



Week 33

18th August – 24th August 2009

Summary

Energy

- + Brent 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

- + Carbon Emissions
- + CRB Index



the commodity trader's guide to major markets

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Mark Sturdy

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Disclaimer



summary – commodity trader

Summary

Energy

- + Brent Crude Oil
- + Natural Gas
- + Heating Oil

Stay SQUARE new 2009 high seen but several resistances not far overhead now (Oct-09)
Stay BEARISH Jul low under threat now (Oct-09)
Stay SQUARE s/term bulls remain in driving seat for now (Sep-09)

Metals

- + Gold
- + Silver
- + High Grade Copper

Stay BEARISH bear risk remains, recent gains seen as temporary (Dec-09)
Stay SQUARE s/term bounce continues, bears sidelined for now (Sep-09)
Stay SQUARE but respect given to s/term bulls (Sep-09)

Grains and Softs

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

Stay BEARISH recent bearish reversal marked by type of key reversal day (Nov-09)
Stay BEARISH levels to note on the downside are 468/455/440 (Sep-09)
Stay BULLISH s/term acceleration up tests long term bull channel top (Oct-09)
Stay SQUARE await better reaction around medium term 76.4% level (Dec-09)
Go BEARISH recent failure to hold above 76.4% bounce level (Dec-09)
Stay BULLISH overhead 38.2% recovery level remains elusive for now (Dec-09)

Other

- + Carbon Emissions
- + CRB Index

Stay SQUARE key s/term support at 14.20 and 13.70/64 remains vulnerable s/term (Dec-09)
Stay SQUARE s/term strong recovery has seen a new 2009 high



Energy

In **Crude Oil** the Brent contract saw a new 2009 high prior to s/term pullback – upside could remain relatively limited, with interesting resistance not far overhead. **Heating Oil** remains s/term constructive for the bulls too. Downside risk in **Natural Gas** has been borne out by recent losses.

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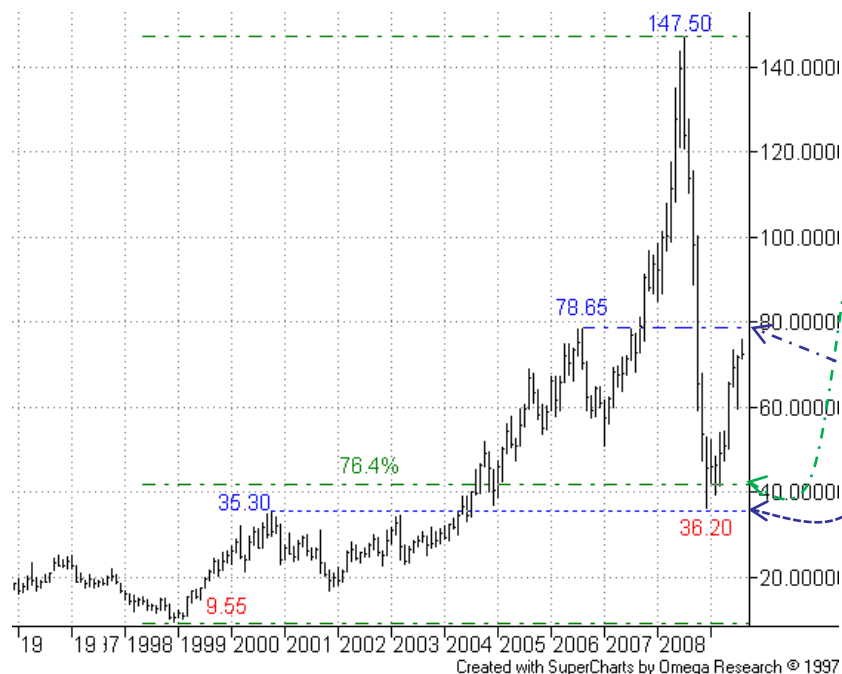
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Energy: Brent Crude Oil (ICE)



Monthly Chart – Continuation:

The steep drop from the 2008 147.50 peak violated the major 76.4% retracement but it is interesting how the market found good support from old 2000/2003 highs.

It remains in recovery mode.

The old 78.65 Aug-06 high is worth keeping in mind as a potential resistance point – also see *Weekly* chart.



Energy: Brent Crude Oil (ICE)

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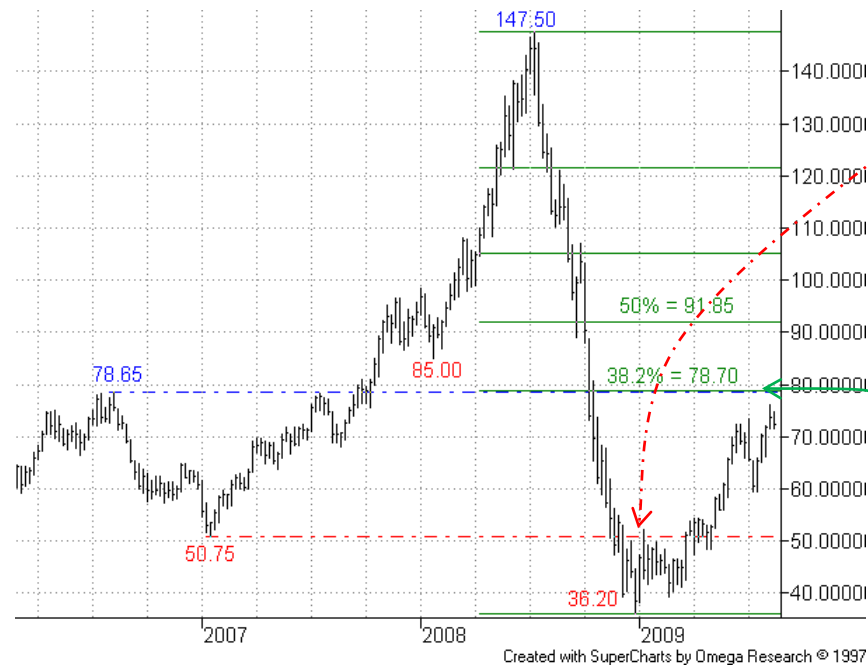
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Weekly Chart – Continuation:

After the late 2008 break below 50.75 Jan-07 low the market started to base.

The move back above this key 50.00 resistance area completed that process, favouring medium term bulls.

On this continuation chart the 38.2% level lies at 78.70, coinciding with that 78.65 Aug-06 high.

We await reaction here – resistance would not be a surprise.



Energy: Brent Crude Oil (ICE)

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Daily Chart – Oct-09:

Support from the early Apr high was the springboard for a strong rebound – a new 2009 high has so far stopped short of a minor Fibo projection at **77.23**.

The s/term chart structure doesn't tell us much, except for a possible negative RSI divergence developing...

At the moment note other overhead barriers from that **78.65/70** level from the Weekly chart and bull channel top projection at **81.50** currently.

This at least suggests that further upside should be quite limited s/term.

Potential support from the 71.84 27-Jul high has been eroded, but of more significance is the lower 66.57 29-Jul low, perhaps a pivotal level now.

We remain sidelined for now.



Energy: Light Crude Oil (NYMEX)

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Metals

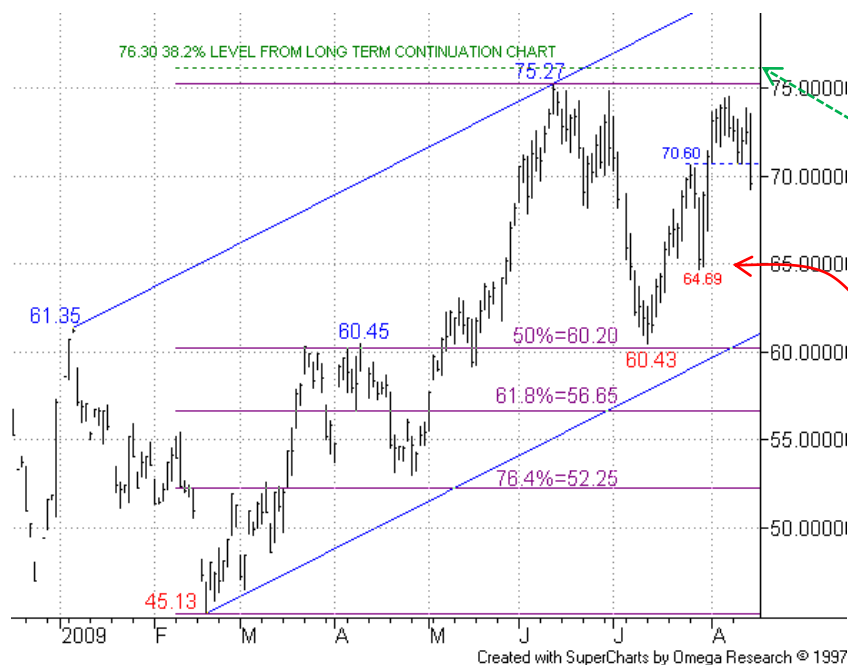
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Daily Chart – Oct-09:

The bounce in NYMEX Crude has so far failed ahead of the Jun high (also keeping below a long term 38.2% recovery level).

While near support from 70.60 27-Jul high has been breached we can't say if s/term bulls have given up. It is not until the 64.69 29-Jul low that a pivotal level is reached.

We stay on the sidelines for now.



Energy: Natural Gas (NYMEX)

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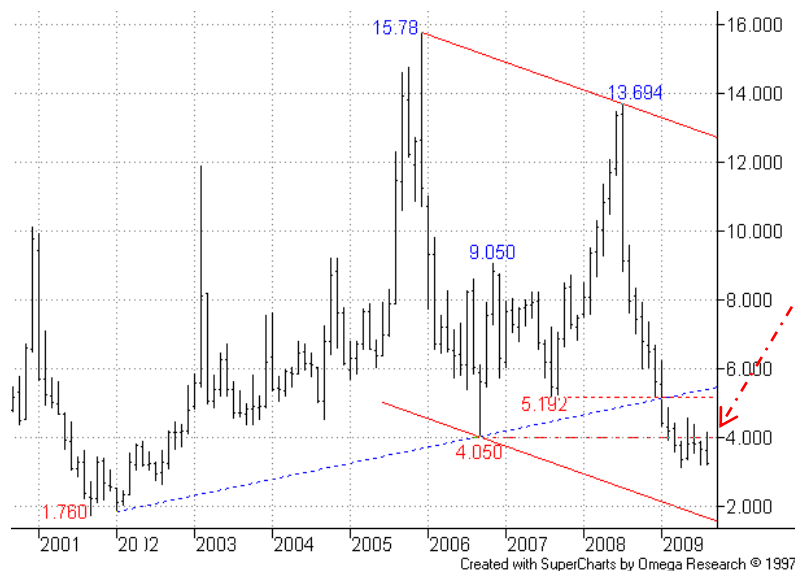
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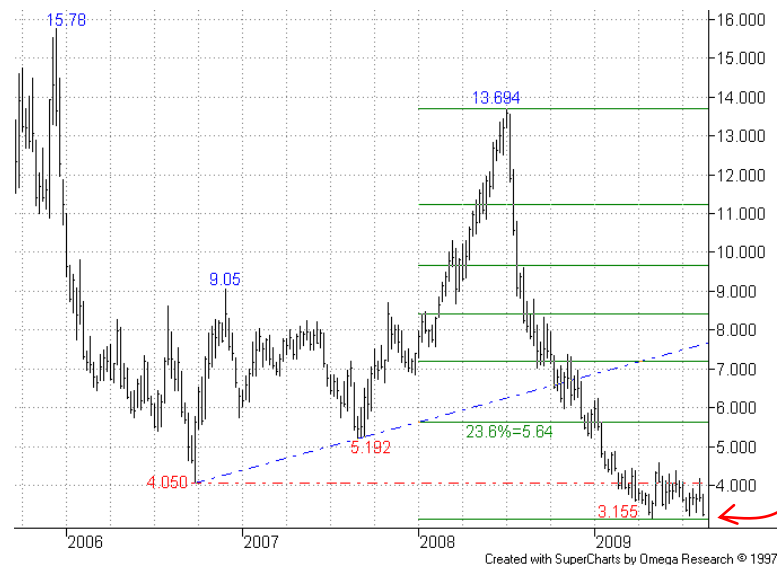
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Monthly Chart – Continuation:

On this long term chart, the **4.0000** area has been breached.

If price holds below here then the projected bear channel base becomes next downside focus.



Weekly Chart – Continuation:

Bears had been grinding lower for many months – after sideling following the early May low there has been a fresh test towards the 3.155 low.

More



Energy: Natural Gas (NYMEX)

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Daily Chart – Oct-09:

After failing to hold above the old rising support/return line we've seen a return to the Jul low now, as anticipated.

Near support is implied by the falling support line at 3.500 currently, but we also keep in mind a dual projection level around **3.070**, both the 1.618 swing off prior 3.584-4.421 Jul bounce and '4.933-3.584' equality target extended from 4.421 high.

We maintain a bear stance here.



Energy: Heating Oil (NYMEX)

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Monthly Chart – Continuation:

The substantial fall from last Jul's peak tested the 76.4% 1.2045 level early this year – a recovery has been unfolding since then.



Weekly Chart – Continuation:

The 23.6% 1.8410 level on the continuation chart was recently reached – and provided good temporary resistance.

The next level of note is the old 2.2100 Sep-05 high, ahead of the 38.2% retracement.

More



Energy: Heating Oil (NYMEX)

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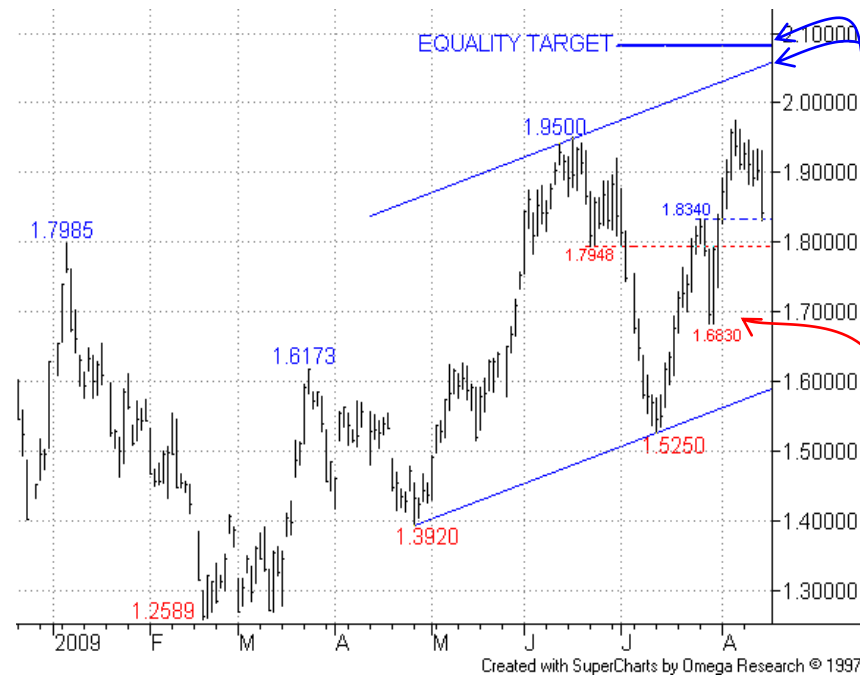
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Daily Chart – Sep-09:

S/term bulls saw erosion of the 1.9500 Jun high – the current pullback doesn't yet jeopardise chances of further shorter term gains (*the chart structure gives little clue as to bull fatigue at present*).

We currently note overhead resistance from a bull channel top projection at 2.0600 and an equality target at 2.0830 (1.3920-1.9500 upleg extended from 1.5250 low).

S/term resistance at/ahead of this would not surprise.

The 1.8340 27-Jul high offers s/term support, but the pivotal level at the moment comes lower, the 1.6830 29/30-Jul low.

We maintain a sidelined stance s/term.



Metals

We still think there is bear risk in **Gold**, s/term recovery seen as corrective/temporary still. We have been sidelined in **Silver** s/term, but don't rule out another bear leg in due course. The recovery in **Copper** has continued – we now await reaction around the next resistance area.

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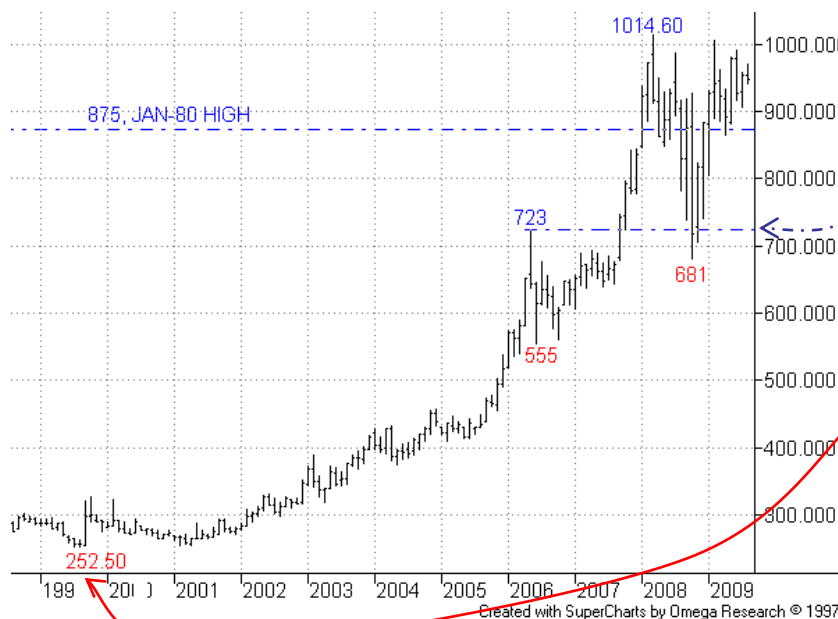
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Metals: Gold (COMEX)



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.

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



Metals: Gold (COMEX)

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Weekly Chart – Continuation:

The recovery from just above the 76.4% level of the 2006/2008 upleg was very impressive.

New highs are sought in due course – *but shorter term there remains some uncertainty as to what sort of correction could yet be seen...*



Metals: Gold (COMEX)

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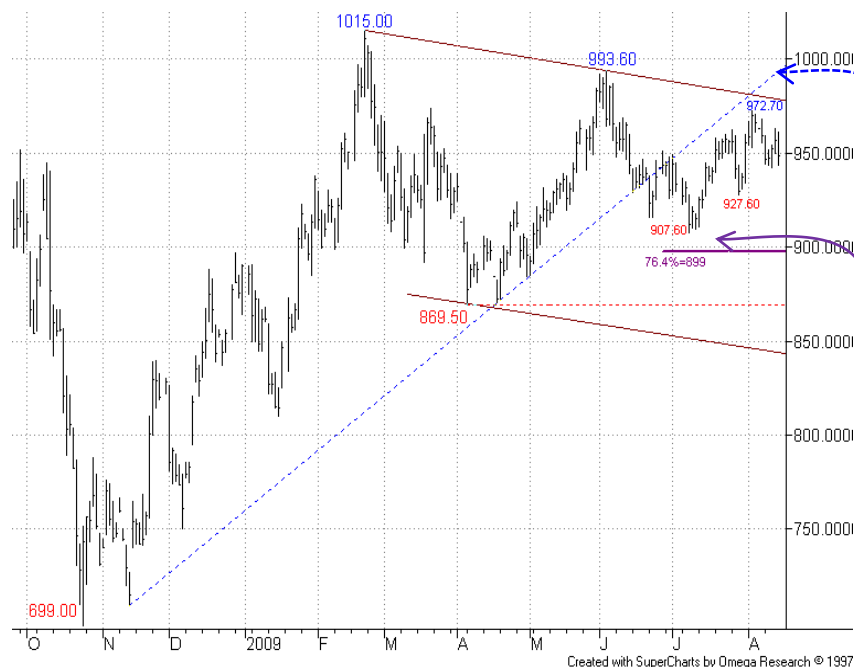
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Daily Chart – Dec-09:

Not much change here - we continue to favour the bears for now, viewing current action as probably corrective ahead of a fresh bear leg.

Resistance from the rising old support/return line now runs above falling resistance around 977, near to the 993.60 03-Jun high. At this stage a close above this latter will probably be a more reliable bull signal.

Meanwhile the 907.60/900 area offers first key support, and an initial drop below the 927.60 29-Jul low would be useful for bears.

We maintain a s/term bear stance for now.



Metals: Silver (COMEX)

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Metals

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Other

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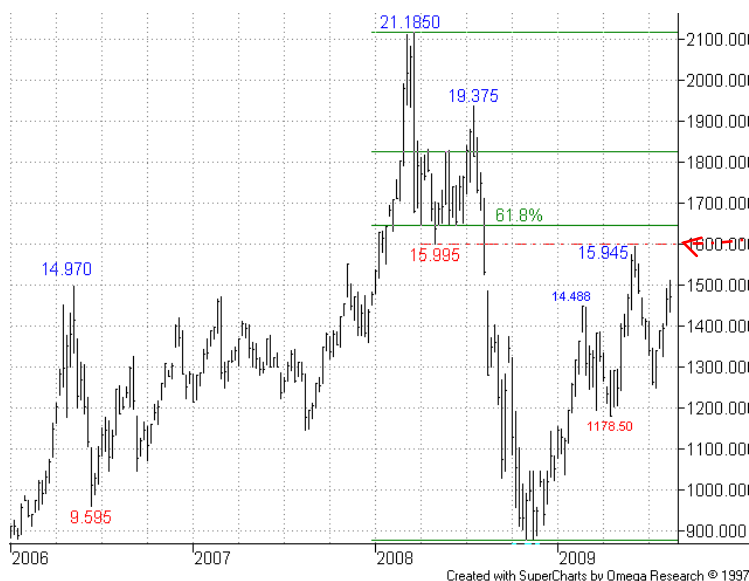


Monthly Chart – Continuation:

The long term chart shows how effective support was from a major 76.4% level (and highs from 2004/2005 too).

Note that an old rising support/return line plus the May-08 low around 16.00 recently provided effective shorter term resistance.

A pause in the medium term recovery hasn't been a surprise here.



Weekly Chart – Continuation:

The base of what looked like a strong resistance area repelled the recent bull advance very effectively.

There's a chance that the current rebound is a precursor to another bear leg.



Metals: Silver (COMEX)

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Daily Chart – Sep-09:

The earlier break of the bull channel base projection suggested a more prolonged bear phase was underway.

The current recovery may still prove to be a corrective/ temporary leg within this.

S/term support has come from the 14.095 28-Jul high, and we said last week that the s/term structure could allow for a test towards 15.36/53 (76.4% and a Fibo projection).

We maintain a sidelined for the time being.



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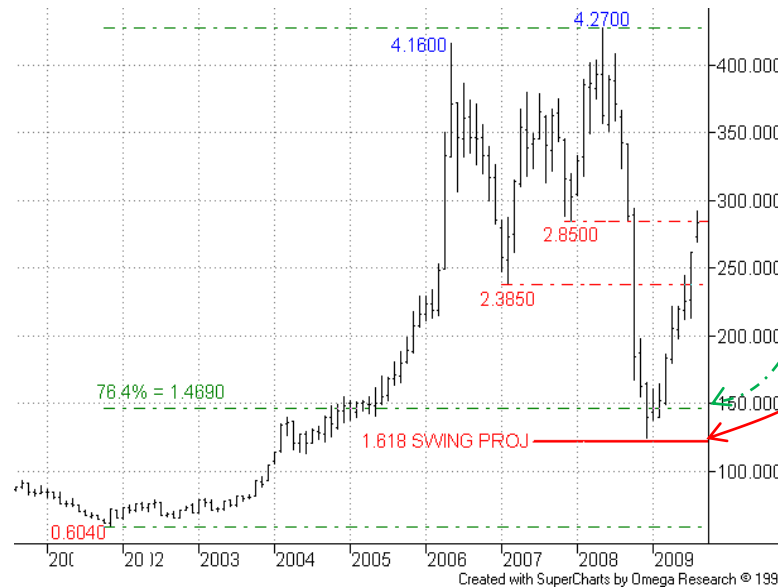
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Metals: High Grade Copper (COMEX)



Weekly Chart – Continuation:





Metals: High Grade Copper (COMEX)

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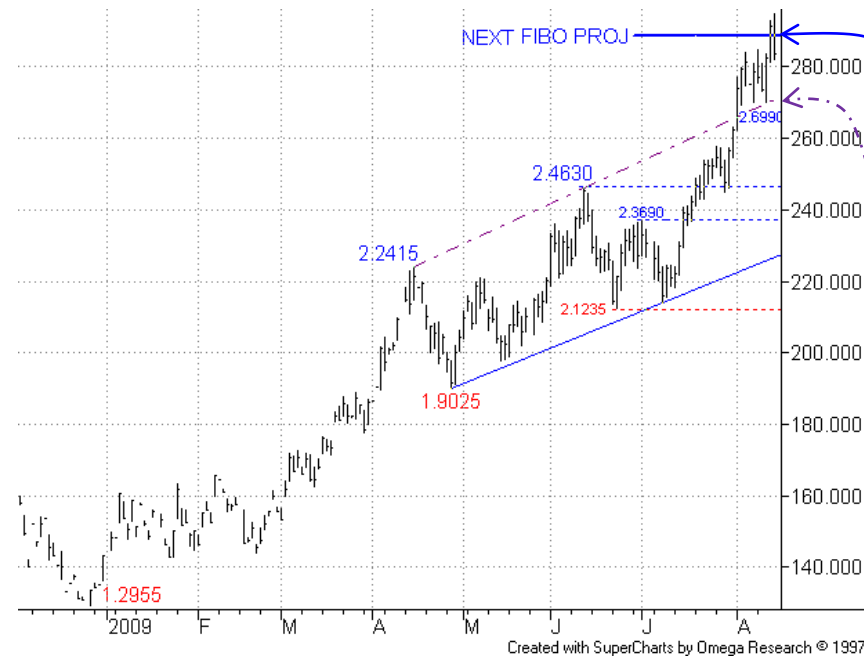
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Daily Chart – Sep-09:

Besides the old 2.8500 low, our next Fibo projection at 2.8850 has been reached/eroded now – s/term we await reaction here.

Near support comes from the rising old resistance/return line, plus the 2.6990 07-Aug low – but a close below this would be a small negative only.

A further indication of weakening momentum would be if lower support from the 2.4630 Jun high failed.

We maintain a sidelined stance for now, whilst acknowledging s/term bull dominance.



Grains and Softs

Soybeans have pulled back from near a 76.4% recovery level, while **Wheat** has continued its clear downtrend. The upward acceleration in **Sugar** may have encountered resistance from a long term channel top now. **Cocoa** remains stuck around an important 76.4% resistance area and we stay on the lookout for a pullback phase. **Coffee** is pulling back after briefly eroding a 76.4% bounce level. **Cotton** has favoured the bulls but currently looks undecided just ahead of a long term 38.2% recovery level.

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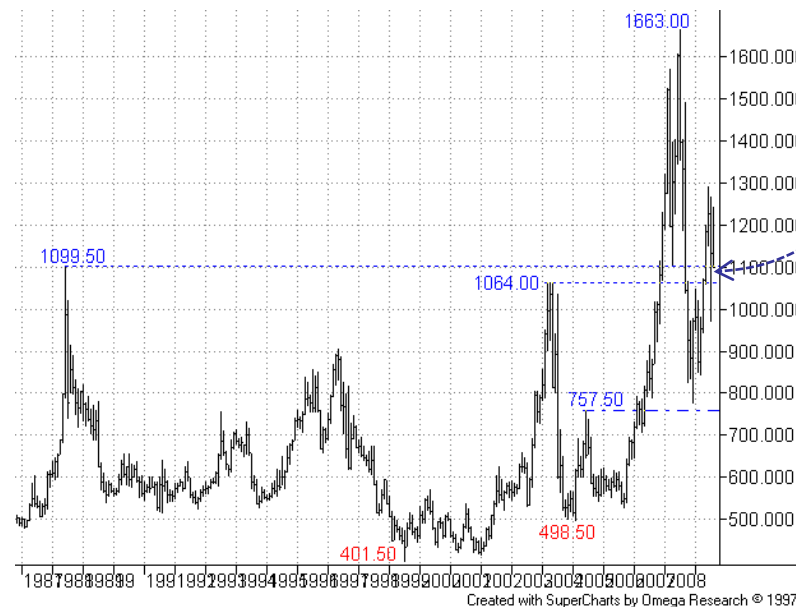
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Grains and Softs: Soybeans (CBOT)



Monthly Chart - Continuation:

Recovery off support near the 757.50 Jun-05 high exceeded the old 1988 1009.50 and 2004 1064.00 highs earlier on.



Grains and Softs: Soybeans (CBOT)

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Weekly Chart – Continuation:

The 76.4% retracement of the 2006-2008 upmove, in the 790s, and the Jun-05 757.50 high, provided a very effective zone of support.

The recent pullback dipped below the 1046.50 Jan high, implying loss of momentum – the recent bounce could be of a temporary nature only – *and see Daily chart.*



Grains and Softs: Soybeans (CBOT)

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Daily Chart – Nov-09:

The bulls last week lost the battle at 1066, after a brief spike through the 76.4% level.

In effect there was a Key Reversal Day then, and this could well mark the start of a better downward attempt now.

S/term (gap) support from around 984 has already been tested/eroded. Next support comes from the 940 20-Jul high.

Rallies will be assumed to be temporary only at present.

Any speculative sellers on a bounce may favour levels above 1025, initial stops just above the 1066 13-Aug high, and targeting 950 for partial profits.

We maintain an overall bearish stance here.

More



Grains and Softs: Wheat (CBOT)

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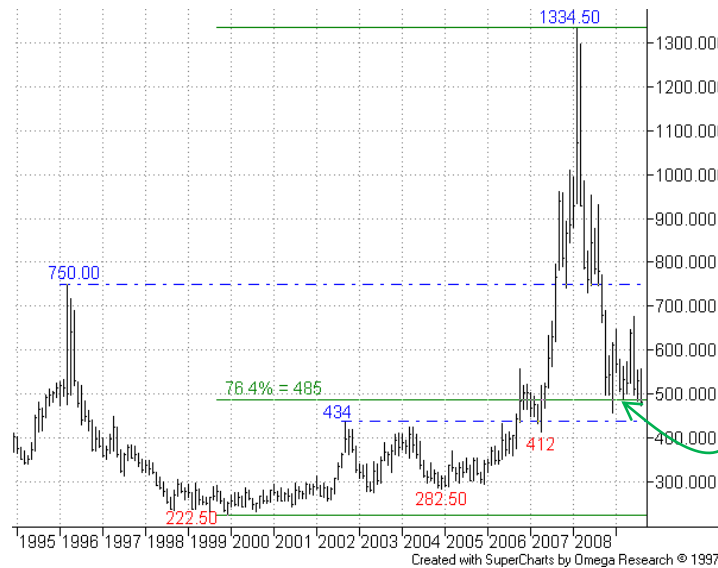
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Monthly Chart - Continuation:

The collapse in Wheat prices found support from the 76.4% retracement of the 1999-2008 accelerating upmove.

This particular Fibo retracement can often be most effective as support/resistance.

But it has now come under scrutiny once more.



Weekly Chart - Continuation:

This year the 23.6% recovery level has twice thwarted bull attempts.

The 455.00 Dec-08 low remains vulnerable at present.

More



Grains and Softs: Wheat (CBOT)

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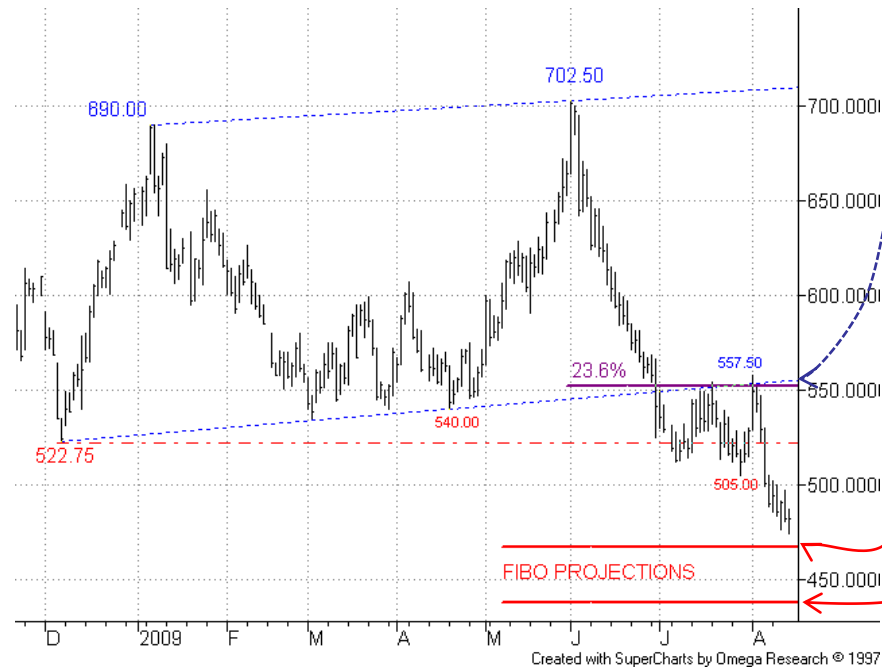
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Daily Chart – Sep-09:

Recent action was capped by resistance from the old rising support/return line (and a 23.6% level at the time).

The 557.50 03-Aug high remains a key resistance level now.

S/term the risk remains to the downside – our two Fibo projections at **468** and **440** (which straddle the 455 low on the Weekly chart) are getting closer.

We maintain a bear stance for now.



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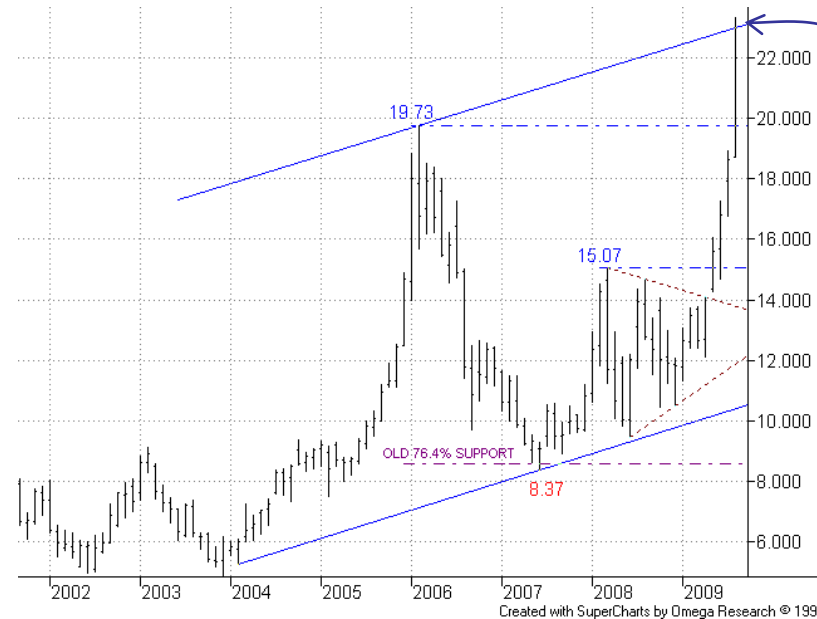
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Grains and Softs: Sugar (ICE)



Monthly Chart - Continuation:

A very strong performance has seen a breach of the 19.73 2006 high and test of the long term bull channel top around 23.00 currently – will this prompt a setback now...?



Weekly Chart - Continuation:

The current, accelerating chart structure gives little hint that bulls are tiring – of course, blow-off moves never do.

Support from the old Mar high near 15.00 is now some way off – first main support comes from the 19.73 Feb-06 high.

More



Grains and Softs: Sugar (ICE)

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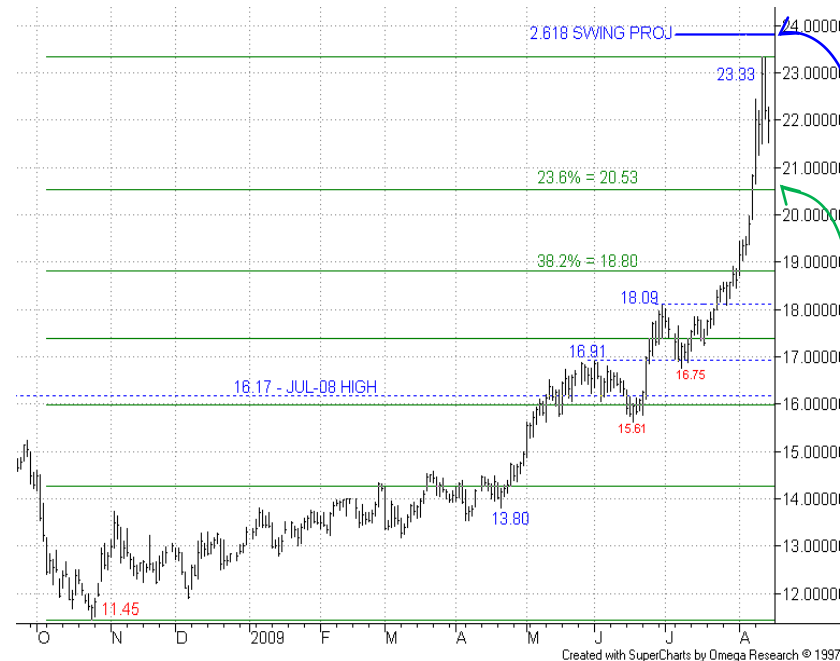
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Daily Chart – Oct-09:

The s/term upward acceleration paid scant regard to our earlier projections – at least the long term bull channel top on the Monthly chart might be having an effect.

We can't tell yet if we have seen a blow-off move – the current structure gives nothing away.

Because of the strength/speed of this chart we can, somewhat belatedly, mark in the 2.618 swing projection off prior 16.17/11.45 Jul/Oct-08 downmove, at **13.80** – now interestingly close to the present high.

We note the current 23.6% pullback level at 20.53 – first notable support now, and maybe a s/term pivotal level.

We maintain a bullish stance for now.



Grains and Softs: Cocoa (ICE)

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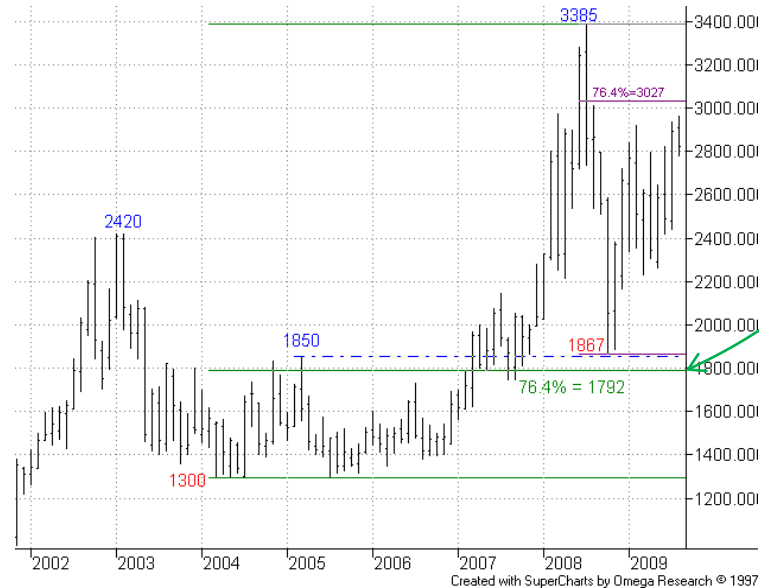
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Monthly Chart – Continuation:

The 76.4% level of the 2004-2008 rise, near 1800, lies close to old highs from 2003/2005 and provided good support last year.



Weekly Chart – Continuation:

Price swings have been quite volatile this year – there is still something of a bull bias here.

Note on this continuation chart the main 76.4% recovery level lies at 3027, somewhat higher than on the front month.

More



Grains and Softs: Cocoa (ICE)

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Daily Chart – Dec-09:

Consolidation around the 76.4% level has continued, but nicely resisted by a bull channel top. The 3000 area looks to be tough resistance at present.

(and keep in mind the 3027 76.4% level from the long term continuation chart)

The chances are that a down-swing will be seen, to be encouraged by a close below the 2811 29-Jul low.

Note potential support from 2580, a small 76.4% pullback level, ahead of the channel base at 2480, and 2450 25-Jun low.

Traders may wish to wait for a close below 2811 before then aiming to sell a bounce back to at least 2900, if seen. Stops may be kept tight, not much above 3000, with 2600 targeted for partial profits. Some may have considered it worth the risk selling at current levels, but we have decided to hold back.

We maintain a sidelined stance for now.

More



Grains and Softs: Coffee (ICE)

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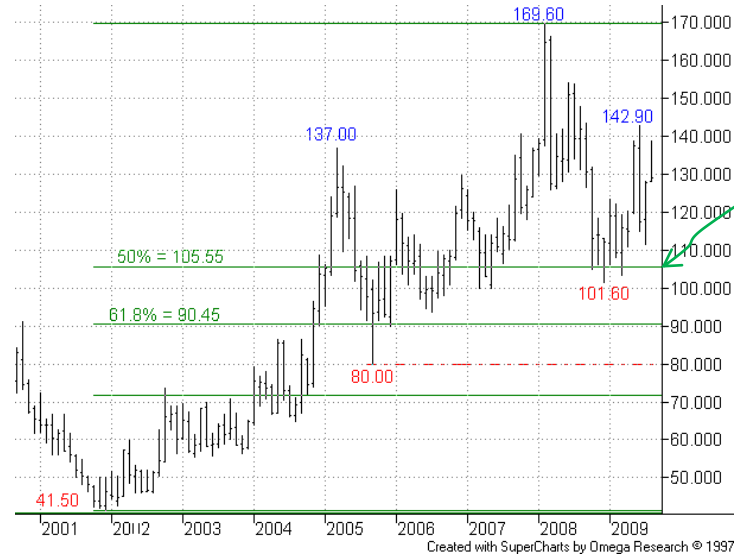
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Monthly Chart – Continuation:

Looking at the retracement levels of the 2001-2008 upmove, the 50% mark has provided effective support so far.



Weekly Chart – Continuation:

Recovery off the 76.4% level of the 2005-2008 upmove eventually found strong resistance from near the 61.8% retracement.

Current volatility has seen price swing back towards here, but it is unclear whether bulls can sustain their new-found enthusiasm.

More



Grains and Softs: Coffee (ICE)

Summary

Energy

- + Brent 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

- + Carbon Emissions
- + CRB Index



Daily Chart – Dec-09:

The Jun/Jul deep drop back called into question medium term upward momentum .

The ensuing rebound has been strong, but may still prove the precursor to another downswing.

S/term, there has been a failure to hold above the 76.4% bounce level, encouraging the bears.

Two supports to note come from the retracements marked.

Speculative sellers on a s/term bounce from near current levels may favour the 138.00/139.00 area, stops just above 141.65 10-Aug high, and targeting 126.50/126.00 for partial profits.

We adopt a s/term bear stance now, after the failure near the 76.4% bounce level.



Summary

Energy

- + Brent Crude Oil
- + Natural Gas
- + Heating Oil

Metals

- + Gold
- + Silver
- + High Grade Copper

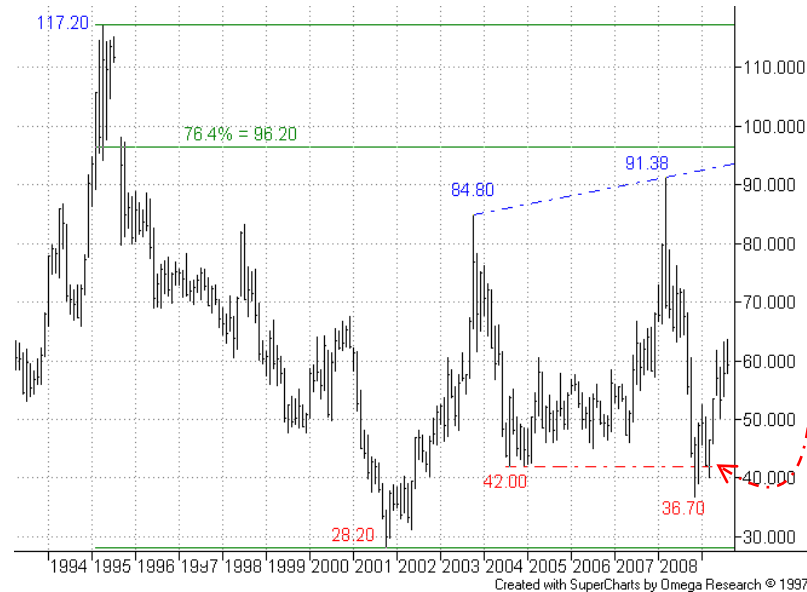
Grains and Softs

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

Other

- + Carbon Emissions
- + CRB Index

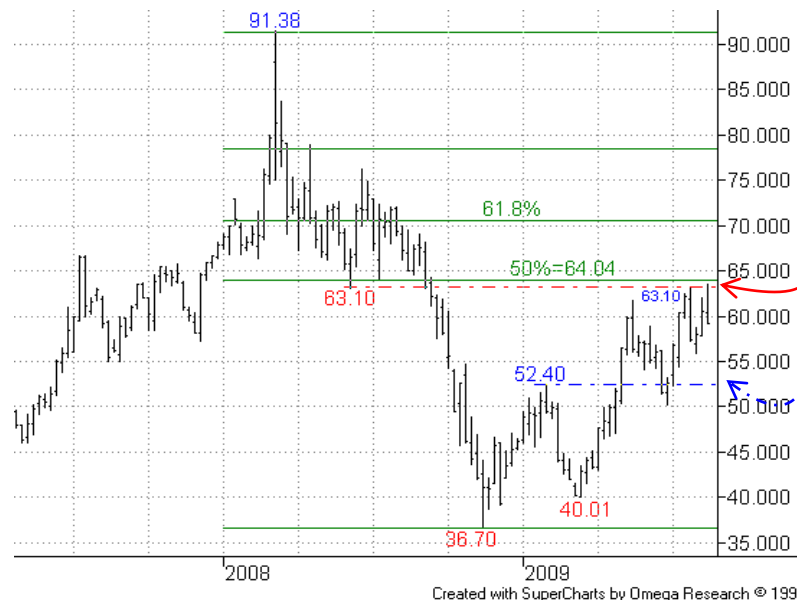
Grains and Softs: Cotton No.2 (ICE)



Monthly Chart – Continuation:

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

However, price failed to stay below here, postponing any continuation lower.



Weekly Chart – Continuation:

After the short-lived breach of the 52.40 Jan high the recovery has found interesting resistance from the 63.10 Jun-08 low (64.04 50% level just above).

More



Grains and Softs: Cotton No.2 (ICE)

Summary

Energy

- + Brent 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

- + Carbon Emissions
- + CRB Index



Daily Chart – Dec-09:

May/June weakness had been seen as temporary, ahead of a move higher to the next main target of 38.2% 66.74 retracement level – the market appears to be struggling on the approach to this.



S/term resistance has come from a rising resistance line – but we can't say much about the pullback yet.

However, a close below the 57.99 27-Jul low would be a bearish sign – and a further breach of the channel base projection at 55.80 would be further negative.

We maintain an overall bullish stance for now, but will sideline on a close below 57.99.



Other

S/term action in **EUA** has remained above current key support, but this remains vulnerable at the moment. On the **CRB index** chart the recent rebound off technical support has pushed higher to create a new 2009 high.

Summary

Energy

- + Brent Crude Oil
- + Natural Gas
- + Heating Oil

Metals

- + Gold
- + Silver
- + High Grade Copper

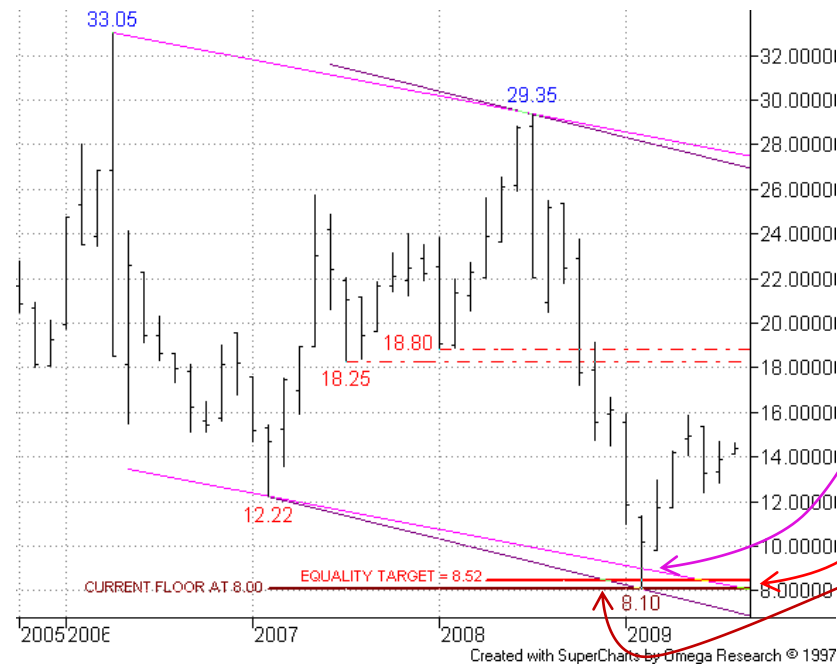
Grains and Softs

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

Other

- + Carbon Emissions
- + CRB Index

Other: EUA – Carbon Emission Allowances (ICE ECX)



Monthly Chart - Continuation:

The interesting points to note here are:

- This long term chart has channelled very well – the base projection was briefly eroded in early 2009
- There was an **8.52** equality target nearby (33.05-12.22 downmove extended off 29.35 high)
- For non-technical reasons there is currently a floor around **8.00**

All the above combined to support the market - **we now assume that a medium/long term recovery phase is underway.**

More



Other: EUA – Carbon Emission Allowances (ICE ECX)

Summary

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Metals

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Grains and Softs

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Other

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- + CRB Index



Weekly Chart – Continuation:

A bearish Key Reversal Week in May marked the start of the present pullback/consolidation phase.

Resistance from 15.85/16.22 is clear (May high and 38.2%).

-a break higher would bring into focus prior 18.25/18.80 lows and the 18.73 50% level, where we would expect further resistance to emerge.

Note how the start of the final downleg segment in late 2008 coincides with the 38.2% retracement – underlying Fibo forces at work.



Other: EUA – Carbon Emission Allowances (ICE ECX)

Summary

Energy

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- + Natural Gas
- + Heating Oil

Metals

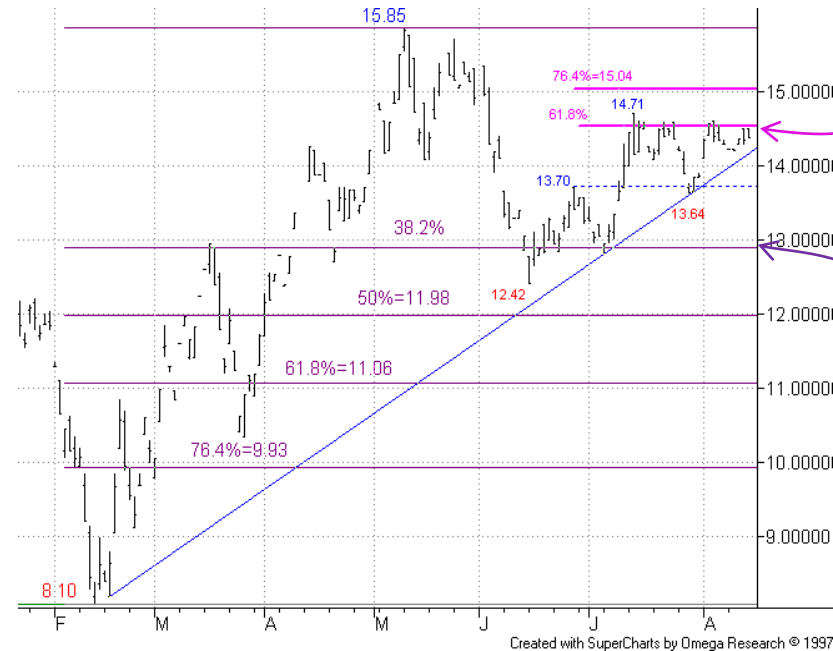
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- + Cocoa
- + Coffee
- + Cotton No.2

Other

- + Carbon Emissions
- + CRB Index



Daily Chart – Dec-09:

Not much change here – but the 61.8% rebound level has remained stubborn s/term resistance. This keeps focus on the rising support line (nearby at 14.20 now) and the 13.70/64 area.

This is seen as key support still, and a close below the 13.64 29-Jul low will be an initial bear signal trigger for us.

This would be confirmed by a further close below the 12.90 38.2% pullback level.

We may then begin targeting towards the 61.8% pullback near 11.00.

Meanwhile we continue to see any s/term strength as probably temporary.

In the event of a close below 13.64 sellers on rallies back towards 14.00 will likely have stops just above 14.71 14-Jul high, targeting the 12.00 area for partial profits, then reducing stops to cost.

We maintain a sidelined stance for now, but will go s/term bearish on a close below that 13.64 low.

More



Other: CRB Index (CBOT)

Summary

Energy

- + Brent Crude Oil
- + Natural Gas
- + Heating Oil

Metals

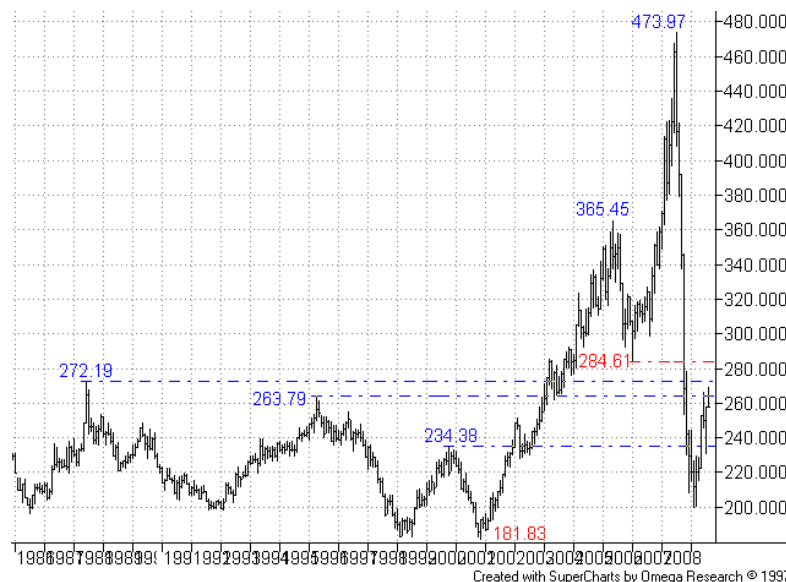
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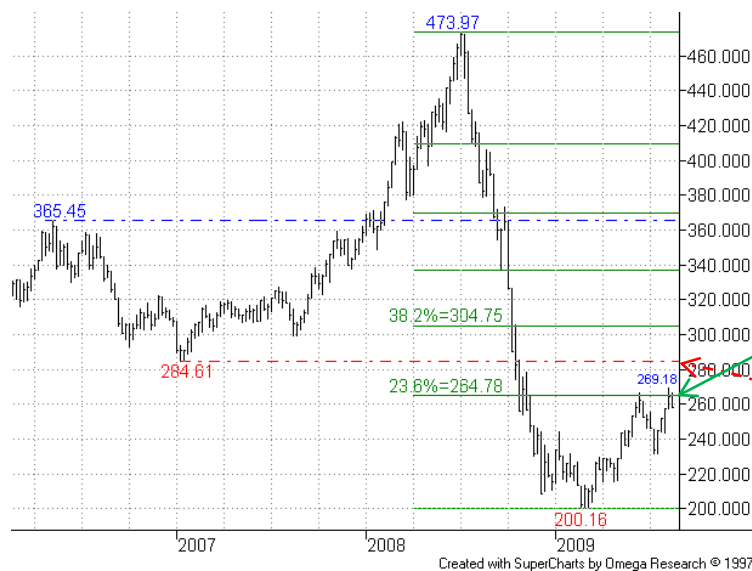
- + Carbon Emissions
- + CRB Index



Monthly Chart – Continuation:

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

However, the fall stopped short of the 181.83 Nov-01 low.



Weekly Chart – Continuation:

After a low of 200.16 the best recovery since the start of the index's collapse last year has been seen.

First target on this chart was the 23.6% 264.78 retracement – it was reached and provided initial resistance, now again under pressure.

Also note higher resistance from the significant 284.61 Jan-07 low.

More



Other: CRB Index (CBOT)

Summary

Energy

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

Metals

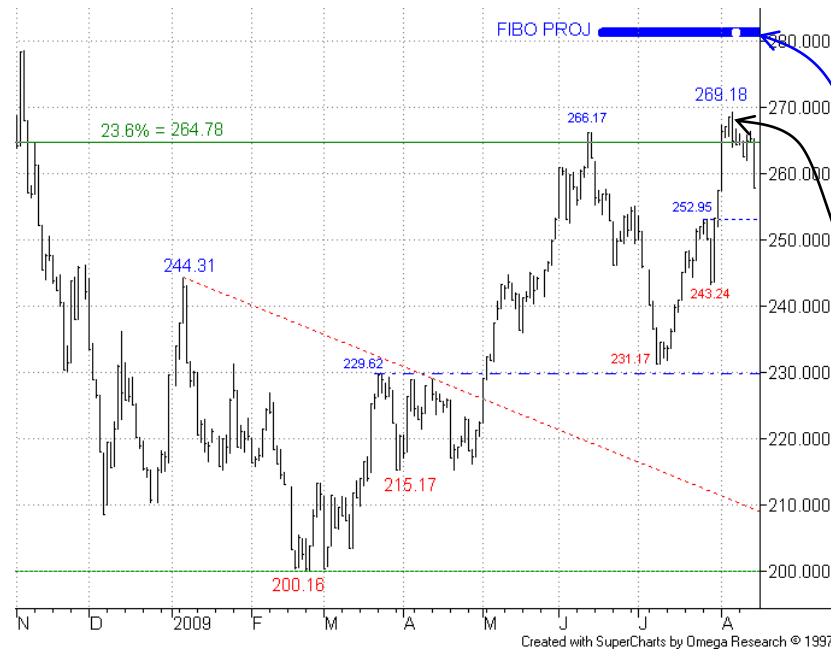
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- + Silver
- + High Grade Copper

Grains and Softs

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- + Coffee
- + Cotton No.2

Other

- + Carbon Emissions
- + CRB Index



Daily Chart

The strong bounce from near the 229.62 24-Mar high has seen a new 2009 high.

There is currently little in the s/term chart structure to suggest bear fatigue – a recent small key reversal day (06-Aug) is thought to be too weak a bear sign.

Another push higher would see a Fibo projection area of 281.35/ 282.30 loom into view. This lies close to that old 284.61 low on the Weekly chart – we will be on the lookout for resistance around here.

First support is offered by the 252.95 28-Jul high, but probably more pivotal is the lower 243.24 29-Jul low.

We maintain a sidelined stance for now.



SEVEN DAYS AHEAD

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