Out of the fund world, Barclays Capital said investor interest in commodities was poor in December, with \$7.7 billion of net withdrawals. The bank expects commodity inflows to recover this year from a dismal 2011 in which only \$15 billion was invested in commodities, down from \$67 billion in 2010.

INTL FCStone, Inc. and its affiliates assume no liability for the use of this information contained and expresses no solicitation to buy or sell futures, options on futures contracts, or OTC products. Commodity trading involves risks and past financial results are not necessarily indicative of future performance. Any hypothetical examples given are exactly that and no representation is being made that any person will or is likely to achieve profits or losses based on those examples. Reference to and discussion of OTC products are made solely on behalf of INTL Hanley, LLC. Reproduction without authorization is forbidden. All rights reserved.

COPPER**SUPPORT: \$8000 RESISTANCE: \$8500**

We are at \$8567 on copper, down \$22. We see little in terms of resistance until \$8900, at which point, we think the complex will look exceedingly rich to us. LME stocks were off another 2450 tons today.

* Kazakh copper producer **Kazakhmys** produced 300,500 tonnes of copper cathode in 2011, down 1.8% from the previous year but in line with its full-year production target, the company said yesterday. "For the fourth consecutive year we have met all our major production targets. We anticipate maintaining similar levels of copper output in 2012 ... reflecting continued strong demand for copper," Kazakhmys's CEO told Reuters. Zinc-in-concentrate output declined by 16.6% year-on-year in 2011 to 139,600 tonnes as volumes slumped in the fourth quarter. The company attributed the drop to a "general decline in grade across most of the zinc-producing mines".

ALUMINUM**SUPPORT: \$2100 / RESISTANCE: \$2300**

Ali is now at \$2265, down \$12, and basically where we were at this time yesterday.

* Western world unwrought aluminums stocks grew to 1.503 million tons in December compared with a revised 1.457 million in November, data from the **International Aluminum Institute** figures showed yesterday. Meanwhile, total aluminum smelter stocks excluding finished end-products rose to 2.409 million tons at the end of December 2011, versus a revised 2.403 million in November 2011 and down from 2.519 million tons in December 2010.

* **Waiting periods for delivery** of aluminum out of LME-listed warehouses are increasing as the 'warehouse war' continues, with Pacorini now topping the list of queue holders, with a 10-month waiting time reported at its warehouse in Vlissingen, this according to an assessment by **FastMarkets**. **Goldman's Metro** has a seven-month queue in Detroit, while Johor in Malaysia has a maximum queue of four months. In New Orleans, a two-month queue was reported for delivery of copper.

* **Russia's RUSAL** said it would cut output by 6% in the next 18 months, this according to comments made by its chief executive on Bloomberg Television. The company said last week that it had no plans to follow rival **Alcoa** in cutting production, but apparently changed its mind.

ZINC**SUPPORT: \$2000 / RESISTANCE: \$2270**

Zinc is at \$2175, down \$30.

* Workers at Peruvian miner Milpo's El Porvenir unit are holding a strike for an undisclosed period of time, however, zinc and lead production remains steady because some workers have remained at their posts. The site produced 59,229 tons of zinc and 7,450 tons of lead between January and November of 2011.

LEAD**SUPPORT: \$2100 / RESISTANCE: \$2340**

Lead is at \$2310, down \$14.

NICKEL**SUPPORT: \$18,500 / RESISTANCE: \$22,000**

Nickel is at \$21,610, up \$10.

TIN**SUPPORT: \$21,000 / RESISTANCE: \$22,640**

Tin is at \$24,300, up \$295 and has had a good run this week given growing concern about Indonesian supply and dwindling LME inventories.

INTL FCStone, Inc. and its affiliates assume no liability for the use of this information contained and expresses no solicitation to buy or sell futures, options on futures contracts, or OTC products. Commodity trading involves risks and past financial results are not necessarily indicative of future performance. Any hypothetical examples given are exactly that and no representation is being made that any person will or is likely to achieve profits or losses based on those examples. Reference to and discussion of OTC products are made solely on behalf of INTL Hanley, LLC. Reproduction without authorization is forbidden. All rights reserved.

* Tin producers in *Bangka* expect tin production to fall over the next two to three months as a result of heavy rain. "It's been raining every day here in Bangka. It's been very difficult for the small-scale miners here to mine tin because of the monsoon season," Johan Murod, director at Bangka Belitung Timah Sejahtera told *Metal Bulletin*.

STEEL (3-Months)

LME 3-month billets are trading at \$520.

* The **LME** has reinstated 274 steel billet warrants previously held by **MF Global** for the account of steel trading house **Stemcor**. The warrants were suspended by the exchange in November because the LME said that MF Global was no longer prepared to comply with its rules on lending guidance. "The lifting of the suspension will bring some liquidity back to the LME billet contract and should help the market to return to a more normalized position," the head of Stemcor Risk Management told Reuters.

* **Nucor** fared better than Wall Street estimates with respect to its earnings, with a reported increase in profits of 25% in the fourth-quarter of 2011, compared with the fourth quarter of the previous year. Nucor shipped 5,683,000 tons of steel in Q4, an increase of 7% over the same quarter in 2010, while the average sales price per ton increased 18%. "End markets such as automotive, heavy equipment, energy, and general manufacturing have continued to experience improvements in demand, benefitting special bar quality, sheet and plate products," the company said.

INTL FCStone, Inc. and its affiliates assume no liability for the use of this information contained and expresses no solicitation to buy or sell futures, options on futures contracts, or OTC products. Commodity trading involves risks and past financial results are not necessarily indicative of future performance. Any hypothetical examples given are exactly that and no representation is being made that any person will or is likely to achieve profits or losses based on those examples. Reference to and discussion of OTC products are made solely on behalf of INTL Hanley, LLC. Reproduction without authorization is forbidden. All rights reserved.