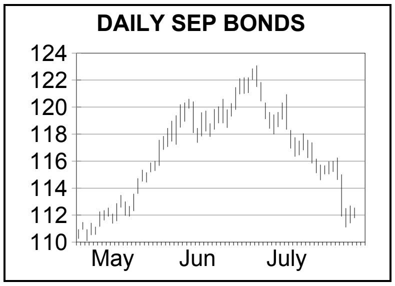
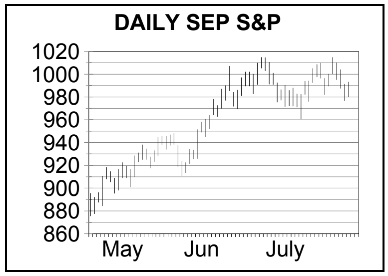
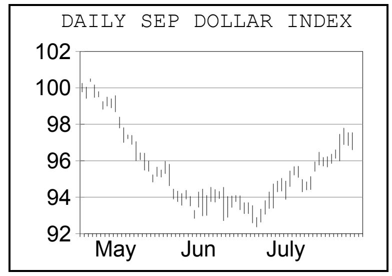
DANIELS TRADING DAILY FINANCIAL MARKETS

Monday, July 21, 2003







UPCOMING ECONOMIC REPORTS

Report	Time (Central)	Estimate	Probable Range
Jul 21st July Leading Indicators	9:00	+0.2	UNCH +0.3%
July 22nd BTM-UBS Retail sales Index	6:45	Prior reading was +0.9%	
July 23rd MBA Refinacing Index	6:00	Prior reading was -1.6%	
July 24th Initial Claims	7:30	Prior reading was -29,000	
July 25th Durable Goods	7:30	Prior reading was -0.3%	
Existing Home Sales	9:00	Prior reading was +1.2%	
June New Home Sales	9:00	Prior reading was +12.5%	

TODAY'S OUTLOOKS

BONDS: TRADERS PROBABLY HAVE TO SELL RALLIES CONSIDERING SHORT FUND POSITION

STOCKS: MINOR NEGATIVE BIAS BUT THIS MKT HAS SHOWN THE ABILITY TO RECOVER

METALS: MINOR UPWARD TILT SEEN BUT A WEAK $ MUST BE PART OF THE EQUATION

COPPER: THE COPPER MARKET SHOULD BE VULNERABLE IF EQUITY PRICES FALTER

CURRENCIES: LACKLUSTER ACTION LEAVES THE DOLLAR IN A MINOR WASHOUT SWING

OVERNIGHT PRICE CHANGES

BONDS -5, S&P-210 DOW -23 NIKKEI CLOSED FTSE -7.7, $ -35 ,YEN+3 ,SF-7 ,CA-1 EU+8 GLD+0.70 ,SLV+1.5 ,PLAT-4.10, CP +15 London Gold Fix $347.80 +$3.80 LME Copper Warehouse stks 636,250 tns -3,575 tns Comex Gold stocks 2.675 -96 oz COMEX Silver stocks 107.6 ml oz Unchanged

BONDS & STOCK MARKET OVERVIEWS

BONDS: The Treasury market comes into the week fighting against another downside washout on the charts. With the September bonds managing to bounce away from last weeks lows, there is some semblance of a bottom but unless the fundamental information turns off soft, or the stock market washes out aggressively, it would seem like the bulls will remain on the ropes. The Leading Indicator report this morning is barely expected to carve out an up-tick of +0.1% and therefore we don't see the Treasuries flirting with the downside off the first report of the week.

STOCKS: We are not sure if the international equity markets are showing lower opening indications because of comments that the ECB was going to leave interest rates unchanged, or that the market is weak because of the upcoming heavy slate of US corporate earnings reports. Apparently 1/3rd of the S&P 500 will report earnings this week, with Merck and 3M the marquee names under the microscope. Wall Street is suggesting that the reports out last week were either neutral or positive and that pretty much justifies the sideways consolidation seen since the beginning of June! However, it would seem that regularly scheduled US economic numbers have improved slightly since early June and that leaves the stock market with a very minor bullish edge.

CURRENCY MARKET OVERVIEWS

Dollar: It would seem like the Dollar is going to start the week out on a down note, as the first big US corporate earnings report this morning was slightly disappointing. Early in the session the Dollar might have gotten a little lift from the ECB official statement that no rate cuts are needed in the euro zone. In other words, the ECB is content to leave the recovery to previous easing efforts and that could have been viewed as a positive development for the Dollar. As it stands, the market isn't exactly ready to pump up the Dollar, as the trade failed to take the Euro to task for the conservative monetary policy. Furthermore, the US indicated that they would not complain about BOJ actions to drive the Yen down, even though those efforts have given Japanese exporters a huge assist in international trade. It would appear that the Dollar is headed down to the mid July consolidation zone of 96.23 to 95.65. However, if the US leading indicators report is stronger than expected at +0.2% that could shut off the selling in the Dollar.

EURO: The Euro does appear to have climbed above a downtrend channel resistance line in the early action today and it has done so into dialogue that could have been damaging to the currency. With a slightly higher trade surplus reported for May, it would seem that the "on-hold" statements from a EU member are being totally discounted. In other words, the trade is simply not in a posture to embrace negatives toward the Euro. Near term upside objective in the September Euro is 113.17 and then 113.27.

YEN: A partial holiday in Japan seems to have removed some of the downside incentive in the Yen, even after US officials failed to criticize the BOJ for driving the Yen down. We would assume that the Yen would rally today, but then should encounter heavy overhead resistance and resume the downside track as the week progresses.

SWISS: Unlike the Euro, the Swiss has not forged an upside breakout on the charts. In fact, until the Swiss manages a climb above 73.97, the downtrend hasn't been reversed technically.

POUND: The technical action overnight would seem to suggest a temporary end to the washout in the Pound. With a massive downside thrust rejected overnight one might expect a bottom above the 158.00 level. Maybe the British Chambers of Commerce readings countervailed the aggressive selling in the Pound, or maybe the Dollar is expected to be weak enough to cause wholesale profit taking in the Pound. In any regard, we suspect at least a 24-hour bounce is in order for the Pound.

CANADIAN: The pattern of lower lows continues in the Canadian, with the next level of support seen down around the 70.00 level. Since the Canadian economy has posted nothing to discourage the attack of the currency, one must generally expect the sellers to dominate. +

METAL MARKET OVERVIEWS

GOLD: One can't dismiss the action in gold last week but one can be skeptical that the rise will translate into an aggressive upside breakout. With the COT report showing a net spec long position of 59,000 contracts last Tuesday the market isn't as overbought as we feared. However, considering the gains posted since the COT report was measured, we have to think that gold comes into the session today net spec long 65,000 to 68,000 contracts.

SILVER: The silver market has forged a quasi upside breakout this morning on the charts with a critical pivot point seen up at $4.745 in the September. Early stock market action is weak and that would seem to undermine the silver market, which seems to be dependent on the recovery theme. It is possible that silver will be a little undermined by the talk that the Euro zone doesn't need a rate cut, as that story appears to be behind the weakness in equity prices. The weekly COT report showed the net spec long position in silver to be 52,000 contracts, with the market gaining nearly 10 cents since that report was measured. Therefore, we have to think that silver enters the week net spec long 60,000 to 62,000 contracts. The September silver seems to have a desire to trade back into the mid July consolidation zone of $4.75 to $4.87. However, we have to think that silver will need positive gold market leadership in order to climb back into the mid July consolidation range.

PLATINUM: The platinum market remains poised just under the old highs but the technical setup doesn't seem to be that impressive. The net spec long in platinum is slightly above 5,000 contracts and that is only a minor limitation against more upside. The trend is apparently up even if the fundamental picture in platinum is largely unchanged since the April and May consolidation lows.

COMMITMENT OF TRADERS ANALYSIS - FUTURES & OPTIONS July 8-15, 2003

	LARGE SPEC		COMMERCIAL		NON-REPORTABLE	
	NET POSITION	NET CH	NET POSITION	NET CH	NET POSITION	NET CH
SILVER	32022	9956	-52073	-6935	20051	-3021
COPPER	23693	14323	-33830	-16268	10138	1946
GOLD	28497	-15665	-58318	16644	29821	-980
PLATINUM	4776	686	-5441	-674	665	-12

COPPER: The weakness in international equity markets undermines copper prices this morning. However, Chinese copper prices were slightly higher on very low trading volumes. Near term support in September copper comes in today at 78.10 and then again at 77.65.