John Tumazos Very Independent Research, LLC
11 Yellow Brook Road, Holmdel, NJ 07733
732 444 1083 or 732 740 3574 (cellular)
john@veryindependentresearch.com or
johntumazos@comcast.net or tumazos@monmouth.com

October 14, 2007 @ 10 pm

Registration Effective August 27th and Now Operational

We hope to resume the publication of detailed graphics or data backup in coming weeks.

MANY PRICES AND MOST INVENTORIES RISE

- Inventories of each nonferrous metal rose last week.
- Seven major metals prices rose, copper and steel scrap inched down, and uranium was unchanged at $75. No price changed even 3% as lead set another record at $1.79 in midweek, platinum made another record at $1,415 and aluminum inched up 3%.
- Board framing lumber fell to $266 per 000 board feet, its lowest level since $265 in mid-January of 2001. Lumber orders at 263 and shipments at 245 mm board feet were weak.
- Weak earnings or guidances have come from Alcoa, Nucor and Allegheny Technologies while International Paper and Steel Dynamics noted one-time nonoperating issues.
- We expect gold, silver, platinum, copper, lead or zinc-related companies to have the best performances as their respective metals prices have been robust.

ALUMINUM PRICES RISE THOUGH INVENTORIES DO TOO

Combined LME, Comex and Shanghai inventories rose 11,316 tonnes last week, the eighth rise in nine weeks. The amount of the rise appeared to be decelerating. However, the rises in the seven prior weeks averaged 17,620 tonnes each and two of those individual weeks saw gains well over 30,000 tonnes. Thus, the absence of another huge gain was a plus.

The $0.03 per pound rise to $1.108 per pound seemed to be in sympathy to other metals rises or the weaker dollar. Aluminum is a big disappointment in the context of massive gains in some other metals commodities.

Output cuts may begin to appear, but recent prices are too high to prompt very many yet. We expect a price bottom somewhere between $0.75 and $1.00 per pound, and estimate full year average LME prices at $1.19 in 2007, $1.12 in 2008 and $0.95 in 2009.

COPPER PRICES AND INVENTORIES POOR

Copper inventories rose 16,644 tonnes to 214,459 tonnes while prices fell 1% or $0.07 to $3.63 per pound.

The differential between copper and aluminum fell 9.7 cents last week. It is a noteworthy future indicator of possible substitution, and has increased as copper rose and aluminum fell. This could be viewed as a possible poor demand indicator. It could also prove less relevant if most of the adverse substitution would have been already embraced as either a $2 or a $3 copper price premium to aluminum would encourage aluminum or the substitution may simply be constrained by the amount of aluminum rod casting, wire rod mill and wire drawing factories that exist.

NICKEL INVENTORIES GROW, AND NOVEMBER STAINLESS SURCHARGE REVERSAL VISIBLE AT $0.95 PER POUND OR ABOUT $152 PER TON FOR 304

Last week LME nickel prices rose $0.20 to $14.20 per pound, the second highest weekly close since July.

LME nickel inventories rose for the fifteen straight week, but the pace fell to just 930 tonnes to 36,180 tonnes. In six of those prior weeks the rise was "large" near 3,000 tonnes. Inventories rose by 2,322 tonnes Friday morning and 2,808 for the whole week. It is noteworthy that some daily declines occurred in the past several weeks.

We wonder whether the future seasonal pattern will resemble the February 6, 2006 "week six" seasonal inventory peak at 36,822 tonnes that followed six straight months of buildup since late-July 2005.

Another scenario would be for Chinese "nickel pig iron" output to continue. Excess ordinary steel blast furnace capacity could be large, and iron ore supplies are not enough. Sustained long-term Chinese nickel pig output would require installations of hoods, dust emissions and gas control systems of some sort to abate sulphur dioxide and carcinogenic heavy metals emissions. It might be idealistic to expect strict Chinese emissions control standards in the near-term, but long-term rules probably are inevitable at some point.

We have hoped nickel would reverse the adverse trend seen since May 2007 as stainless surcharge formula will swing to a price rise in November owing to average LME prices in September having been about $0.95 per pound above August averages. However, the pace of inventory rises rose to 2,550 tonnes as the total reached the March 2006 crest.

GOLD, SILVER AND PLATINUM EACH RISE

Gold ROSE $7.40 TO $748.70, silver rose $0.40 to $13.80 and platinum rose $46 per oz to a record $1,414.70 per oz.

Gold closed above $700 for the SIXTH straight week and the SEVENTH individual week other than May 15, 2006 since January 1980. The trend remains encouraging.

Continued upward moves are conceivable given the size of the monetary injections from several of the world's largest central banks. It is conceivable that the U.S. Fed cuts interest rates another time in the months ahead, although it is also possible that market forces push them up too if bond buyers disappointed from the past year's event postpone purchases to force better yields.

LEAD PRICES RISE 10% TO ANOTHER RECORD

Lead broke last week's record to close at $1.77 after reaching $1.79 in midweek after last week breaking the prior July 22nd weekly record near $1.58 per pound in impressive fashion closing at a new $1.73 per pound record. It has exceeded aluminum and zinc for the first times in history for almost three months for aluminum and one month for zinc by now.

Inventories rose 250 tonnes to 22,425 after last week rising 125 tonnes to 22,275 after two weeks ago rising 950 tonnes to 22,150. It is inevitable that lead inventory declines slow down as there is not too much inventory left in the system.

ZINC INVENTORIES CONTINUE TO DROP RAPIDLY

Zinc prices rose $0.01 to $1.41 per pound and inventories rose 3,225 tonnes this week to 90,394 tonnes. The combined LME and Shanghai zinc inventory level is modest and represents about 3 days of world use.

Looking ahead, it is likely at some point that zinc inventories stop falling because the exchange stocks are so low. Much as nickel inventories last May never fell below 3,000 tonnes or lead below 21,000 tonnes recently, there should be a point somewhere above 50,000 tonnes at which exchange stocks of zinc simply fall no more.

STEEL SCRAP

Steel scrap indices were mixed. The #1 heavy melt in Chicago, Pittsburgh and Philadephia composite fell $1.34 after last week falling $0.33 to $264.67 from $265 per ton two weks ago.

We traveled on October 4th to one mile from the Steel Dynamics "Mesabi Nugget" location near Hoyt Lakes, MN while visiting Polymet Mining. The Steel Dynamics purchase of Omnisource and Sims purchase of Metal Management appear to reflect a conviction that scrap resources will be scarce and command firm or rising profit margins. It is noteworthy that past down cycles can be forgotten in the four year boom trend.

URANIUM STEADY

Uranium spot prices were steady at $75, and are well down from highs near $136 per pound earlier this year.

We do not know of any reason for electric utilities around the world to change their uranium procurement patterns. World growth and electricity demand appears brisk, and climate change and carbon regulations should bias utilities towards nuclear when they have a choice.

WOOD PRICES WERE MIXED

Framing lumber fell $3, OSB rose $8 and plywood rose $1 last week. Framing lumber at $266 equals the $265 January 2001 cyclical low, OSB at $165 is $27 above the March 2007 low and plywood at $338 is well above the October 2006 $227 low. Framing lumber has fallen eight straight weeks, and plywood and OSB have fallen most of those weeks by a cumulative 15%-20%.

Normal seasonal behavior would see wood prices continue to fall every week through October, and make a bottom sometime between Halloween and Xmas. Prices have now fallen 5 or 6 straight weeks. Despite record energy and a 32 year C$ high, nominal wood prices threaten new five year lows suggesting a bleak profit outlook for wood-oriented companies like Weyerhaeuser, Louisiana-Pacific or Canadian public or private sawmills.

Lumber orders fell 38 mm to 263 mm board feet and shipments fell 74 mm to 245 mm board feet. A combination of the seasonal slowdown in activity as winter approaches and the tighter loan standard's potential to further depress demand appears to be creating a sort of downside climax. On the other hand, high energy and the strong Canadian dollar adversely impact the costs, which rise even more owing to diseconomies of scale as output contracts. More output cuts loom.

CHANGE IN THIS RESEARCH OPERATION

This report reflects research coverage by JTVIR, LLC. In no way shape or form should it be misconstrued as involving Prudential Equities Group (PEG), which shut down on June 6, 2007 as noted. The continuation of that same quarterly or full year earnings estimate for 2007 as JTVIR, LLC should not be construed or mistaken to involve PEG, which shut down on June 6, 2007. Certain data, such as the logic of the earnings model, are similar owing to the same primary author, but this coverage initiation herein involves a different entity and no employment or affiliation with the former Prudential Equity Group, LLC.

DISCLOSLURES

"John Tumazos Very Independent Research, LLC" (JTVIR) is a Delaware Corporation with registration effective on August 27, 2007 as an investment advisor in the state of New Jersey owing to our place of business in New Jersey.

JTVIR is not a broker-dealer, and conducts no trades. Its primary business is to provide "unbundled" metals and paper industry securities and market research to institutions or corporations in a zero commission, electronic execution, electronic dissemination, unbundled format for a specified annual fee structure.

Our investment rating system for securities recommendations is Overweight, Neutral Weight or Underweight. Overweight or Underweight recommendations are estimated to vary from the relative performance of the S&P 500 by more than 10% annually, and the intended time horizon is up to 24 months. Our securities research is intended for institutional investors that might buy up to 10% of a given company, and as such focuses more towards longer-term dynamics impacting the net present value of future cash flows rather than "day trading" sorts of near-term issues.

Neither JTVIR, its members or is employees own or have a financial interest in any securities discussed in this report. Our policy is full disclosure.

Our policy permits personal trading in the metals or paper industries, though no positions were taken in companies within regular research coverage after July 2001 after joining Prudential Financial and until after one month of completed New Jersey registration of JTVIR. Our policy is that any personal trading must be consistent with our recommendation, made two business days or more AFTER a recommendation or change in recommendation and held for a minimum of 30 days or one month. We believe it is virtuous for a securities analyst to "put his or her money where his mouth is" to invest consistent with the recommendation to clients after such recommendation has been made, and we disagree with some restrictions made upon broker-dealer employees after 2000 era scandals.

Our policy permits up to three directorships and up to five consulting projects, advisory assignments or financial advice to corporations that might supplement, backcheck or substitute for certain services of a large investment banking firm. For example, we would accept an engagement to evaluate investment banking advice on behalf of a manufacturing company concerned whether advice is sincere or intended to maximize fees. Currently no such relationships exist.

Our policy is full disclosure of any advisory relationship or conflict going back three years. None currently exist.

Numerous prior investment banking relationships existed prior to three years history to the pre-1997 time frame under the employment of Donaldson, Lufkin and Jenrette or Oppenheimer & Co., Inc. Some of these we can recollect included 14 different gold mine valuations or sales for Barrick Gold, LAC Minerals (later acquired by Barrick), Addington Resources (gold assets in Montana acquired by Canyon Resources), Westworld Industries (Bolivian assets acquired by Battle Mountain Gold later acquired by Newmont Mining), Coeur d'Alene Mines, Crown Resources (acquired by Kinross Gold), Freeport-McMoRan Gold (acquired by Minorco later AngloGold later Queenstake Resources), FMC Gold (later renamed Meridian Gold) and others. Sole managed initial public offerings included Reliance Steel & Aluminum and Huntco. Lead-managed initial public offerings included American Steel & Wire (later acquired by Birmingham Steel) and lead-managed underwritings included Quanex. Co-managed underwritings included the IPO of Century Aluminum and offerings for AK Steel, Kaiser Aluminum, Agnico-Eagle Mines, Cameco and others. Asset sales or purchase advisories, fairness opinion or trusteeships were done for Thypin Steel (sold to Ryerson Tull), Cyclops Corp. (sold to Armco later sold to AK Steel), Allegheny Corp., Bethlehem Steel, the U.S. Dept. of Justice pursuant to the June 1984 merger of LTV and Republic Steel to sell the Gadsden, AL integrated flat-rolled mill, Cobre Copper, and others. Typically more than five investment banking assignments were evaluated, partly executed or "due diligenced" for any completed transaction. Some examples we can recall for which a prospectus was either drafted or partly drafted indicating much work included stock underwritings not completed for Wheeling-Pittsburgh Steel, Steel Dynamics, Atlas Corp., Webco, Sharon Steel, IPSCO, Co-Steel Inc., and others.

ANALYST UNIVERSE COVERAGE:

John C. Tumazos, CFA: Rio Tinto, Louisiana-Pacific, Nucor Corp., Newmont Mining, U.S. Steel, International Paper, BHP Billiton, MeadWestvaco Corp., Antofagasta PLC, Allegheny Technologies, Alcoa Inc., Inco Limited, Bowater, Inc., Temple-Inland, Barrick Gold, Abitibi-Consolidated, Weyerhaeuser Co., Alcan Inc., Smurfit-Stone Container, Plum Creek Timber, Worthington Industries, Goldcorp Inc., AngloGold Ashanti, Freeport McMoRan Copper & Gold, Novelis Inc., FNX Mining.

Dynatec is a company not continued in the research coverage of JTVIR, LLC that was previously included in the prior June 6, 2007 Prudential Equities Group universe owing to a pending takeover by Sherritt International.

In accordance with applicable rules and regulations, we note above parenthetically that our stock ratings of "Overweight," "Neutral Weight," and "Underweight" most closely correspond with the more traditional ratings of "Buy," "Hold," and "Sell," respectively; however, please note that their meanings are not the same. (See the definitions above.) We believe that an investor's decision to buy or sell a security should always take into account, among other things, that the investor's particular investment objectives and experience, risk tolerance, and financial circumstances. Rather than being based on an expected deviation from a given benchmark (as buy, hold and sell recommendations often are), our stock ratings are determined on a relative basis (see the foregoing definitions).

There is no intention to "balance" the number of Overweight or Underweight ratings, as instances of broad over- or under-performance among basic industrials may occur. JTVIR makes each investment judgment in a "bottoms up" manner based on the assets of each individual company.

Price Target – Methods/Risks

The methods used to determine the price target generally are based on future earning estimates, product performance expectations, cash flow methodology, historical and/or relative valuation multiples. The risks associated with achieving the price target generally include customer spending, industry competition and overall market conditions.

Additional risk factors as they pertain to the analyst's specific investment thesis can be found within the report.

Information contained herein is based on data obtained from recognized statistical services, issuer reports or communications, or other sources, believed to be reliable. Any statements nonfactual in nature constitute only current opinions, which are subject to change.

There are risks inherent in international investments, which may make such investments unsuitable for certain clients. These include, for example, economic, political, currency exchange rate fluctuations, and limited availability of information on international securities. John Tumazos Very Independent Research, LLC, and its affiliates, make no representation that the companies which issue securities that are the subject of their research reports are in compliance with certain informational reporting requirements imposed by the Securities Exchange Act of 1934.

If you did not receive this research report directly from John Tumazos Very Independent Research, LLC ("JTVIR"), you may be in violation of an existing subscription or copyright. Your access to, and receipt of, this report does not by itself operate to establish a relationship between you and JTVIR, as the case may be. Please note that JTVIR bears no responsibility for any recommendation(s) or advice that such firm or its representatives may provide to you, regardless of whether any such recommendation or advice is based in whole or in part on this report.

The views and the other information provided are subject to change without notice. This report and the others posted on www.veryindependentresearch.com are issued without regard to the specific investment objectives, financial situation, or particular needs of any specific recipient and are not to be construed as a solicitation or an offer to buy or sell any securities or related financial instruments. Past performance is not necessarily a guide to future results. Company fundamentals and earnings may be mentioned occasionally, but should not be construed as a recommendation to buy, sell, or hold the company's stock. Predictions, forecasts, estimates for any and all markets should not be construed as recommendations to buy, sell, or hold any security--including mutual funds, futures contracts, and exchange traded funds, or any similar instruments. The text, images, and other materials contained or displayed on any JTVIR product, service, report, email or website are proprietary to JTVIR. and constitute valuable intellectual property. No material from any part of http://www.veryindependentresearch.com may be downloaded, transmitted, broadcast, transferred, assigned, reproduced or in any other way used or otherwise disseminated in any form to any person or entity, without the explicit written consent of JTVIR. All unauthorized reproduction or other use of material from JTVIR shall be deemed willful infringement(s) of this copyright and other proprietary and intellectual property rights, including but not limited to, rights of privacy. JTVIR expressly reserves all rights in connection with its intellectual property, including without limitation the right to block the transfer of its products and services and/or to track usage thereof, through electronic tracking technology, and all other lawful means, now known or hereafter devised. JTVIR reserves the right, without further notice, to pursue to the fullest extent allowed by the law any and all criminal and civil remedies for the violation of its rights. The recipient should check any email and any attachments for the presence of viruses. JTVIR accepts no liability for any damage caused by any virus transmitted by this company's emails or website.

Additional information on the securities discussed herein is available upon request**.** The applicable disclosures can be obtained by writing to: John Tumazos Very Independent Research, LLC, 11 Yellow Brook Road, Holmdel, NJ 07733 Attn: John C. Tumazos.