



Week 16

21st April – 27th April 2009

Summary

Energy

- + Light Crude Oil
- + Natural Gas
- + Heating Oil

Metals

- + Gold
- + Silver
- + High Grade Copper

Grains and Softs

- + Soybeans
- + Wheat
- + Sugar 11
- + Cocoa
- + Coffee
- + Cotton No.2

Other

- + Orange Juice
- + CRB Index



the commodity trader's guide to major markets

Philip J Allwright

Mark Sturdy

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Disclaimer



summary – commodity trader

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Stay BULLISH breach of key 50.00 triggered us bullish (May-09)
Stay SQUARE bulls still awaiting their cue (May-09)
Stay BULLISH initial bull signal now in place (May-09)

Go SQUARE failure of 38.2% support temporarily sidelines us (Jun-09)
Stay BULLISH but s/term downside risk remains (May-09)
Stay BULLISH 2.2475/2.2955 area could resist further s/term gains (May-09)

Stay BULLISH recovery continues, 38.2% target area not far away (May-09)
Stay BULLISH s/term reluctance to swing higher (May-09)
Stay SQUARE 14.10/30 resistance needs to be overcome for next bull signal (Jul-09)
Stay BULLISH s/term price swings delaying final bullish resolution (Jul-09)
Stay BULLISH s/term pullback currently in progress (Jul-09)
Stay BULLISH s/term recovery continues (Jul-09)

Stay BULLISH first target around 23.6% retracement exceeded, 38.2% next target (May-09)
Stay SQUARE s/term bull signs appearing



Energy

Crude Oil has been quiet recently, and remains bullish after the earlier close above the key 50.00 level. **Heating Oil's** bull signal also stays valid. We remain on the sidelines in **Natural Gas**, but keep a lookout for a fresh bull sign.

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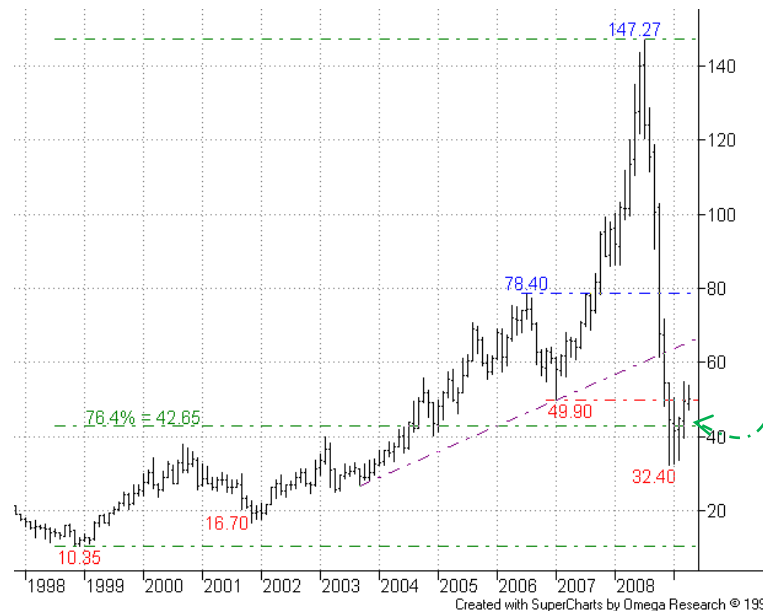
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Currencies: Light Crude Oil (NYMEX)



Monthly Chart – Continuation:

The steep drop from the 2008 peak violated the 42.65 76.4% level but the market has struggled to stay beneath this –

and now looks to be in recovery mode.



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Energy: Light Crude Oil (NYMEX)



Weekly Chart – Continuation:

After the 2008 decline completely unraveled the major 2007-08 upleg, breaking below the 49.90 Jan-07 low, the market had been trying to base.

The 50.00 area had been good resistance but there was recently a close above.

It signals initial completion of a base, and is bullish.

A s/term dip back below 50.00 is of little consequence – the initial break above 50.00 is the hint that bulls have started to peer above the parapet.



Energy: Light Crude Oil (NYMEX)

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Metals

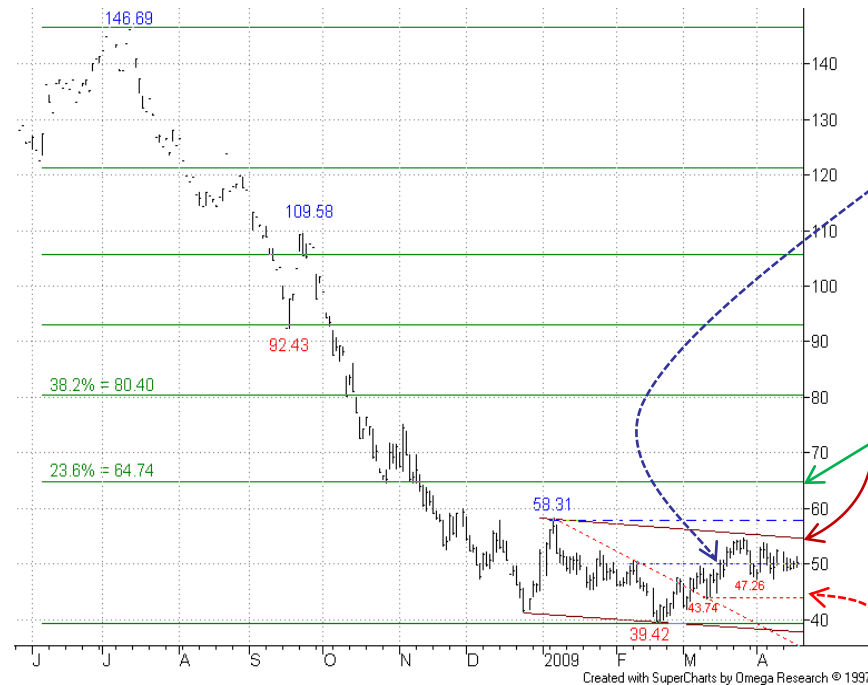
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Daily Chart – May-09:

The recent quiet consolidation still leaves this chart in a bullish position (our earlier bull trigger was a close above 50.00).

Further recovery through the small bear channel top projection (54.30 just now), and then the 58.31 06-Jan high, would confirm our bullish stance.

Our first target is the 23.6% 64.74 area, a later one around 80, the 38.2% mark.

A reasonable degree of bear risk remains while the 54.30/58.31 resistance stays intact.

Ideally support will continue to hold above the 43.74 11-Mar low; and then above the 47.26 01-Apr low after a break above 54.30/58.31. Ultimately the 39.42 Feb low needs to hold.

Speculative longs, initial stops favoured just below the 39.42 19-Feb low, will target 64.00/64.74 for partial profits, then raising stops to just below the 47.26 low.

We maintain a bull stance here (we switch to the Jun contract next week).

More



Energy: Natural Gas (NYMEX)

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Monthly Chart – Continuation:

On this long term chart, the **4.0000** area has now come under pressure – we wait to see if support can emerge from around here.



Weekly Chart – Continuation:

In the end, the 5.192 Aug-07 low only provided brief support.

Also look at the Weekly front month chart...

More



Energy: Natural Gas (NYMEX)

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Energy: Natural Gas (NYMEX)

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Daily Chart – May-09:

The rate of descent has slowed, but we still want to see a) a close above the bear channel top projection, then b) a close above the 4.461 05-Mar high for a bull signal/trigger.

We can then start to look at part-retracement levels of the previous fall.

Any buyers triggered by that break up (probably on dips) may have initial stops just below the downtrend low at the time.

We currently maintain a sidelined stance here.

More



Energy: Heating Oil (NYMEX)

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Metals

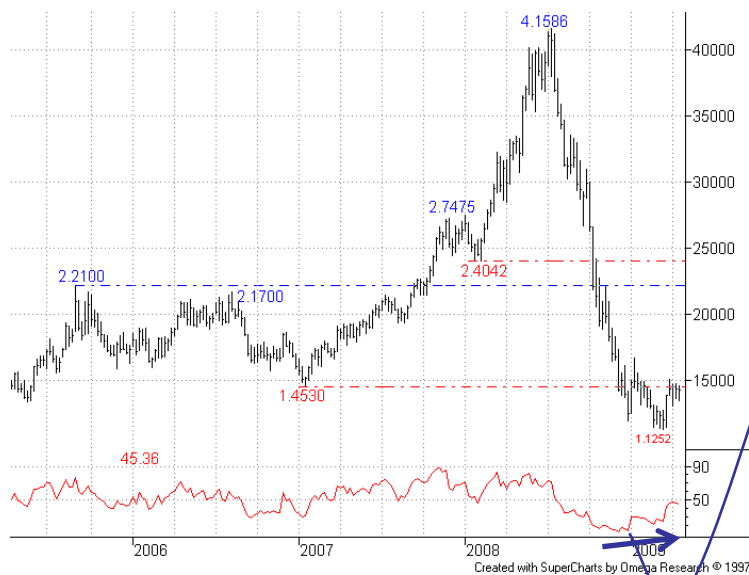
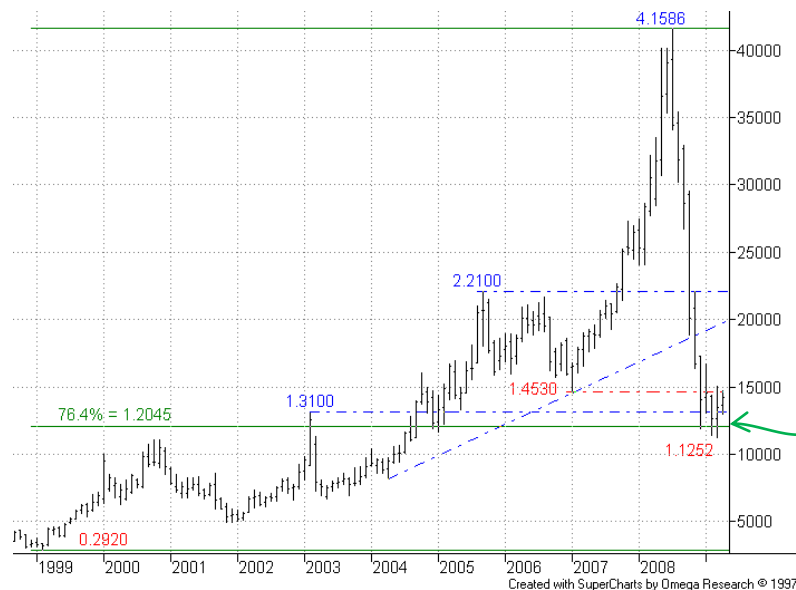
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Energy: Heating Oil (NYMEX)

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Daily Chart – May-09:

S/term price has consolidated just below resistance from the small bear channel top projection (near 1.4600 now).

(Our bull trigger was a close above the 1.2773 24-Dec low)

A further push beyond that bear channel top would be useful bullish confirmation.

We would then look to the 1.8650 23.6% level as the first target.

A recovery scenario is supported by that long term 76.4% support.

Ideally support will remain above the 1.2773 area – ultimately the 1.1399 11-Mar low must stay intact.

Longs will likely hold initial stops just below the 1.1399 11-Mar low, seeking partial profits towards the 1.8650 23.6% level, and looking to raise stops to just below the 1.2998 01-Apr low.

We maintain a bullish stance here.



Metals

Gold recently broke below 38.2% support, sidelining s/term bulls, but longer term strength is expected. **Silver** has also pulled back, with further weakness likely before another upleg. **Copper** has stayed bullish and our second target has been neared as we start to wonder if temporary resistance may soon emerge.

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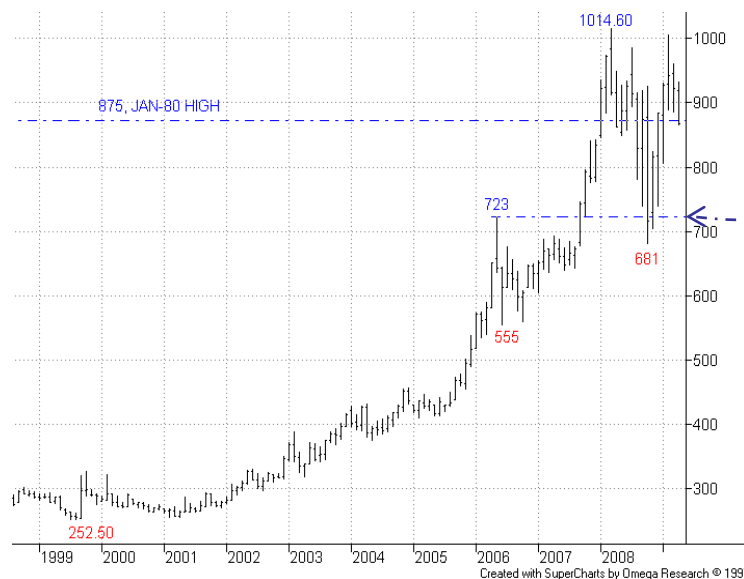
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Metals: Gold (COMEX)



Monthly Chart - Continuation:

Last year's slip back eroded the major 723 May-06 high.

However, it failed to hold below here and the bull resurgence now threatens last year's peak (1050 on the current front month).

This chart shows the structure of the whole recovery from the major 1999 low.



Metals: Gold (COMEX)

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Metals: Gold (COMEX)

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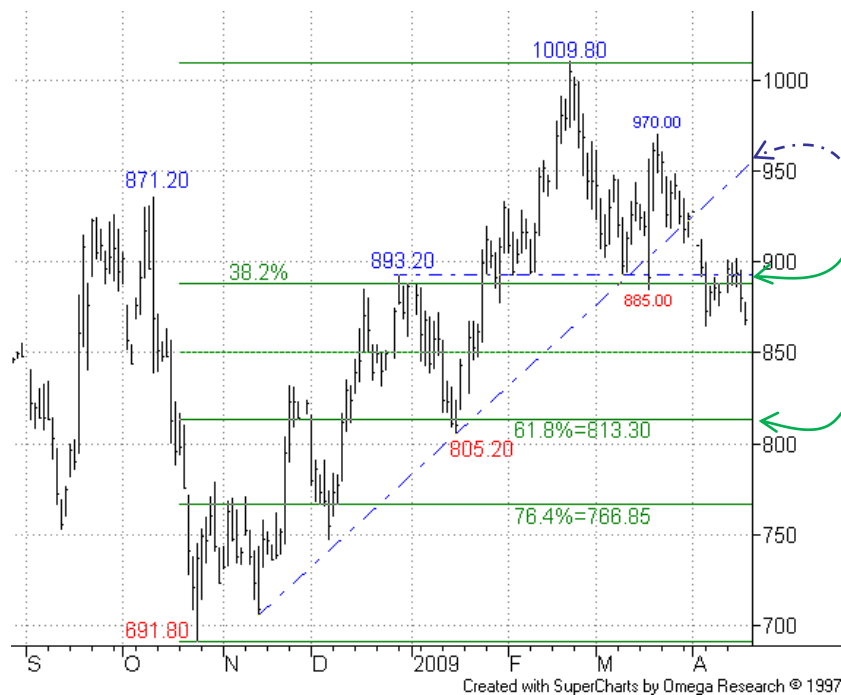
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Daily Chart – Jun-09:

The 38.2% retracement support eventually failed, sidelining s/term bulls.

A deeper pullback is now in progress, but seen as a precursor to another upleg later on.

We still think that a drop back to the 61.8% area is achievable.

At this stage a recovery back through the old support/return line near 960 would be required to completely shake off the bear threat.

Earlier longs (established near 900) will have been stopped at 880. Fresh signals now awaited.

We are sidelined in the s/term, looking to get bullish again in due course.



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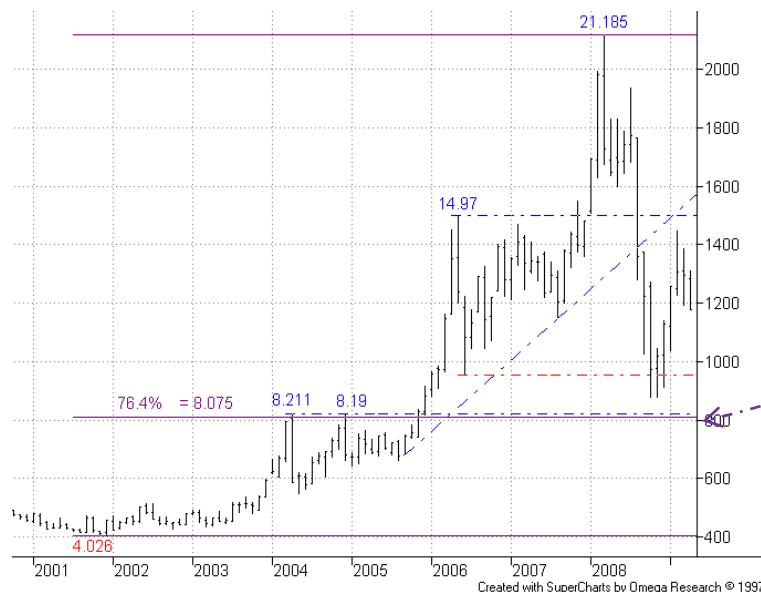
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Metals: Silver (COMEX)



Monthly Chart – Continuation:

The 2008 downmove stopped short of the **8.21-8.075** area, which encompasses two major highs from 2004 plus the 76.4% level of the major move up from the Nov 2001 4.026 low.

Next resistance here is offered by the 15.00 area – shorter term action recently slipped away from this.



Weekly Chart – Continuation:

The recovery on this continuation chart pushed beyond the 38.2% retracement before pulling back.



Metals: Silver (COMEX)

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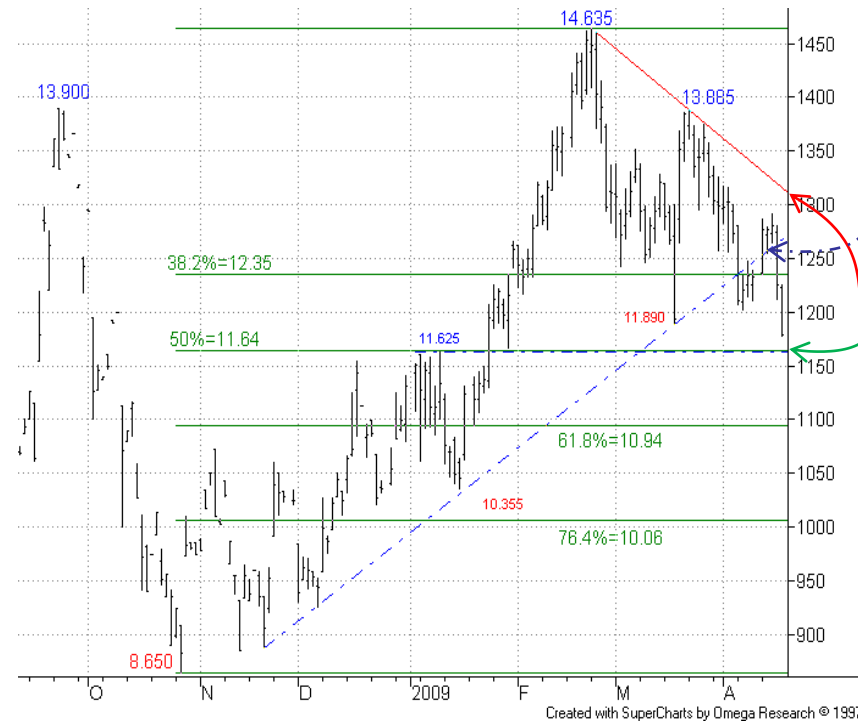
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Daily Chart – May-09:

The rising support line has been clearly broken, with focus on the 11.60s support now (09-Jan high/50%).

The power could be there to push below this, *although current weakness is seen as temporary, with longer term bulls regaining control later on.*

At this stage a small positive sign would be a close above the falling resistance line, around 13.10 currently.

Any earlier longs, with initial stops just below 11.625, may be tempted to flatten after the break below that rising support line.

We should probably be sidelined s/term, but will maintain a bullish stance while 11.60s support holds on a closing basis.



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Other

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Metals: High Grade Copper (COMEX)



Monthly Chart – Continuation:

The major reversal from 427.00 May high eroded the deep 76.4% retracement of the 2001-2008 upmove, around 146.90.

Note that the lower 122.00 area, 1.618 swing projection off prior 238.50-427.00 upleg, provided good support.



Weekly Chart – Continuation:

The structure of the whole decline in 2008 somehow looked complete after early 2009.

Based on prior observations of similar structures a recovery phase is not a surprise now.



Metals: High Grade Copper (COMEX)

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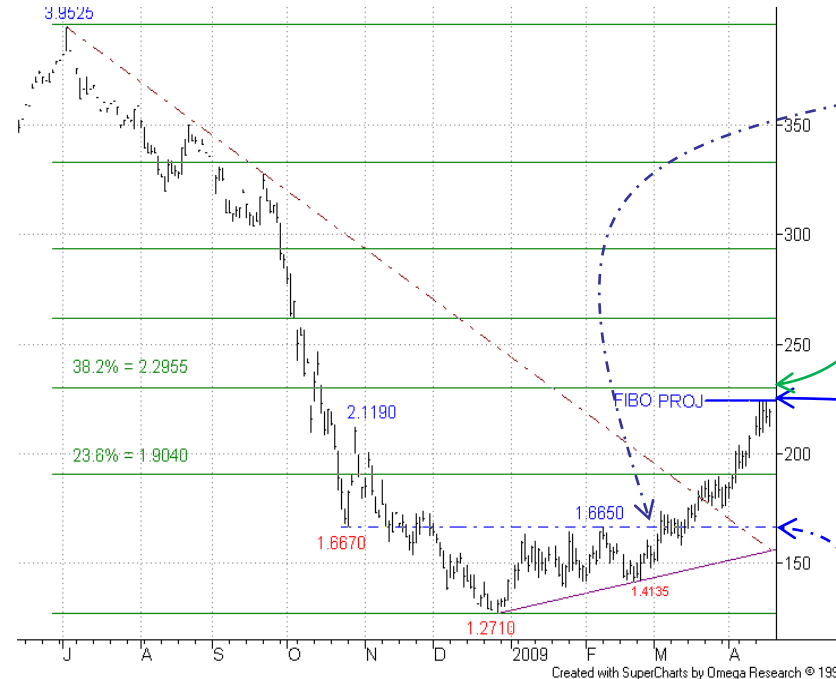
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Daily Chart – May-09:

We are right to be bullish here - our bull trigger came from the early Mar close above the key 1.6650/70 level.

Our second target around the 38.2% 2.2955 retracement level has now been neared (23.6% was the first target).

There is a Fibo projection that lies closer, at 2.2475 – a s/term struggle very soon to push higher would not surprise.

First support may lie near to the old 23.6% area around 1.9000, but strong support should be at/above the 1.6650 area.

Earlier longs, with partial profits already bagged near 1.9000, were aiming towards 2.3000 for more – they may be tempted to start taking further profit sooner. Stops likely raised to below 1.9000 now.

We maintain a bullish stance.

(We'll be switching to the Jul contract next week)



Grains and Softs

Soybeans remain in recovery mode, now having retested the early Jan high, while **Wheat** has held back, remaining consolidative. **Sugar** has established support at 12.74, but needs to break through key 14.10/30 resistance. **Cocoa** has seen a s/term pullback, as has **Coffee**. Recovery in **Cotton** has continued.

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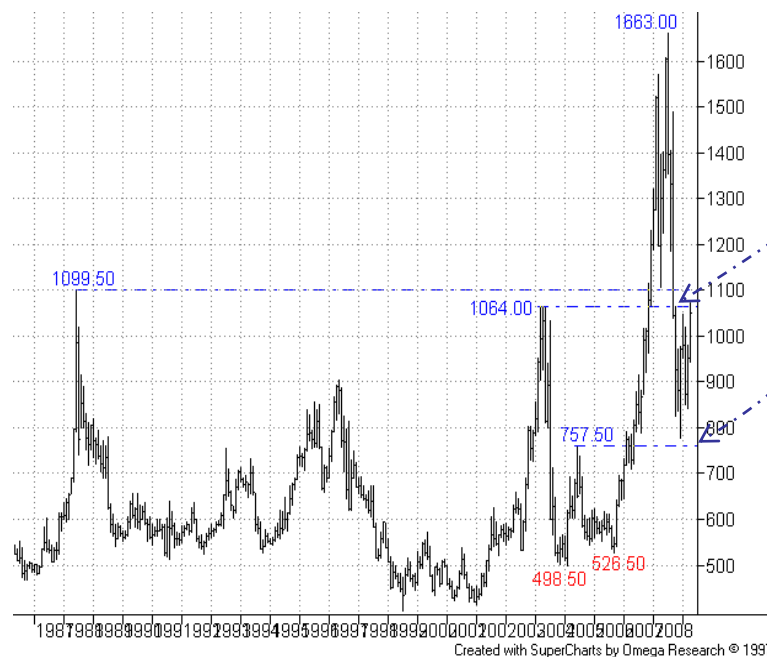
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Other

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Grains and Softs: Soybeans (CBOT)



Monthly Chart - Continuation:

After violation of the old 1988 1099.50 and 2004 1064.00 highs the major downmove finally found some support near the 757.50 Jun-05 high.



Grains and Softs: Soybeans (CBOT)

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Grains and Softs: Soybeans (CBOT)

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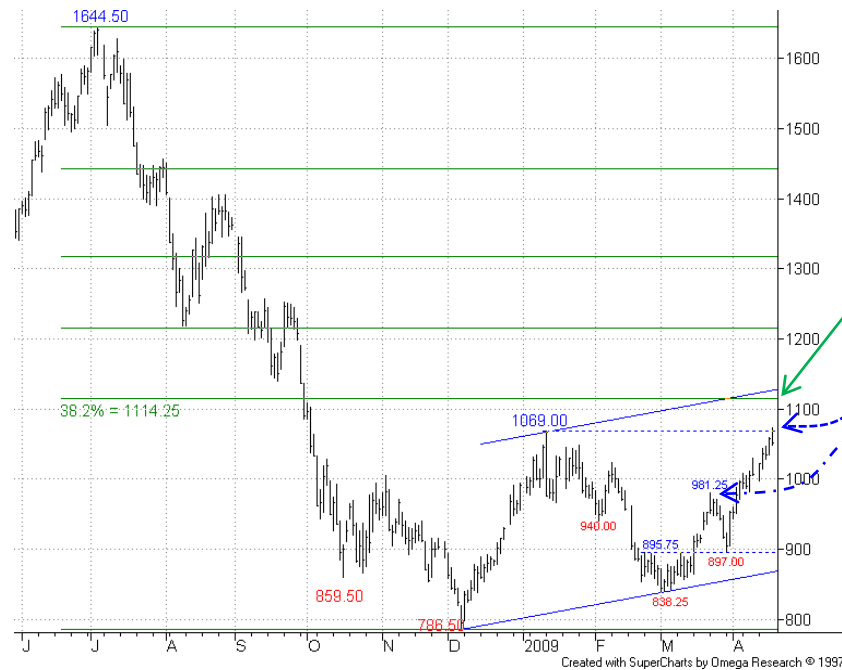
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Daily Chart – May-09:

Our assumption that another upleg was underway looks right, the Jan high now retested.

Beyond here we target the 1114.25 38.2% area, not far above which lies a bull channel top projection, with the promise of s/term resistance.

First support is offered by the 981.25 24-Mar high, maximum momentum retained while this holds.

Earlier longs target will have had partial profits at 1000/14 for partial profits, now targeting 1110/14 for more, stops probably aggressively below 981.25 now, or at least at cost.

We maintain a bull stance.

More



Grains and Softs: Wheat (CBOT)

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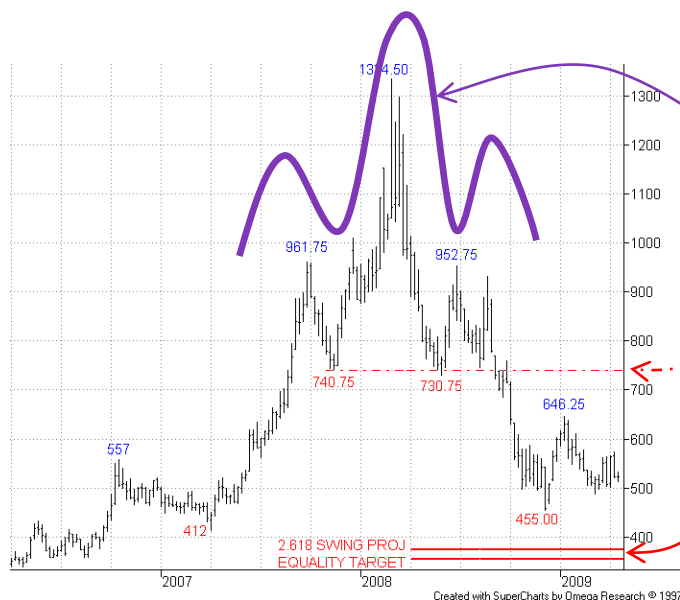
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Monthly Chart - Continuation:

After last year breaking support from the old 750.00 high area prices retraced to the 76.4% mark of the accelerating upmove from the Dec-99 low.

Initial reaction here was positive – Dec in fact produced a type of *Key Reversal Month*.



Weekly Chart - Continuation:

The break of key support from the 740.75/ 730.75 lows completed a large Head & Shoulders top formation – has it now done its job?

Lower technical levels including **371.55** (2.618 swing off 730.75-952.75 rally) and **349** (an equality target) are still noted.

More



Grains and Softs: Wheat (CBOT)

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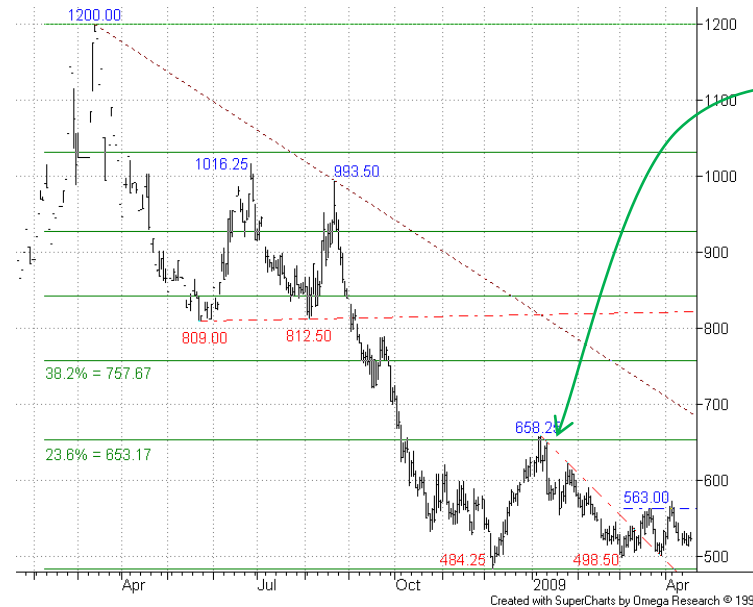
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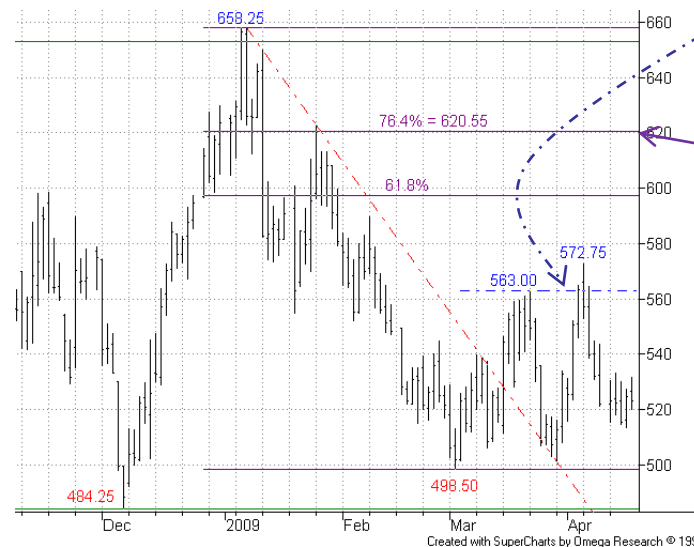


Daily Chart – May-09:

The pullback from the 23.6% area was deep, but stopped short of the 484.25 Dec low.

Slightly higher support has emerged at/above the 498.50 03-Mar low, the current consolidation still giving hope to the bulls.

Looking closer...



The 03-Apr marginal close above 563.00 triggered us bullish – subsequent weakness is disappointing but we favour the bulls for now.

Future resistance is first offered by the small 620 76.4% bounce level.

Any current longs will be holding stops just below the 498.50 03-Mar low for now, targeting towards 620 for partial profits.

We maintain a s/term bull stance.

More



Grains and Softs: Sugar (ICE)

Summary

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- + Light Crude Oil
- + Natural Gas
- + Heating Oil

Metals

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- + High Grade Copper

Grains and Softs

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Grains and Softs: Sugar (ICE)

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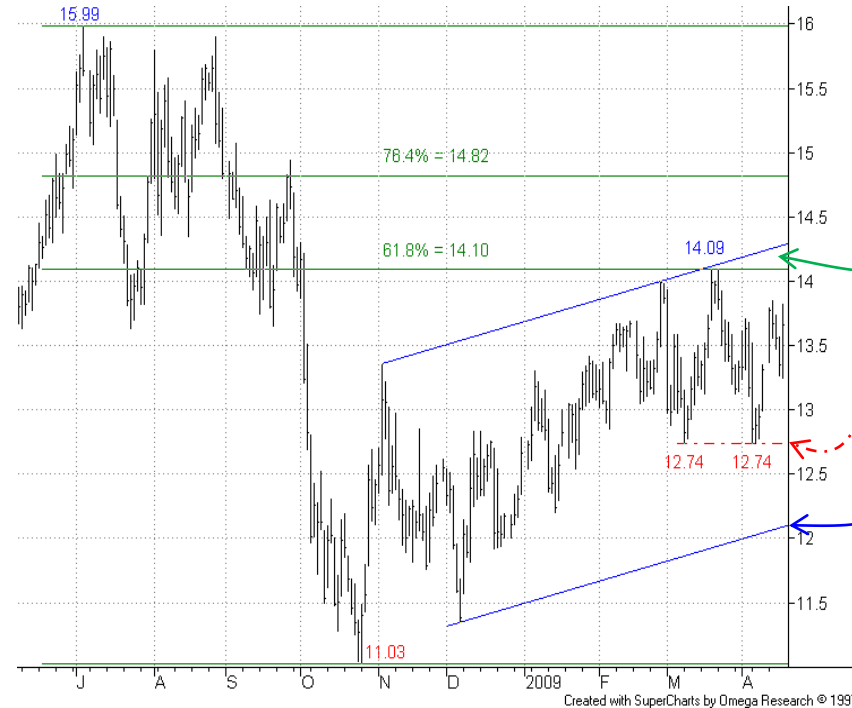
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Daily Chart – Jul-09:

We have been sidelined after a former bullish stance but, so far, the holding of 12.74 support is an encouraging sign for bulls.

Note overhead resistance from the 14.10 61.8% level plus 14.30 rising resistance – a break above these would provide the next bull signal.

A close below the 12.74 lows would turn initial focus to the bear channel base projection around 12.10 just now.

This needs to hold to avoid a resurgence of bear risk.

We maintain a sidelined stance for now.



Grains and Softs: Cocoa (ICE)

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Metals

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Other

- + Orange Juice
- + CRB Index



Monthly Chart – Continuation:

The 76.4% level of the 2004-2008 rise, near 1800, currently underpins the market. It is close to old highs from 2003/2005 – reaction here was very positive.



Weekly Chart – Continuation:

The next resistance on the continuation chart is the bear channel top projection, and then the 2919 Feb high.

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76.4% levels have worked well here as resistance/support.

We wait to see if the latest 76.4% pullback level at 2322 can be supportive (also note rising support just below, around 2300).

Ultimately we would not want to see the 2175/63 area broken, if bulls are to emerge victorious at the end of these price swings.

At this stage a close above the small falling resistance line would be the first bullish confirmation.

Buyers on dips can probably afford to wait to see if support indeed emerges from the 2322/2300 area before committing. Ideally any stops would initially be just below the 2175/63 area.

We maintain an overall bullish stance for now.



Grains and Softs: Coffee (ICE)

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[More](#)



Grains and Softs: Coffee (ICE)

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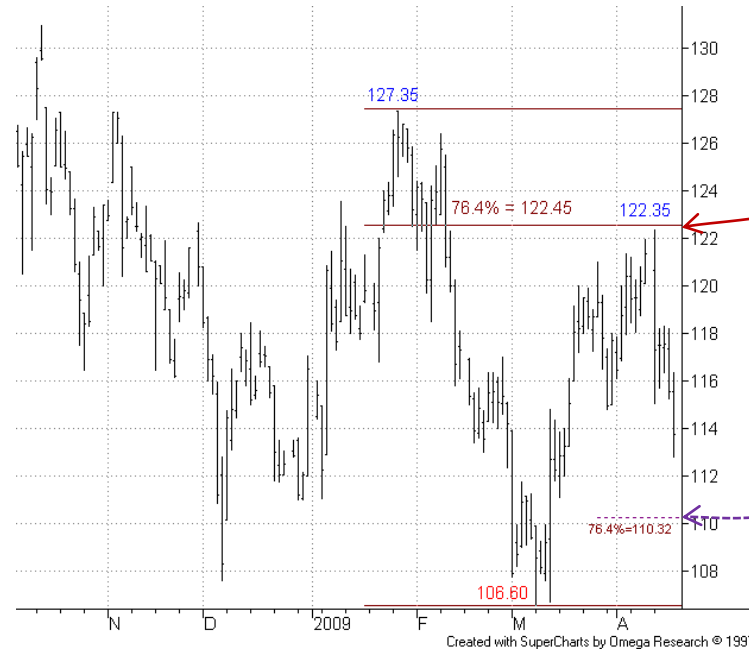
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Daily Chart – Jul-09:

S/term resistance has emerged from the 76.4% recovery level of this year's losses.

Ideally support will be found at/above the small 76.4% pullback level around 110.32, but ultimately the 106.60 Mar low needs to hold.

A recovery above the 122.35/45 area would be the next bull sign, when we will be tempted to start looking at part-retracement levels of the major fall from the Feb-08 peak.

We maintain a bullish stance for now.

More



Grains and Softs: Cotton No.2 (ICE)

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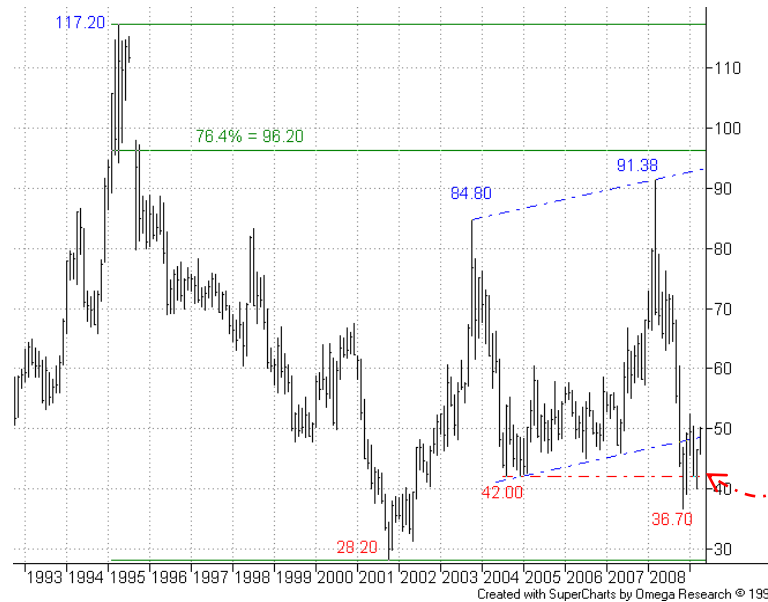
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Monthly Chart – Continuation:

The sharp drop back from the 91.38 Mar-08 high eventually violated the significant 42.00 2004 low.

However, price has failed to stay below here, delaying any continuation lower, towards the major 28.20 2001 low.



Weekly Chart – Continuation:

The bounce off the 36.70 Nov low fell short of the 55.00 resistance level.

The subsequent pullback was assumed to be temporary only, which looks to be the case now.

More



Grains and Softs: Cotton No.2 (ICE)

Summary

Energy

- + Light Crude Oil
- + Natural Gas
- + Heating Oil

Metals

- + Gold
- + Silver
- + High Grade Copper

Grains and Softs

- + Soybeans
- + Wheat
- + Sugar 11
- + Cocoa
- + Coffee
- + Cotton No.2

Other

- + Orange Juice
- + CRB Index

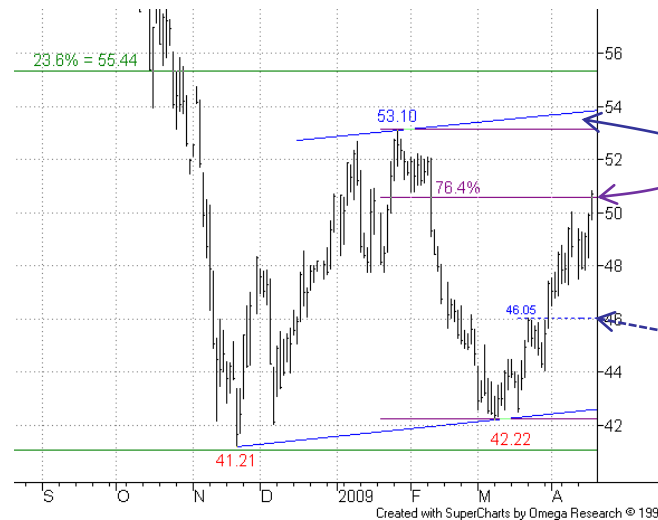


Daily Chart – Jul-09:

In essence this chart is still trying to base.

First important resistance comes from the 23.6% 55.44 area, near to the 55.00 level on the Weekly chart.

Looking closer...



S/term we had been focusing on the small 76.4% rebound level which has now been tested – potential resistance here, but a break above would provide a useful boost to bulls, with the 53.10/54.00 area becoming the next hurdle to negotiate.

First support now comes from the 46.05 23-Mar high.

We maintain a bullish stance here.



Other

Orange Juice continues to improve following an earlier bull signal. On the **CRB index** chart, s/term action has been consolidative but positive, and we await a final signal in order to adopt a bullish stance.

Summary

Energy

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Metals

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- + High Grade Copper

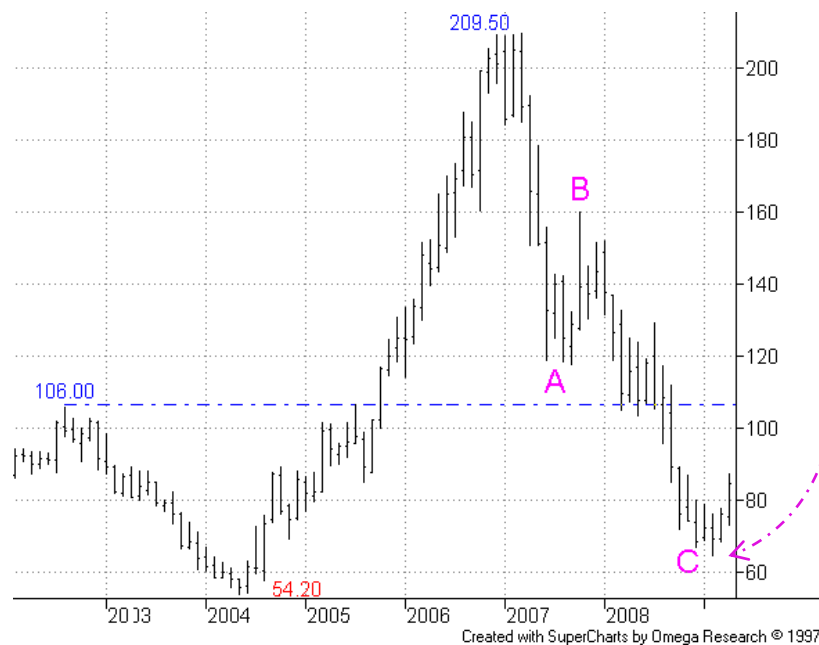
Grains and Softs

- + Soybeans
- + Wheat
- + Sugar 11
- + Cocoa
- + Coffee
- + Cotton No.2

Other

- + Orange Juice
- + CRB Index

Other: Orange Juice (ICE)





Summary

Energy

- + Light Crude Oil
- + Natural Gas
- + Heating Oil

Metals

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- + High Grade Copper

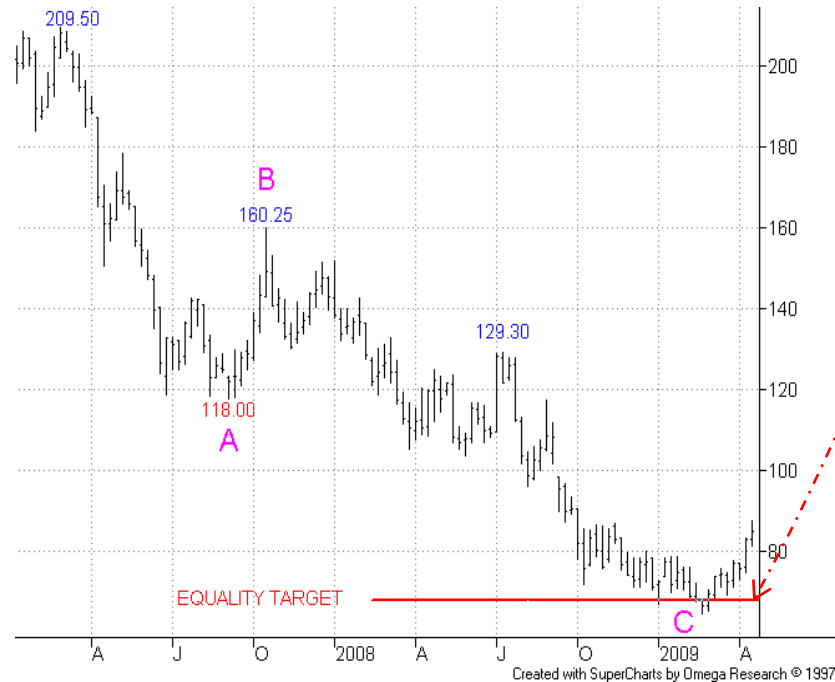
Grains and Softs

- + Soybeans
- + Wheat
- + Sugar 11
- + Cocoa
- + Coffee
- + Cotton No.2

Other

- + Orange Juice
- + CRB Index

Other: Orange Juice (ICE)





Other: Orange Juice (ICE)

Summary

Energy

- + Light Crude Oil
- + Natural Gas
- + Heating Oil

Metals

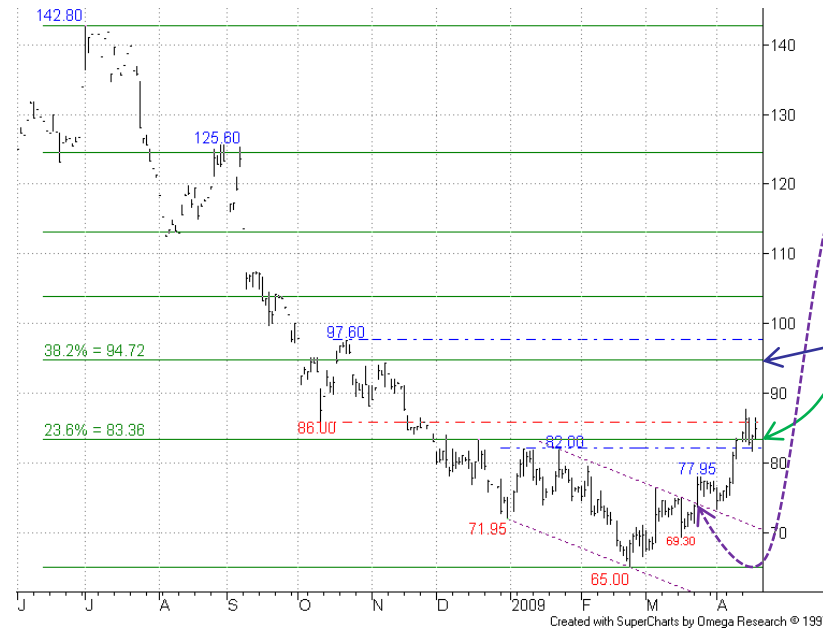
- + Gold
- + Silver
- + High Grade Copper

Grains and Softs

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- + Wheat
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- + Cocoa
- + Coffee
- + Cotton No.2

Other

- + Orange Juice
- + CRB Index



Daily Chart – May-09:

We will be switching to the Jul contract next week.

After the earlier break through the s/term bear channel top our first target area of 82.00/ 83.36 (22-Jan high & 23.6% level) has been reached/exceeded.

The 38.2% area is the next target now.

First support is offered by the 77.95 25-Mar high.

Any earlier longs will have taken partial profits in the 82.00 area now, aiming towards 94.00 for more, with stops aggressively raised to just below 77.95.

We maintain a s/term bullish stance here.



Other: CRB Index (CBOT)

Summary

Energy

- + Light Crude Oil
- + Natural Gas
- + Heating Oil

Metals

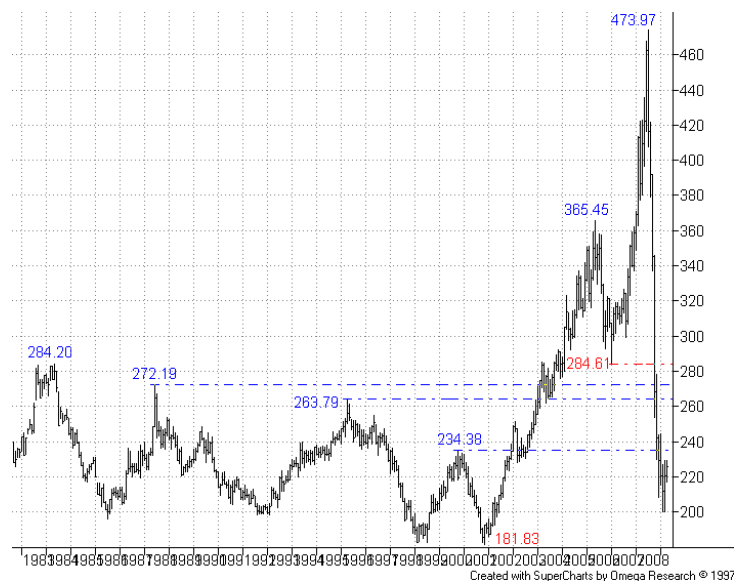
- + Gold
- + Silver
- + High Grade Copper

Grains and Softs

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- + Wheat
- + Sugar 11
- + Cocoa
- + Coffee
- + Cotton No.2

Other

- + Orange Juice
- + CRB Index



Monthly Chart – Continuation:

The collapse in this index violated several support levels including several major highs from previous years.

There does not seem much in the way of a return to the 181.83 Nov-01 low, but look closer.



Weekly Chart – Continuation:

To emphasise the seriousness of the fall in prices the significant 284.61 Jan-07 low was violated in Oct.

This low marked the start of the final major upleg of the move that began in late 2001.



Other: CRB Index (CBOT)

Summary

Energy

- + Light Crude Oil
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Metals

- + Gold
- + Silver
- + High Grade Copper

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Other

- + Orange Juice
- + CRB Index



Daily Chart

The Index stays quite firm, but a further rise and close through the small bear channel top projection (233 area) is still needed for a bull trigger.

A close above the higher 244.31 06-Jan high would be further bullish confirmation - we could then start looking at part-retracement levels (now marked in).



Note how s/term support has come from just above the 213.34 26-Feb high, preserving s/term bull momentum.

Perhaps we should already have adopted a bull stance but, at this stage, we remain sidelined until a close above that s/term bear channel top.



SEVEN DAYS AHEAD

Authorised and Regulated by the FSA

124 REGENTS PARK ROAD LONDON NW18XL

TEL +44 (0) 7849 922573 E-MAIL msturdy@sevendaysahead.com,

pallwright@sevendaysahead.com

WEB SITE SEVENDAYS Ahead.COM

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