



Insider Metals Advisory

Tuesday October 04, 2005

PRECIOUS METALS COMMENTARY

10/04/05

A SLIGHTLY MORE BULLISH TRACK TODAY BUT MARKET LACKS MOMENTUM

OVERNIGHT CHANGES THROUGH 4:00 AM:
GOLD +1.20, **SILVER** +0.50, **PLATINUM** +1.20

London Gold Fix \$467.50, +1.00 LME COPPER STOCKS 76,350 metric -3,600 tns COMEX Gold stks 6.737 ml oz Unchanged COMEX SILVER stks 116.6 ml oz Unchanged



GOLD: It was apparent that some players were attracted to gold on the weakness of the last 24 hours, and with the US economic numbers on Monday coming in stronger than expected and at the same time showing some inflation (in a hot prices paid reading in the ISM report) it would seem like the macro economic condition is providing solid support to gold again. While the flow of physical buying interest remains the core factor for the bull camp, seeing the potential for inflation is necessary when one considers the magnitude of the current spec long in gold. We do think that the week long holiday in China is handcuffing the bull camp, but as long as December gold holds above \$467.2 the up trend looks to remain firmly entrenched. Yesterday the soaring Dollar and falling crude oil prices undermined gold but early today it would seem like the Dollar is unchanged, while energy prices are weak again. In order to see the gold get a lift from the Euro today, the December Euro will have to manage a rise above 120.00 or the market will just assume that the Euro is forging a temporary corrective bounce. There is a light upward bias today but this market remains vulnerable to aggressive long liquidation with any violation of \$467.2.

SILVER: Like gold, the silver market appears to have found decent support at \$7.40 and is trying to re-establish an upward track. We suspect that silver found support off the favorable track of US economic numbers on Monday, but in order for silver to return to last week's highs we think that the market will have to see definitively bullish leadership from both gold and platinum. We suspect that silver is indirectly impacted by the lull in Chinese trading and that might make the \$7.40 level extremely critical support early this week. In fact, considering that December silver forged a 23 cent rally last week, it could be very critical for the market to show that it can consistently hold above the critical pivot point support of \$7.40.

PLATINUM: January platinum seems to have made a partially damaging trade on the charts overnight. Furthermore, with the Chinese trade closed for holiday this week, the platinum market could be robbed of key support. In fact without a mostly supportive macro economic outlook this week, the platinum market could be considered vulnerable. In fact, the January platinum could fall back below \$915 and not really alter the uptrend pattern. In looking back at the last 3 months action, one would not be wrong in suggesting that the Chinese influence was extremely critical in the sharp rise in the platinum. Therefore, longs in platinum could be vulnerable all week long.

TODAY'S MARKET IDEAS:

None.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

None.

COPPER COMMENTARY

10/04/05

BULL CAMP CONTINUES TO CONTROL AS STOCKS TIGHTEN DEMAND REMAINS STRONG

COPPER: After charging to new contract highs on Monday, the copper market has managed to hold the gains in the overnight action and would appear to be poised to post more gains today. At the current time the market is seeing a series of threats against supply and is also being emboldened by persistent declines in stocks at the LME. With another large draw in London stocks overnight and the expectation of restricted production from Canada, the bull camp certainly has a distinct edge. Top of the up trend channel in December copper comes in today at 1.7660 and at 1.7695 on Wednesday. With the US numbers strong on Monday and the US rebuilding effort gathering momentum, it is possible that the typical Fall construction slowdown in copper demand won't be as pronounced this year and that could result in the copper market extending the recent gains. In the near term, the bull camp has the news flow and even more surprisingly is the fact that copper market continues to manage the gains without putting its technicals into extensively overbought status. Near term support in December copper comes in today at 1.7470.



TODAY'S MARKET IDEAS:

None.

NEW RECOMMENDATIONS:

None

PREVIOUS RECOMMENDATIONS:

Long a December copper 165 put for 500, with an objective of 900. Risk the position to 300.

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 (DEC) 10/04/2005: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies trending lower at mid-range could accelerate a price break if support levels are broken. The cross over and close above the 18-day moving average indicates the longer-term trend has turned up. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 465.1. The next area of resistance is around 471.1 and 473.5, while 1st support hits today at 466.9 and below there at 465.1.

CBOT SILVER (DEC) 10/04/2005: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The market now above the 18-day moving average suggests the longer-term trend has turned up. The market's close below the pivot swing number is a mildly negative setup. The next downside objective is 7.349. The next area of resistance is around 7.506 and 7.558, while 1st support hits today at 7.402 and below there at 7.349.

COMEX GOLD (DEC) 10/04/2005: A crossover down in the daily stochastics is a bearish signal. Momentum studies trending lower from overbought levels is a bearish indicator and would tend to reinforce lower price action. The cross over and close above the 18-day moving average indicates the longer-term trend has turned up. The market tilt is slightly negative with the close under the pivot. The next downside objective is 466.2. The next area of resistance is around 471.0 and 473.1, while 1st support hits today at 467.6 and below there at 466.2.

COMEX SILVER (DEC) 10/04/2005: A bearish signal was triggered on a crossover down in the daily stochastics. Momentum studies are trending lower from high levels which should accelerate a move lower on a break below the 1st swing support. The cross over and close above the 18-day moving average is an indication the longer-term trend has turned positive. More selling pressure is likely given yesterday's gap lower price action on the day session chart. It is a slightly negative indicator that the close was lower than the pivot swing number. The next downside objective is now at 736.7. The next area of resistance is around 749.8 and 753.6, while 1st support hits today at 741.3 and below there at 736.7.

COMEX PLATINUM (OCT) 10/04/2005: Momentum studies trending lower at mid-range should accelerate a move lower if support levels are taken out. The market back below the 18-day moving average suggests the longer-term trend could be turning down. The swing indicator gave a moderately negative reading with the close below the 1st support number. The next downside objective is now at 919.65. The next area of resistance is around 924.90 and 928.05, while 1st support hits today at 920.70 and below there at 919.65.

COMEX COPPER (DEC) 10/04/2005: Momentum studies are trending higher but have entered overbought levels. The market now above the 18-day moving average suggests the longer-term trend has turned up. There could be more upside follow through since the market closed above the 2nd swing resistance. The next upside objective is 178.65. The next area of resistance is around 177.70 and 178.65, while 1st support hits today at 174.15 and below there at 171.50.

Tech Stats 10/04/2005

Contract	Close	RSI 9 Day	RSI 14 Day	14 Day Slow Stoch D	14 Day Slow Stoch K	20 Day MA	40 Day MA	60 Day MA
ZOZ5 CBOT GOLD	469.0	56.68	60.03	71.55	68.87	462.86	453.43	446.58
ZIZ5 CBOT SILVER	7.454	61.58	61.56	80.21	79.28	7.27	7.15	7.16
GCZ5 CMX GOLD	469.3	57.66	60.77	81.91	78.89	462.90	453.46	446.60
SIZ5 CMX SILVER	745.5	62.39	61.56	81.58	79.89	726.71	714.75	716.18
PLV5 CMX PLAT	922.80	51.63	54.38	59.29	54.17	921.78	911.40	903.19
CPZ5 CMX COPPER	175.90	69.29	66.29	89.20	93.21	167.41	164.85	160.95

Daily Swings 10/04/2005

Contract	Suprt 2	Suprt 1	Pivot	Resist 1	Resist 2
ZOZ5 CBOT GOLD	465.1	466.9	469.3	471.1	473.5
ZIZ5 CBOT SILVER	7.348	7.401	7.453	7.506	7.558
GCZ5 CMX GOLD	466.1	467.5	469.6	471.0	473.1
SIZ5 CMX SILVER	736.6	741.3	745.1	749.8	753.6
PLV5 CMX PLAT	919.65	920.70	923.85	924.90	928.05
CPZ5 CMX COPPER	171.45	174.10	175.05	177.70	178.65

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