

27 May 2010

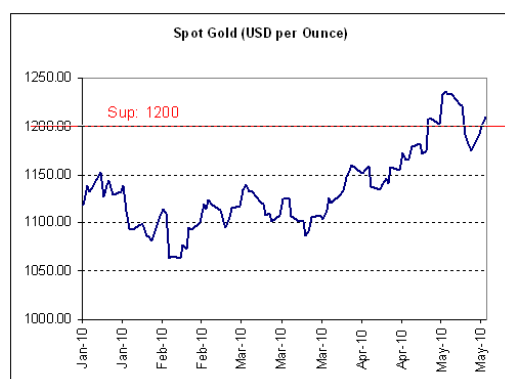
Key Price Changes

Precious Metals	26-May-10	1d Chg	% Chg
Spot Gold	1209.9	9.8	0.82%
Spot Silver	18.01	0.15	0.84%
Spot Platinum	1518.5	3	0.20%
Spot Palladium	436.5	0.5	0.11%

Energies	26-May-10	1d Chg	% Chg
Crude Oil	71.51	2.76	4.01%
Gasoline	1.9704	0.0396	2.05%
Heating Oil	1.9207	0.049	2.62%
Natural Gas	4.179	0.128	3.16%

Indices	26-May-10	1d Chg	% Chg
DJI	9974.45	-69.3	-0.69%
S&P 500	1067.95	-6.08	-0.57%
Nasdaq Composite	2195.88	-15.07	-0.68%
DAX	5758.02	87.98	1.55%
N225	9522.66	62.77	0.66%
MSCI Singapore	319.73	5.08	1.61%
Hang Seng	19196.45	210.95	1.11%

Currencies	26-May-10	1d Chg	% Chg
EURUSD	1.2167	-0.0198	-1.60%
GBPUSD	1.4365	-0.0057	-0.40%
AUDUSD	0.8209	-0.008	-0.97%
USDJPY	89.82	-0.48	-0.53%
EURJPY	109.29	-2.37	-2.12%
GBPJPY	129.03	-1.18	-0.91%
USDSGD	1.4104	-0.002	-0.14%



Market Commentary

Key Notes: Gold rose 0.82% yesterday. Spot gold reached an intra-day high of \$1216.21 before declining to close at \$1209.9. This was in line with our expectations. We had earlier predicted upside in gold price and that gold would likely reach the \$1210-\$1215 level.

For the day ahead, there will be continued upside for gold. On an intraday basis, gold is likely to reach the \$1220-\$1225 level. Investment demand remains strong as reflected in the record bullion holdings at the SPDR Gold Trust. At close, we expect prices to retreat slightly but we will be surprised if prices decline below the \$1200 level.

Market Summary

- **Precious Metals:** Gold continued to rise yesterday. This is its best 3 day gain since January as investors continued to hedge against further Eurozone debt turmoil. Gold price has been recovering after its decline of 4.5% last week. Geopolitical tensions in the Korean peninsular also provided support for gold.
- **Crude Oil:** Crude oil surged 4% to close at \$71.51 a barrel. This was near the session high due to revived risk appetite. Gasoline inventories fell 3.2 million barrels in the week to 21 May. The decline reported by American Petroleum Institute was more than expected. Traders also noted that crude oil stockpiles at Cushing Oklahoma fell from a record high.
- **Currencies:** The euro declined 1.6%. The Financial Times reported yesterday that China is reviewing its euro zone debt holdings after growing concerns about budget deficits in indebted nations. This weighed on the euro. The report also resulted in worries among investors that other nations may follow suit after China's move.
- **Indices:** U.S. stocks declined with the Dow closing below 10,000. Initially, stocks rallied due to better than expected economic data. Sales of new homes rose to the highest level in two years. However, gains were reversed due to reports of China reviewing their investments in European government bonds.

Key events/data to look out for:

- **U.S.:** Initial Claims, Chicago PMI, U. Michigan Sentiment
- **Eurozone:** Germany Import Price Index,

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Key Economic Data and Events

Date	Time	Event	Median	Previous	Actual
U.S.					
Mon					
5/24/2010	12:30GMT	United States, National Activity Index for Apr	-	-0.07	0.29
5/24/2010	14:00GMT	United States, Existing home sales mm for Apr	5.63	5.35	5.77
Tues					
5/25/2010	13:00GMT	United States, CaseShiller 20 mm NSA for Mar	-0.4	-0.9	-0.5
5/25/2010	14:00GMT	United States, Rich Fed manuf shipments for MAY	-	30	32
5/25/2010	14:00GMT	United States, Rich Fed, services index for MAY	-	9	8
5/25/2010	14:00GMT	United States, Rich Fed comp. index for May	-	30	26
5/25/2010	14:00GMT	United States, Consumer confidence for May	59	57.9	63.3
Wed					
5/26/2010	11:00GMT	United States, Mortgage market: change for WK	-	-1.5	11.3
5/26/2010	11:00GMT	United States, MBA Purchase Index for WK	-	192.1	185.7
5/26/2010	11:00GMT	United States, Refinancing: change for WK	-	14.5	17
5/26/2010	11:00GMT	United States, Mortgage refinance index for WK	-	2783	3257.4
5/26/2010	12:30GMT	United States, Durable goods orders mm for Apr	1.1	-1.2	2.9
5/26/2010	14:00GMT	United States, New home sales-units mm for Apr	0.42	0.411	0.504
5/26/2010	14:00GMT	United States, New home sales chg mm for APR	-	26.9	14.8
Thurs					
5/27/2010	12:30GMT	United States, GDP preliminary Q1	3.4	3.2	
5/27/2010	12:30GMT	United States, Corporate Profits Adv Q1 for Q1	6	6.5	
5/27/2010	12:30GMT	United States, GDP deflator, prelim Q1	0.9	0.9	
5/27/2010	12:30GMT	United States, PCE prices, prelim Q1	1.5	1.5	
5/27/2010	12:30GMT	United States, Core PCE prices, prel Q1	0.6	0.6	
5/27/2010	12:30GMT	United States, jobless contin claims	4.62	4.625	
5/27/2010	12:30GMT	United States, Initial Claims	455	471	
Fri					
5/28/2010	12:30GMT	United States, Consumption, adjusted mm for Apr	0.3	0.6	
5/28/2010	12:30GMT	United States, Personal income mm for Apr	0.5	0.3	
5/28/2010	12:30GMT	United States, PCE price index mm for APR	-	0.1	
5/28/2010	12:30GMT	United States, ISM-New York index for May	-	429.4	
5/28/2010	12:30GMT	United States, Core PCE price index mm for Apr	0.1	0.1	
5/28/2010	13:45GMT	United States, Chicago PMI Production for May	-	63.1	
5/28/2010	13:45GMT	United States, Chicago PMI for May	62	63.8	
5/28/2010	13:45GMT	United States, Chicago PMI Employment for MAY	-	57.2	
5/28/2010	13:45GMT	United States, Chicago PMI New Orders for MAY	-	65.2	
5/28/2010	13:45GMT	United States, Chicago PMI Prices Paid for MAY	-	71.4	
5/28/2010	13:55GMT	United States, U Mich 1-yr inflation-F for May	-	2.9	
5/28/2010	13:55GMT	United States, U.Mich expectation final for May	68	66.5	
5/28/2010	13:55GMT	United States, U.Mich sentiment final for May	73.4	72.2	
5/28/2010	13:55GMT	United States, U Mich 5-Yr inflation-F for May	-	2.7	
5/28/2010	13:55GMT	United States, U.Mich conditions final for May	81.1	81	
U.K.					
Tues					
5/25/2010	08:30GMT	United Kingdom, GDP 2nd release qq Q1	0.3	0.2	0.3
5/25/2010	08:30GMT	United Kingdom, GDP 2nd release yy Q1	-0.2	-0.2	-0.2
Thurs					
5/27/2010	10:00GMT	United Kingdom, CBI distributive trades for May	12	13	
EuroZone					
Mon					
5/24/2010	09:00GMT	Greece, Credit expansion y/y for Mar	-	7.2	5.2

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Tues

5/25/2010	-	BE-ECB Governing Council Member Ewald Nowotny Takes Part at	-	-	-
5/25/2010	09:00GMT	Eurozone, Industrial new orders yy for Mar	14.6	12.2	19.8
5/25/2010	09:00GMT	Eurozone, Industrial new orders mm for Mar	2	1.5	5.2

Wed

5/26/2010	06:00GMT	Germany, GfK consumer sentiment for Jun	3.6	3.8	3.5
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Thurs

5/27/2010	-	DE-ECB Governing Council member Axel Weber Speaks at a	-	-	
5/27/2010	-	Germany, CPI pre mm (approx time) for May	0.1	-0.1	

Fri

5/28/2010	06:00GMT	Germany, Import prices mm for Apr	1.3	1.7	
5/28/2010	06:00GMT	Germany, Import prices yy for Apr	6.9	5	
5/28/2010	09:00GMT	Greece, PPI y/y for Apr	-	8.7	

Japan

Mon

5/24/2010	05:00GMT	JP-Bank of Japan Publishes Monthly Report	-	-	-
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Tues

5/25/2010	23:50GMT	JP-Bank of Japan to Publish Minutes of April 27 Monetary Policy	-	-	-
5/25/2010	23:50GMT	JP-Bank of Japan to Publish Minutes of April 30 Monetary Policy	-	-	-

Wed

5/26/2010	-	JP-Bank of Japan Governor Masaaki Shirakawa and Federal Reserve	-	-	
5/26/2010	23:50GMT	Japan, Exports for Apr	38.9	43.5	40.4
5/26/2010	23:50GMT	Japan, Imports for Apr	23	20.7	24.2
5/26/2010	23:50GMT	Japan, Trade balance total for Apr	709.3	948.9	742.30
5/26/2010	23:50GMT	Japan, Foreign Bond Investment	-	594.8	1044.80

Thurs

5/27/2010	23:30GMT	Japan, All household spending yy for Apr	2.4	4.4	
5/27/2010	23:30GMT	Japan, Unemployment rate for Apr	5	5	
5/27/2010	23:30GMT	Japan, Jobs/applicants ratio for Apr	0.5	0.49	
5/27/2010	23:30GMT	Japan, CPI, core nationwide for Apr	-1.4	-1.2	
5/27/2010	23:50GMT	Japan, Retail sales for Apr	3.7	4.7	

China

Mon

5/24/2010	-	CN-U.S.-China Strategic and Economic Dialogue Meeting	-	-	-
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Tues

5/25/2010	-	CN-U.S.-China Strategic and Economic Dialogue Meeting	-	-	-
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Source: Bloomberg/Phillip Futures

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