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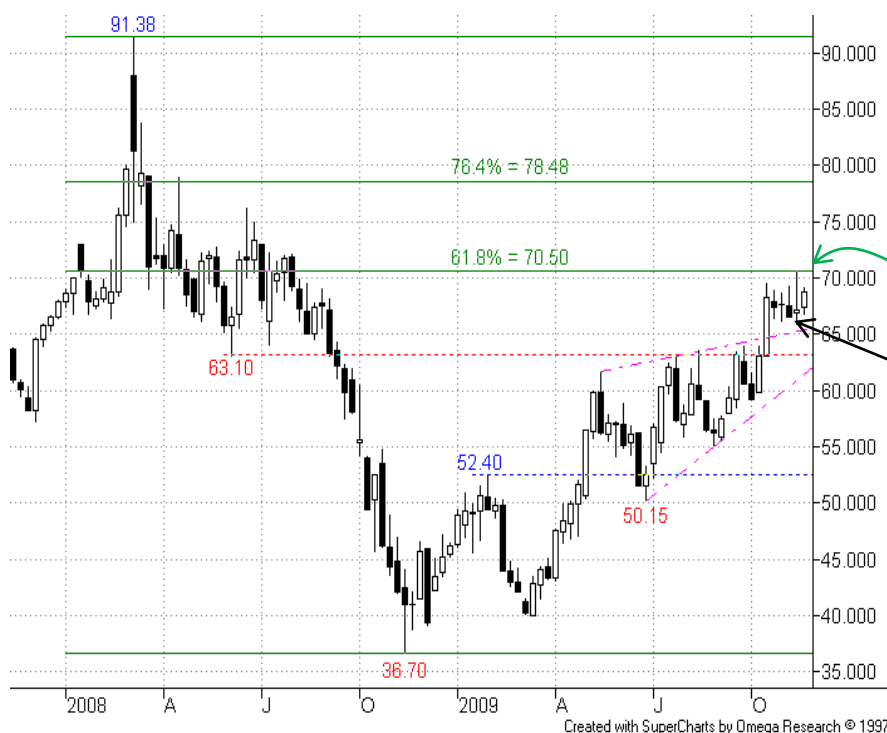
## Market Update

20<sup>th</sup> November 2009

### Cotton Bulls Waver At 61.8% Recovery Level

The recovery in Cotton from its Nov-08 low slowed during the summer, at one stage suggesting a reversal was in the offing. However, an Oct break to the upside kept bulls on track for the next upside target around a 61.8% recovery level – and now there are indications that a temporary pullback is due.

### The Commodity Specialist view



WEEKLY CHART -  
CONTINUATION:

Former clear resistance from the Jun-08 low (which coincided nicely with the 50% retracement) was finally broken in Oct this year.

The 61.8% level just above 70.00 has now been tested.

Note the recent 'doji' week on this candle chart, with open and close near the same level suggesting a moment of indecision.

*Is a temporary pullback phase now on the cards?*

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DAILY CHART – DEC-09:

Before we turn to the new front month of Mar-10 note resistance from the channel top on the Dec chart (not evident on the new chart) – coinciding with the occurrence of a Key Reversal Day.

*Continued...*

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#### DAILY CHART – MAR-10:

Note the 11-Nov bearish Key Reversal Day, which combines with that 'doji' week on the Weekly chart and test of 61.8%.

A pullback would not surprise at this stage.

Initial supports include the 68.40 23.6% pullback, then 67.88/ 67.28 prior highs. Lower support comes from the rising support line and 38.2% level at 64.76.

The current pullback scenario would be invalidated on a close above the 74.27 high.

In the **Commodity Specialist Guide** we have already suggested **aggressive shorts** in the 72.50/73.00 area. Initial stops are favoured at 74.75 (catering for a small overshoot), with partial profits targeted around 69.00. With stops then lowered to cost the balance may try and close at/above 65.00.

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