Week 50

15th December – 21st December 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 Specialist Guide

Philip J Allwright

Mark Sturdy

Authorised and regulated by the FSA

Disclaimer

Summary – Commodity Specialist

Summary

Energy

+ Brent Crude Oil	**Stay SQUARE**	s/term bull failure brings price close to pivotal support (Feb-10)
+ Natural Gas	**Stay SQUARE**	recovery off 38.2% support brings chart close to giving fresh bull signal (Feb-10)
+ Heating Oil	**Stay SQUARE**	earlier bull sign from 27-Nov negated, lower key support in focus (Jan-10)

Metals

+ Gold	**Go SQUARE**	breach of first dual Fibo support heralds further pullback risk (Feb-10)
+ Silver	**Go BEARISH**	enough supports have given way to merit favouring s/term bears (Mar-10)
+ High Grade Copper	**Stay SQUARE**	s/term pullback not yet given a bear signal (Mar-10)

Grains and Softs

+ Soybeans	**Stay BULLISH**	Key Reversal Week in Oct continues to offer a bullish backdrop (Jan-10)
+ Wheat	**Stay BULLISH**	50% recovery area remains resistance for now (Mar-10)
+ Sugar 11	**Go SQUARE**	earlier bear expectations temporarily shelved in light of s/term recovery (Mar-10)
+ Cocoa	**Stay SQUARE**	23.6% pullback level offers key support here (Mar-10)
+ Coffee	**Stay BULLISH**	previous bull break from triangle remains valid for now (Mar-10)
+ Cotton No.2	**Stay BULLISH**	currently uncertain about further bull prospects shorter term (Mar-10)

Other

+ Carbon Emissions	**Stay BEARISH**	false bear break sees reversion to consolidation mode (Dec-10)
+ CRB Index	**Stay BULLISH**	but break of current support would be s/term bear trigger

Energy

A recent initial recovery sign has, in the end, not been capitalised on by the bulls, and a reversal last week has brought the **Oil** contracts lower, towards key support areas. After recent good support in **Natural Gas** there is the chance of a fresh bull signal soon.

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

Energy: Brent Crude Oil (ICE)

Monthly Chart – Continuation:

Late 2008 erosion of the major 76.4% retracement saw good support come from old 2000/2003 highs, prompting recovery.

The market has been struggling to clear the level of the old 78.65 Aug-06 high.

More

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

Energy: Brent Crude Oil (ICE)

Weekly Chart – Continuation:

On this continuation chart the 38.2% level lies at 78.70, coinciding with that 78.65 Aug-06 high, now tested/eroded, *with a reluctance to move beyond.*

If previous price swings are to be viewed as what textbooks call a 'running correction' (sign of strength) then the current pullback needs to stop soon – **otherwise a correction phase that part-retraces the whole 2009 upmove is deemed underway.**

More

Summary

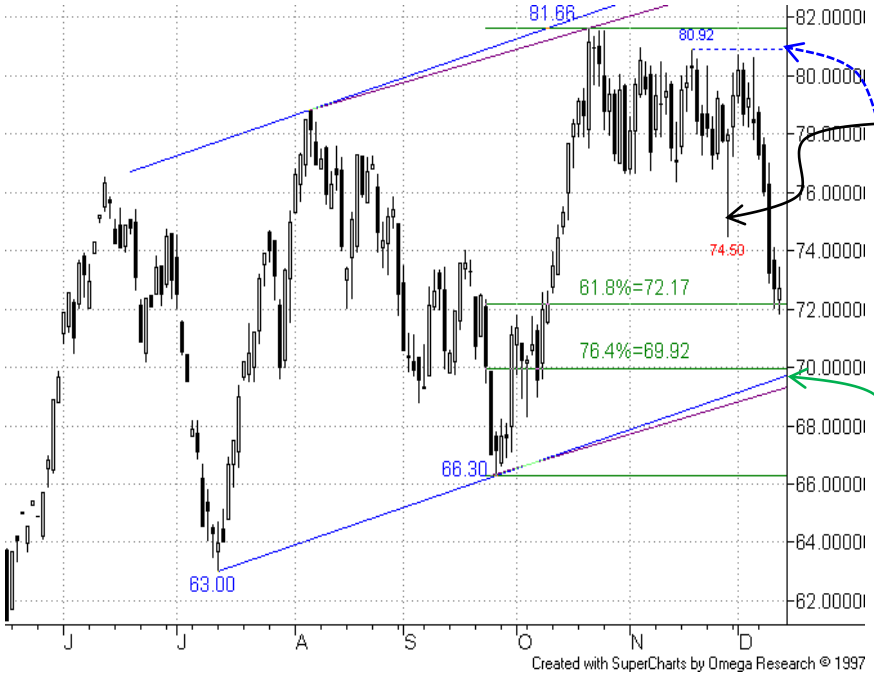
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

Metals
+ Gold
+ Silver
+ High Grade Copper

Grains and Softs
+ Soybeans
+ Wheat
+ Sugar 11
+ Cocoa
+ Coffee
+ Cotton No.2

Other
+ Carbon Emissions
+ CRB Index

Energy: Brent Crude Oil (ICE)



Daily Chart – Feb-10:

After the 27-Nov low price rejection day bulls failed at the final hurdle, the 80.92 18-Nov high.

The whole pattern became top-heavy aided, as we noted last week, by the stirring of US Dollar bulls.

61.8% is currently under test, but key support comes lower, between 70.00-69.00, 76.4% and two close channel bases.

A later break below all this would confirm a more prolonged pullback underway – *in fact, even a test of this would question bulls' later resolve.*

Meanwhile, we wouldn't be surprised to see support around or above the 70.00 area – but any long plays must be s/term, for modest gains. Resistance from 74.50 27-Nov low and congestion just above 76.00 offer guidance for profit targets

We maintain a sidelined stance for now.

More

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

Energy: Light Crude Oil (NYMEX)

Daily Chart – Feb-10:

The failure on the NYMEX chart has seen a test of the bull channel base projection – this marks the start of key support, which also includes the 70.68 76.4% pullback level and rising support just below.

Already the chart looks in danger of losing its momentum, *and a break of this support would prolong the pullback phase, with s/term rallies then more likely to prove temporary.*

Above the 73.73 27-Nov low, resistance from the previous congestion period starts above 76.00 – in the end a recovery/ close above the 80.40 01-Dec high is needed to set the bull trend alight once more.

<u>We maintain a sidelined stance for now.</u>

More

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

Energy: Natural Gas (NYMEX)

Monthly Chart – Continuation:

September could have marked a reversal point, with its **Key Reversal Month**, albeit a feature that didn't exist on the front month.

It looks as though the projected bear channel base (and 1.760 2001 low) will stay out of reach for now.

Weekly Chart – Continuation:

A notable recovery recently tested the 23.6% level on the continuation chart.

A relatively deep pullback from around here had been expected, and this resulted in a new low on the front month.

See also the Daily continuation chart below.

More

SEVEN DAYS AHEAD

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

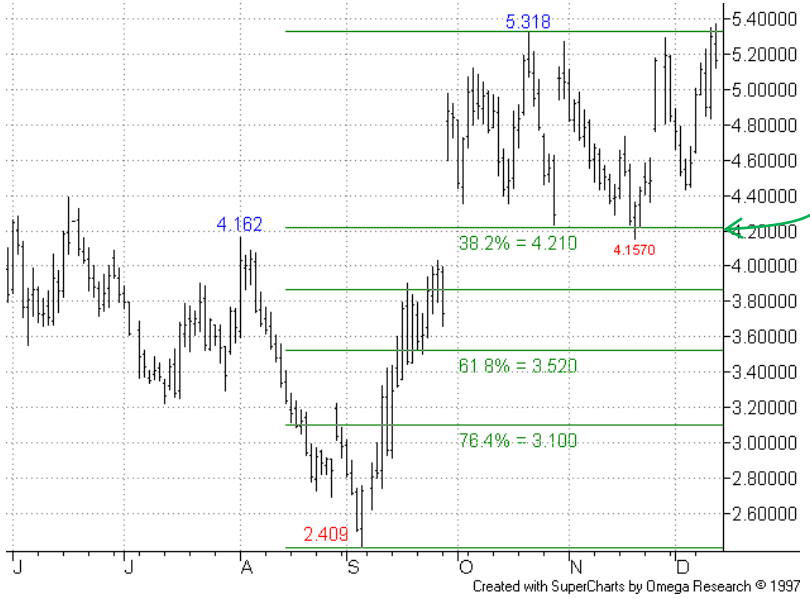
Other
+ Carbon Emissions
+ CRB Index

Energy: Natural Gas (NYMEX)

Daily Chart – Feb-10:

Aided by a positive RSI divergence a s/term recovery has retested the 5.351 27-Nov high – a better close through here, say above 3.400, would be a bullish sign (see also continuation chart below).

Then a recovery through 5.620/5.670 resistance would offer a further boost.



Daily Chart – Continuation:

After good support from the 38.2% pullback area the Oct high is again under pressure.

A decent close above this (we've said 5.400 on the Feb contract) is needed for a new bull sign.

We maintain a sidelined stance for now, but ready to go s/term bullish on the appropriate signal.

More

Summary

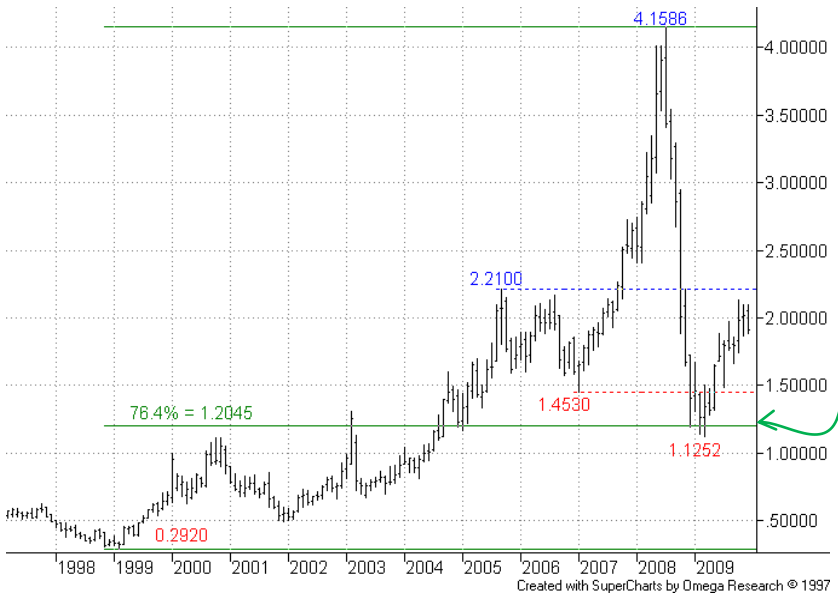
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

Metals
+ Gold
+ Silver
+ High Grade Copper

Grains and Softs
+ Soybeans
+ Wheat
+ Sugar 11
+ Cocoa
+ Coffee
+ Cotton No.2

Other
+ Carbon Emissions
+ CRB Index

Energy: Heating Oil (NYMEX)



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

The market is currently struggling ahead of this – is there risk of a better pullback phase before further medium term recovery?

More

Summary

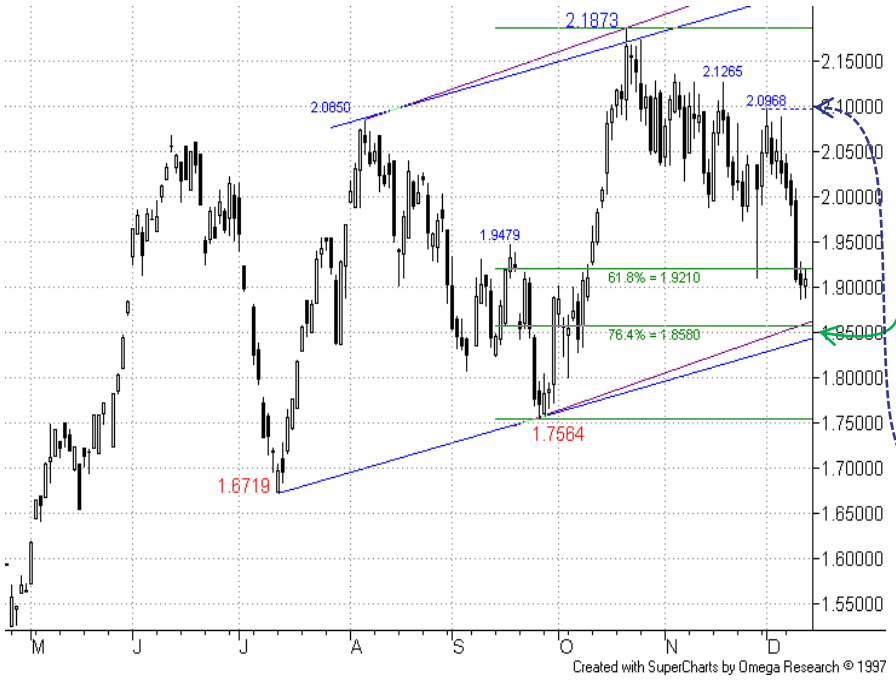
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

Metals
+ Gold
+ Silver
+ High Grade Copper

Grains and Softs
+ Soybeans
+ Wheat
+ Sugar 11
+ Cocoa
+ Coffee
+ Cotton No.2

Other
+ Carbon Emissions
+ CRB Index

Energy: Heating Oil (NYMEX)



Daily Chart – Jan-10:

Current weakness, negating the s/term bull sign from the 27-Nov low price rejection, now has key support either side of 1.8500 in sight (1.8900/8800 for Feb-10 contract).

A close below this would show medium term upside momentum weakening, and herald a deeper pullback phase.

Resistance starts from around 1.9700 (2.0000 for Feb-10) and a close above 2.0968 (2.1262 for Feb-10) is needed to boost bull confidence.

<u>We maintain a sidelined stance for now.</u>

Metals

As suspected a better pullback in **Gold** has got underway, with scope for more. Negative signals in **Silver**, following recent erosion of a 76.4% recovery level, favour the s/term bears now. A modest pullback in **Copper** is so far inconclusive as regards possible future bear activity.

Summary

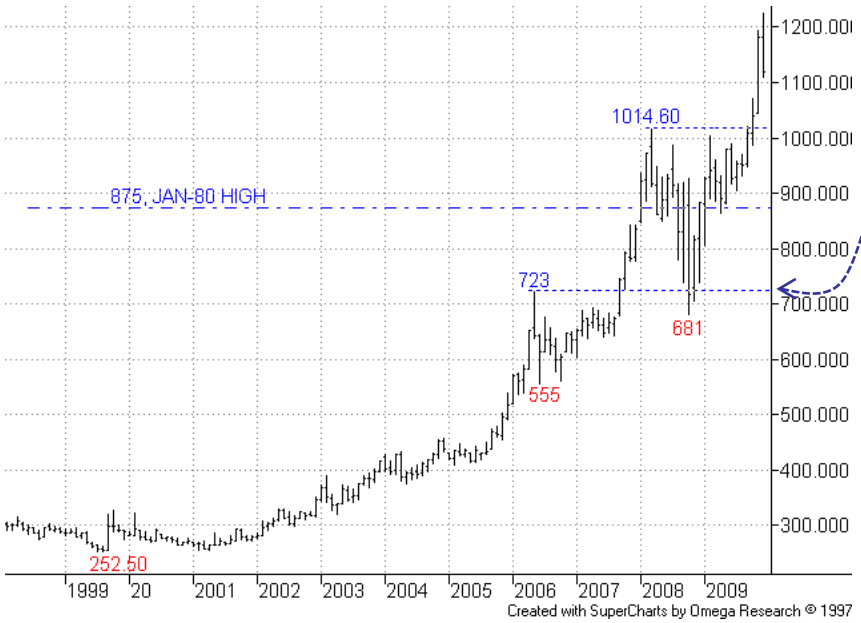
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

Metals
+ Gold
+ Silver
+ High Grade Copper

Grains and Softs
+ Soybeans
+ Wheat
+ Sugar 11
+ Cocoa
+ Coffee
+ Cotton No.2

Other
+ Carbon Emissions
+ CRB Index

Metals: Gold (COMEX)



Monthly Chart - Continuation:

Last year's slip back eroded the major 723 May-06 high, but failed to hold below.

Last year's peak has now been dramatically violated.

More

Summary

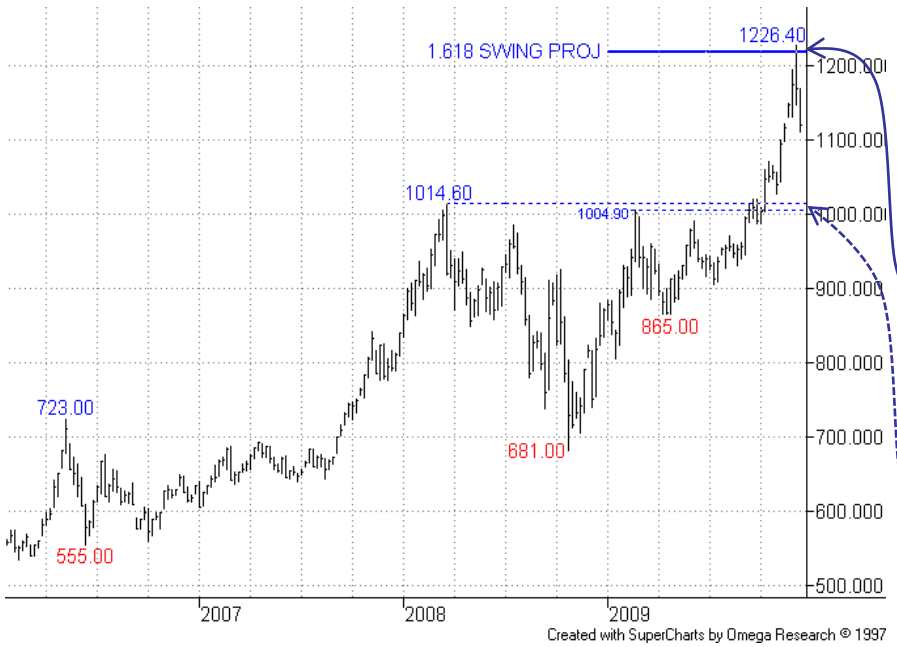
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

Metals
+ Gold
+ Silver
+ High Grade Copper

Grains and Softs
+ Soybeans
+ Wheat
+ Sugar 11
+ Cocoa
+ Coffee
+ Cotton No.2

Other
+ Carbon Emissions
+ CRB Index

Metals: Gold (COMEX)



Weekly Chart – Continuation:

The acceleration upwards is clear to see.

And now it has reached the Fibo projection we had marked in, at **1220**, 1.618 swing off prior 1014.60/681.00 2008 downmove.

Initial reaction here has been negative.

On this chart note potentially strong support from the prior highs above 1000.

More

Summary

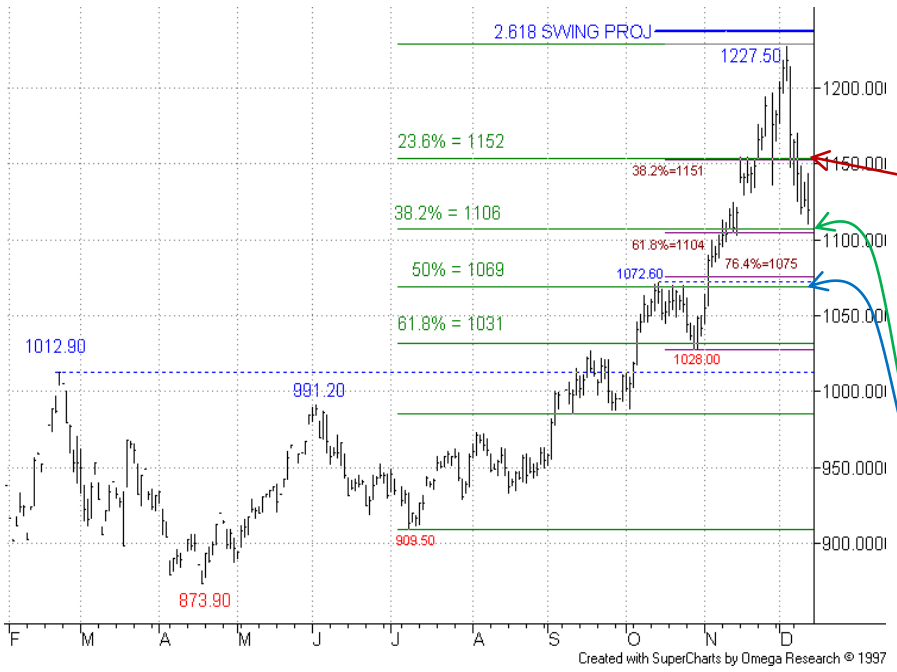
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

Metals
+ Gold
+ Silver
+ High Grade Copper

Grains and Softs
+ Soybeans
+ Wheat
+ Sugar 11
+ Cocoa
+ Coffee
+ Cotton No.2

Other
+ Carbon Emissions
+ CRB Index

Metals: Gold (COMEX)



Daily Chart – Feb-10:

We had been wondering if the character of the bull trend was changing – and recent breach of dual Fibo support confirms suspicions. Failure has occurred just ahead of the Fibo projection we had marked in.

Next dual Fibo support just above 1100 is close at hand, but there could be s/term strength to slip to the lower support area in the 1070s, which includes a 50% and 76.4% level, and 14-Oct high.

Because of the structure of the fall so far it is certainly possible that any s/term bounce could give way to another weakness bout, and any attempted longs from near here would seek conservative profits.

We adopt a sidelined stance for now, in the context of a longer term bull picture.

More

Summary

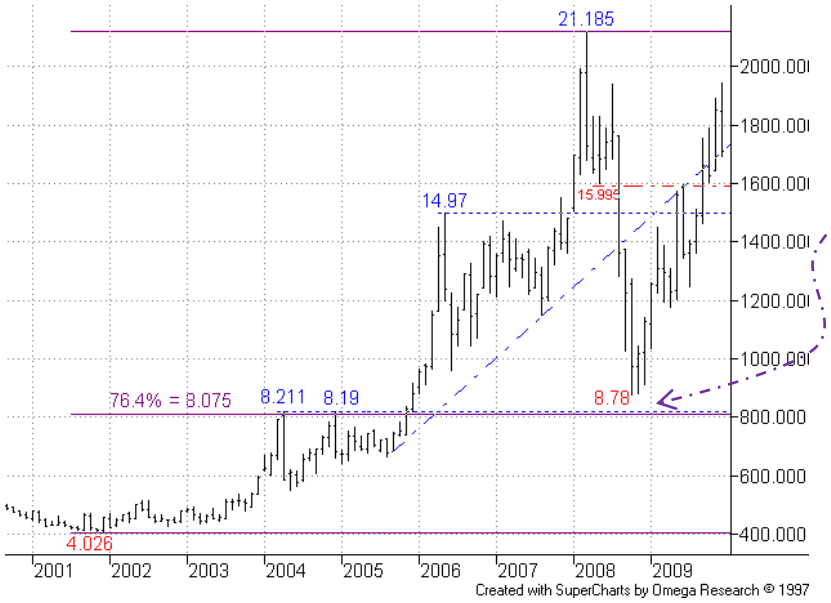
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

Metals
+ Gold
+ Silver
+ High Grade Copper

Grains and Softs
+ Soybeans
+ Wheat
+ Sugar 11
+ Cocoa
+ Coffee
+ Cotton No.2

Other
+ Carbon Emissions
+ CRB Index

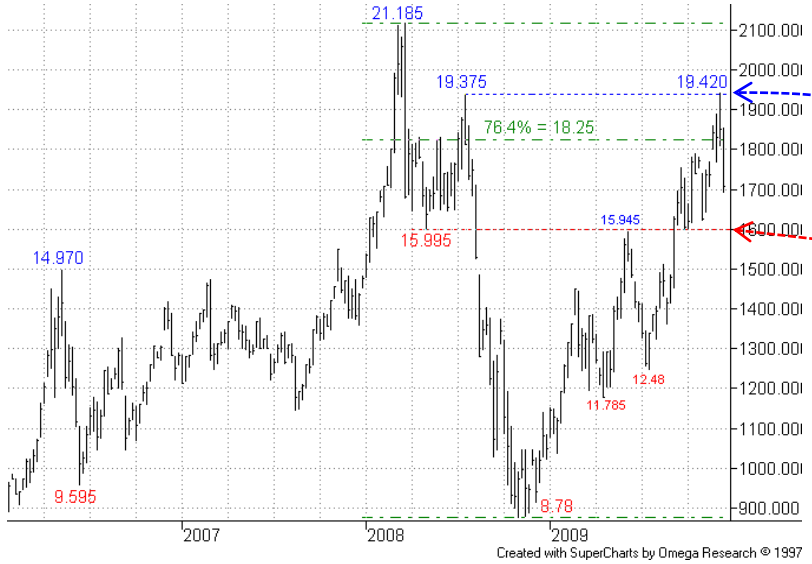
Metals: Silver (COMEX)



Monthly Chart – Continuation:

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

So far the recovery, while impressive, has not reached the 2008 peak.



Weekly Chart – Continuation:

The push through the 76.4% 18.25 level saw a test of the Jul-08 high, prompting a negative reaction.

Note key support is implied around 16.00.

More

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

Metals: Silver (COMEX)

Daily Chart – Mar-10:

We were on the alert for a pullback phase, *and the breach of 23.6% plus 17.72 27-Nov low provided the first bear signal.*

The sell-off is now looking more serious after the break below the s/term bull channel base projection we had drawn in.

S/term rallies are likely to prove temporary ahead of further bear pressure.

Next support of interest comes from just above 16.00, 50% pullback level and Jun high.

We adopt a s/term bear stance here.

More

Summary

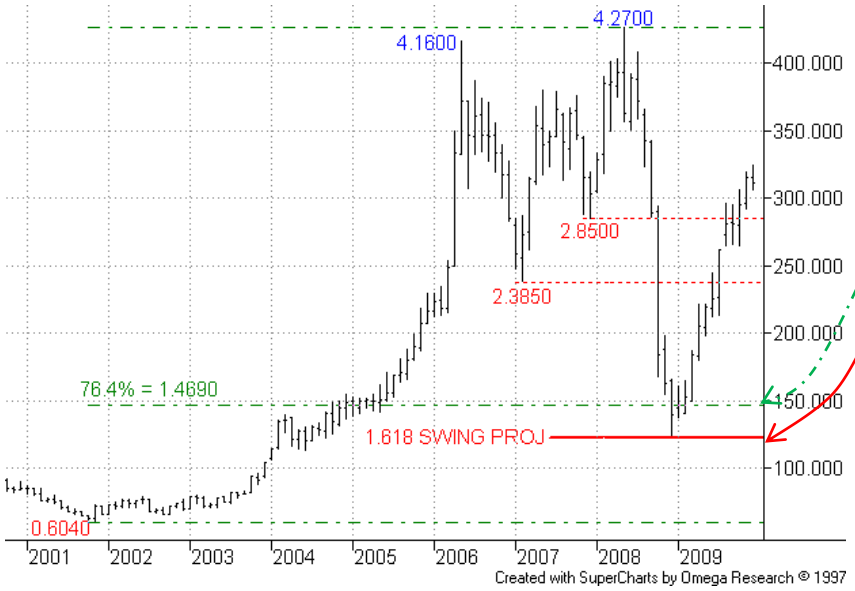
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

Metals
+ Gold
+ Silver
+ High Grade Copper

Grains and Softs
+ Soybeans
+ Wheat
+ Sugar 11
+ Cocoa
+ Coffee
+ Cotton No.2

Other
+ Carbon Emissions
+ CRB Index

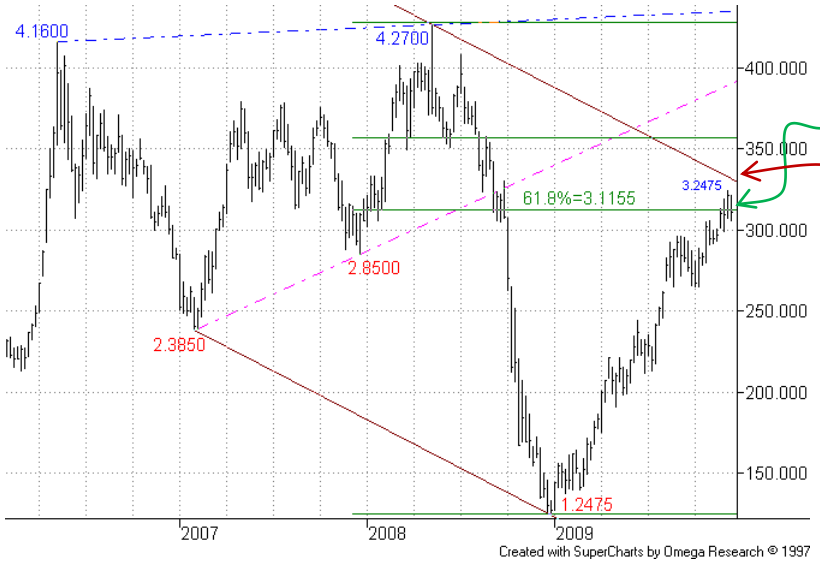
Metals: High Grade Copper (COMEX)



Monthly Chart – Continuation:

The major reversal from 4.2700 May high eroded the deep 76.4% retracement of the 2001-2008 upmove, but failed to stay below.

The lower 1.2200 area, 1.618 swing projection off prior 2.3850 - 4.2700 upleg, provided good support.



Weekly Chart – Continuation:

The 61.8% 3.1155 retracement level has now been tested/ eroded.

Also note overhead a bear channel top projection, threatening to keep a temporary lid on current bull activity.

More

Summary

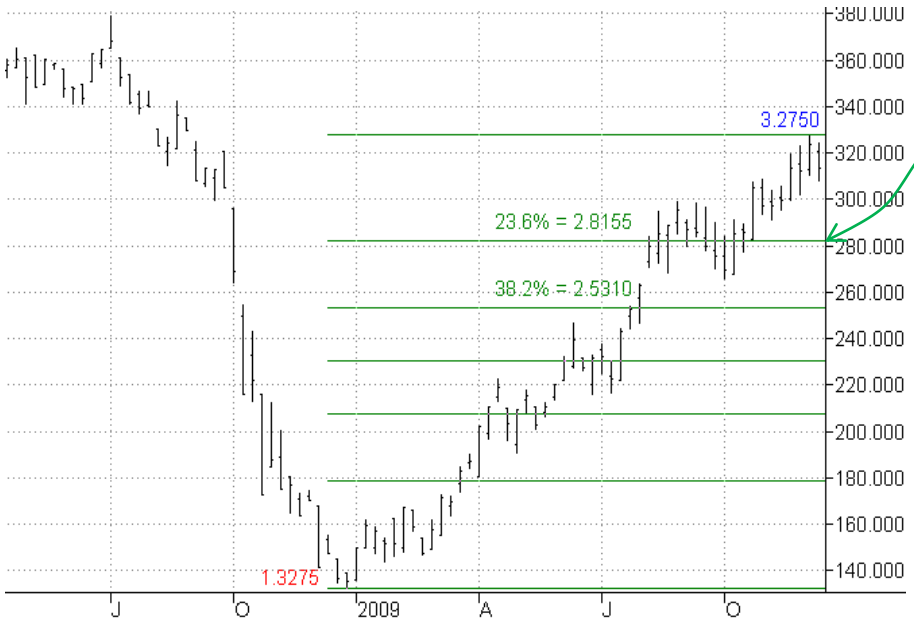
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

Metals
+ Gold
+ Silver
+ High Grade Copper

Grains and Softs
+ Soybeans
+ Wheat
+ Sugar 11
+ Cocoa
+ Coffee
+ Cotton No.2

Other
+ Carbon Emissions
+ CRB Index

Metals: High Grade Copper (COMEX)



Weekly Chart – Mar-10:

So far no negative signal has been given, but note the current 23.6% pullback level around 2.8155 which offers potential support.

More

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

Metals: High Grade Copper (COMEX)

Daily Chart – Mar-10:

We had thought that upside could be limited for now, but the erosion of the first retracement of 23.6% is not much of a bear sign - a better one should be a drop and close below 3.0390/3.0210, 38.2% and 27-Nov low.

The bull channel base projection would be next potential support, but also note lower 2.8000 area, 76.4% pullback which lies close to the 23.6% level on the longer term chart above.

<u>We maintain a sidelined stance for now.</u>

Grains and Softs

Soybeans stay positive after an earlier bull signal, and **Wheat** also retains potential for further recovery at present. In **Sugar,** bears have sidelined for now. An earlier triangle bull break in **Coffee** remains valid with key s/term support currently holding. In **Cocoa,** a s/term rally may yet prove temporary, but a confirming bear signal is still awaited. There remains pullback risk in **Cotton,** but nothing confirmed yet.

Summary

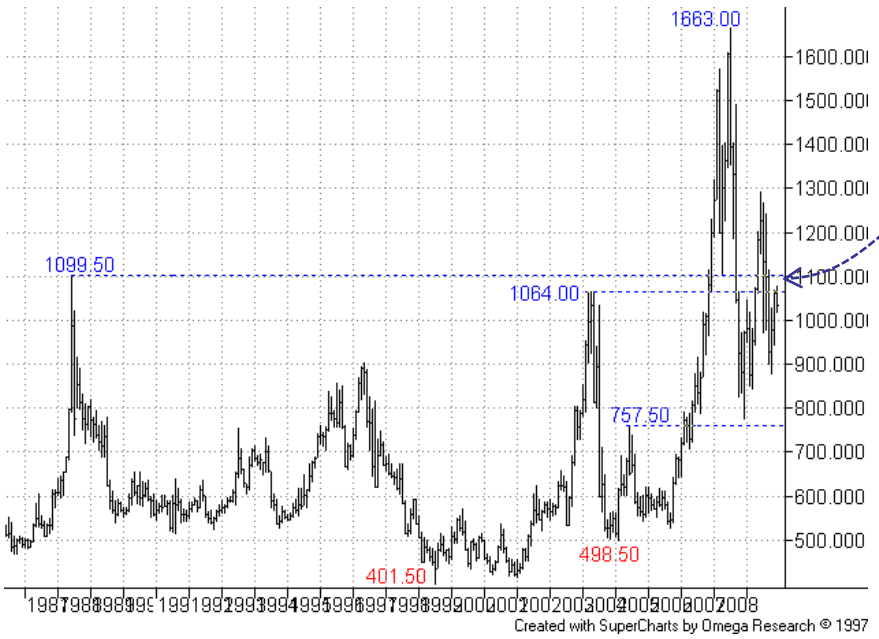
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

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: 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, but failed to hold above.

More

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: Soybeans (CBOT)

Weekly Chart – Continuation:

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

The early Oct **Key Reversal Week** marked at least a s/term bull phase.

More

Summary

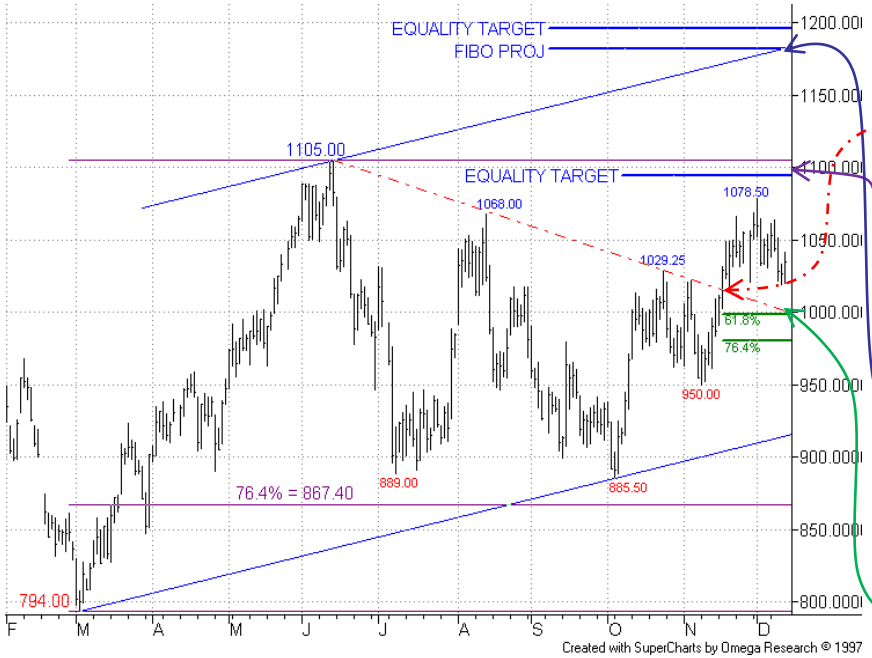
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

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: Soybeans (CBOT)



Daily Chart – Jan-10:

Not much change here, following the break through falling resistance – s/term bulls are still favoured and our current focus stays on 1094/1105 (the '885,50-1029.25' upleg extended off 950.00 low, and the 11/12-Jun high), where next s/term resistance could be seen.

Further out, note the 1180 bull channel top, 1182 Fibo projection and 1094 equality target (Mar/Jun upleg extended off Oct low) – next target/resistance area.

Immediate support comes from the falling return line around 1000, and minor 61.8% (999.00) pullback, ahead of 76.4% (980.00) pullback. This latter should hold to avoid casting doubt on the bull view.
Any dip buyers may favour the 1010 area, stops just below 950.00 09-Nov low, targeting 1090 for partial profits and raising stops to cost. 1150/75 is next profit target. The strategy is invalid on a return towards the 1078.50 01-Dec high.

We maintain a bull stance here.

More

Summary

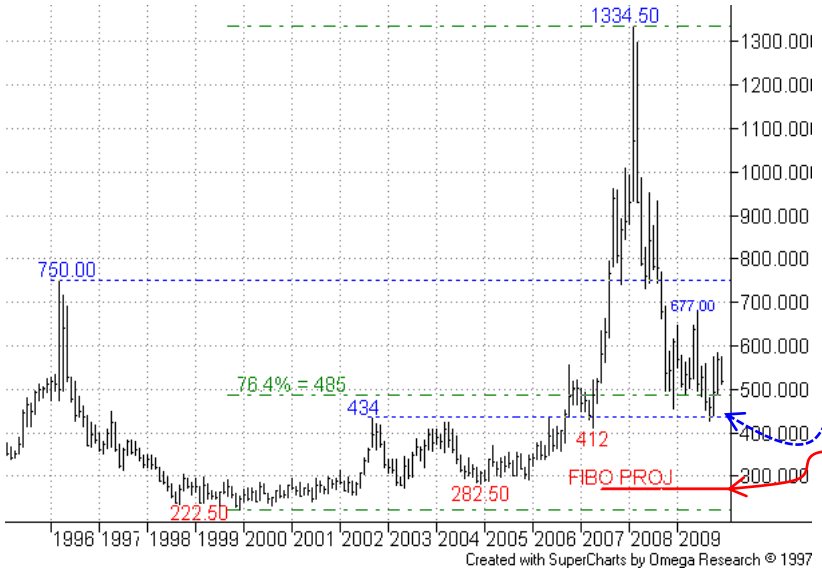
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

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: Wheat (CBOT)



Monthly Chart - Continuation:

The collapse in Wheat prices finally put pressure on the 76.4% retracement of the 1999-2008 accelerating upmove, but has found some support from the lower 434 2002 high.

For now, we still keep in mind the lower Fibo projection around **270.**

Weekly Chart - Continuation:

This year a former 23.6% recovery level twice resisted bull attempts.

We have now drawn in the current 23.6% bounce level at 640.00, offering future resistance.

More

Summary

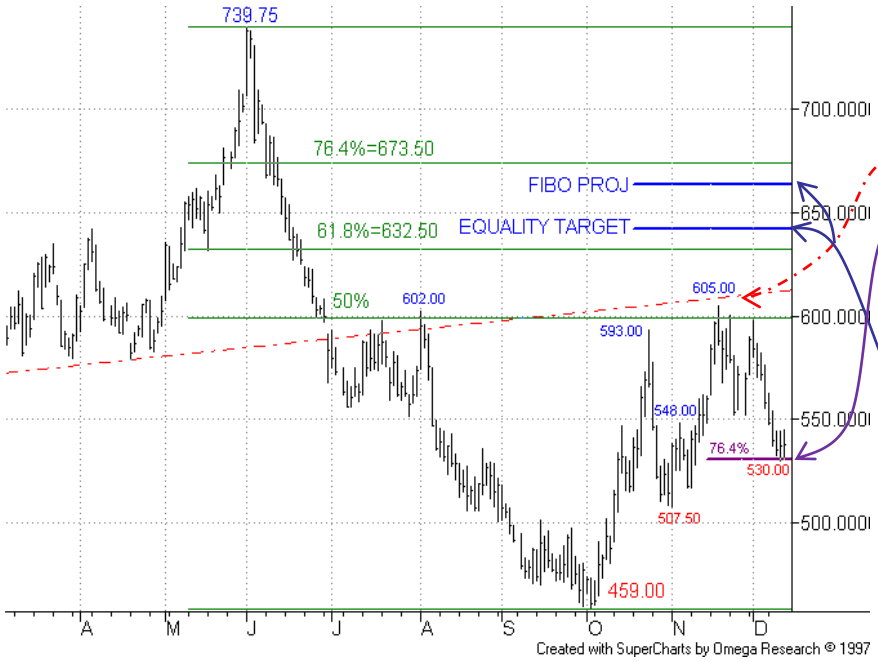
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

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: Wheat (CBOT)



Daily Chart – Mar-10:

The pullback from the 50% recovery level and old rising return line has now tested the small 76.4% level around 530.00 – ideally this will largely hold to retain upside momentum, while a drop below the 507.50 02-Nov low would be negative.

Meanwhile a recovery through the Nov resistance opens higher targets including the **642** equality target ('459.00-593.00' upleg extended off 507.50 low), and a **664** Fibo projection.

Any longs at the suggested 535, with initial stops just under 507, may seek 580/85 (revised) for partial profits, stops then raising to cost. 640/650 is next target.

We maintain a bull stance here.

More

Summary

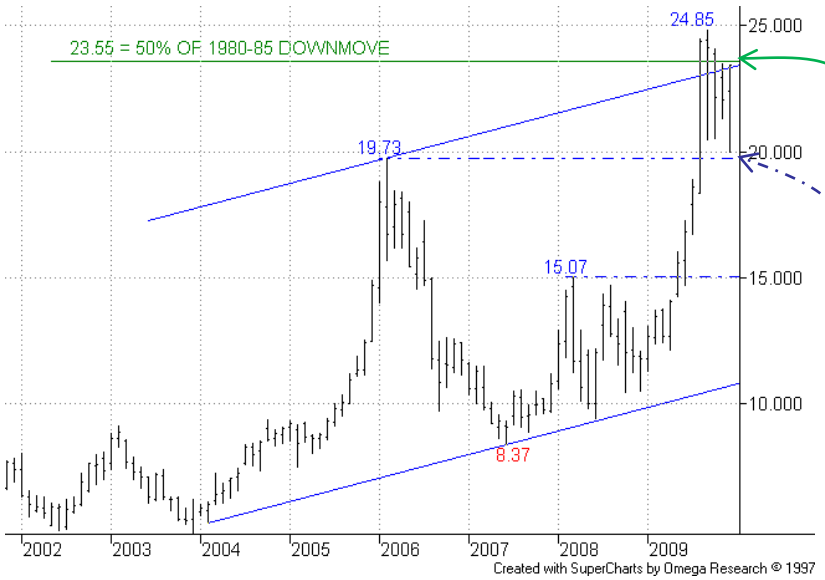
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

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: Sugar (ICE)



Monthly Chart - Continuation:

Following breach of both the long term bull channel top projection and the 50% recovery level of the major 1980-85 downmove the market quickly reversed.

The 19.73 2006 high offers first support here.

Weekly Chart - Continuation:

The early Sep **Key Reversal Week** marked the end of the previous bull run.

So far an expected pullback phase has been relatively muted.

There is still bear risk but the Daily chart has been showing a s/term reluctance to push lower…

More

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: Sugar (ICE)

Daily Chart – Mar-10:

Price action has stayed quite choppy, so far avoiding a bear resolution from the current consolidation.

Next downside support is around the **20.77** 38.2% pullback.

The 27-Nov positive Key Reversal Day put bears on the alert, and there has now been a break of falling resistance.

A close above the 24.00 03/04-Nov high would provide a s/term bull signal/trigger, but extent of a bull move is unclear. At present note the 76.4% recovery level just above 25.00 as possible resistance.

At this stage a close back below the 22.09 09-Dec low should be a fresh bear sign.

Earlier shorts at 24.00 with stops at cost will now be closed. Fresh signals awaited.

We adopt a sidelined stance for now.

More

Summary

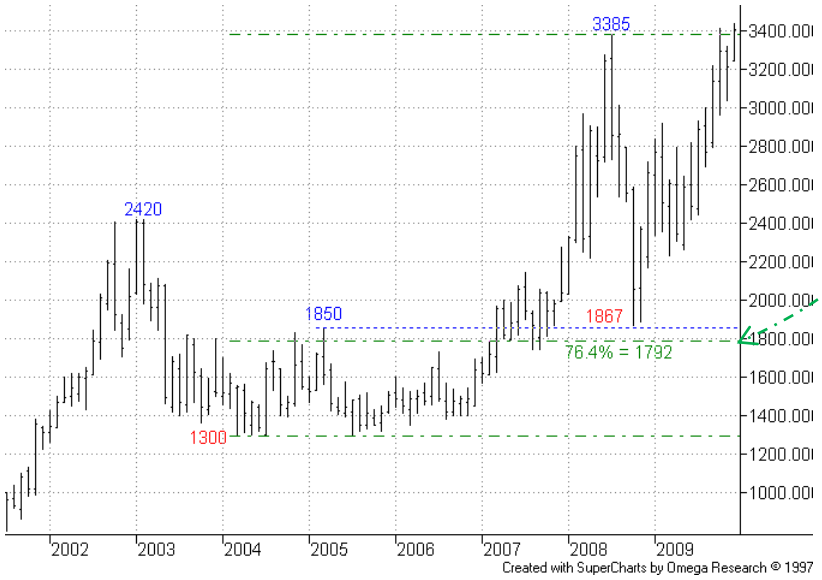
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

Metals
+ Gold
+ Silver
+ High Grade Copper

Grains and Softs
+ Soybeans
+ Wheat
+ Sugar 11
+ Cocoa
+ Coffee
+ Cotton No.2

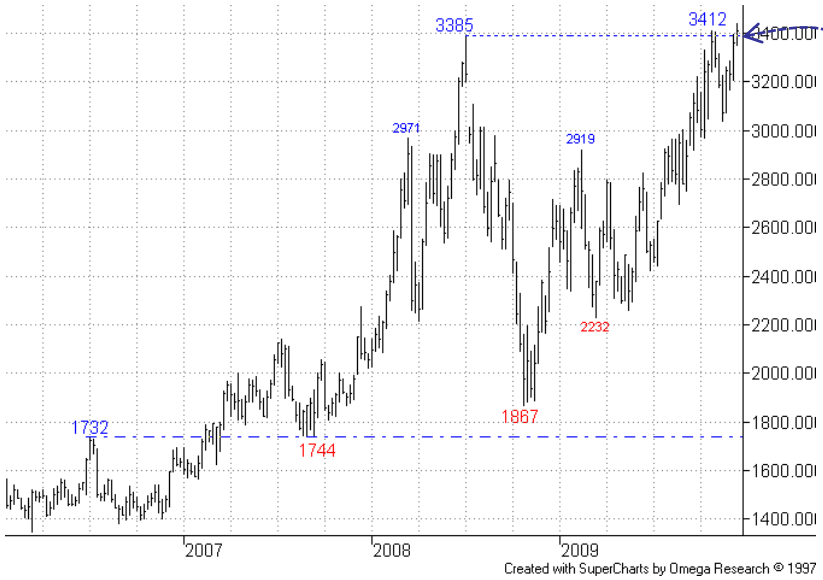
Other
+ Carbon Emissions
+ CRB Index

Grains and Softs: Cocoa (ICE)



Monthly Chart – Continuation:

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



Weekly Chart – Continuation:

The 2008 high of 3385 has again come under test – we must wait to see if bulls have the will yet to break decisively through.

More

Summary

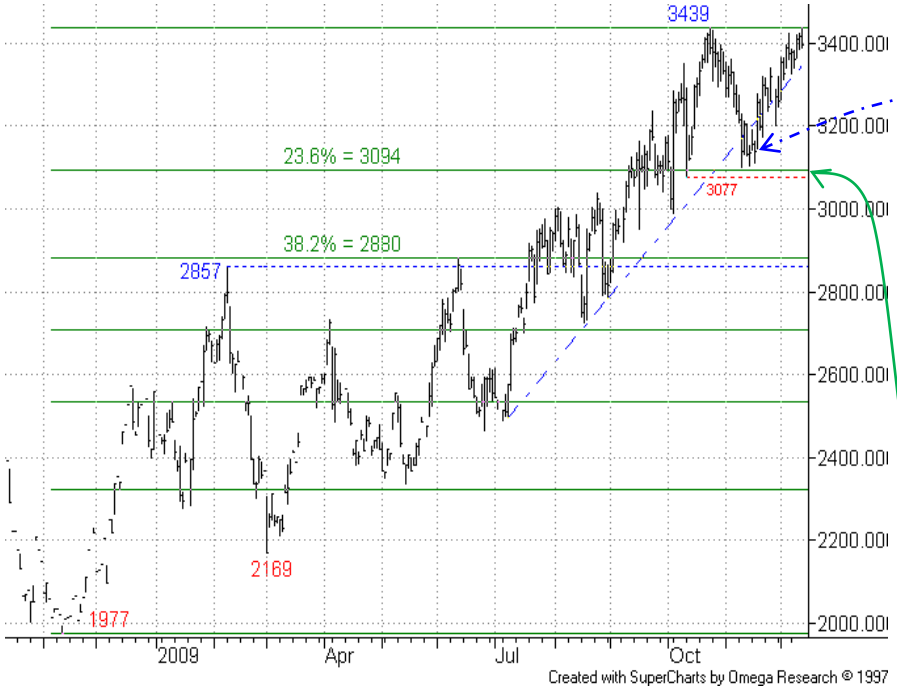
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

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: Cocoa (ICE)



Daily Chart – Mar-10:

The closes below rising support were a preliminary indication that bulls were tiring.

This suggested any subsequent rally was more likely to precede another bear leg – this has been deeper than expected and any bears will need to see a quick resumption of weakness, with a drop back below the 3200 area to be useful initially.

Clear support came from the 23.6% level just below 3100, and the official bear trigger won't be given unless we see a close below this.

Next target would then be the 2880/57 area, 38.2% and Feb-09 high.

Any recent aggressive shorts at 3350, with stops at 3450, will target 3200 (revised) for partial profits, stops then reducing to cost, and then targeting towards 2900 on the balance.

We maintain an official sidelined stance for now, though.

More

Summary

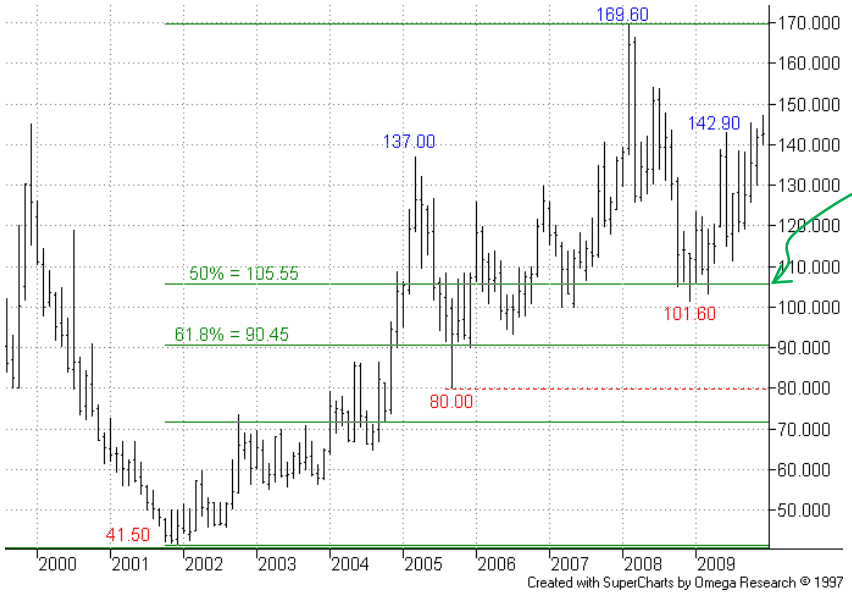
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

Metals
+ Gold
+ Silver
+ High Grade Copper

Grains and Softs
+ Soybeans
+ Wheat
+ Sugar 11
+ Cocoa
+ Coffee
+ Cotton No.2

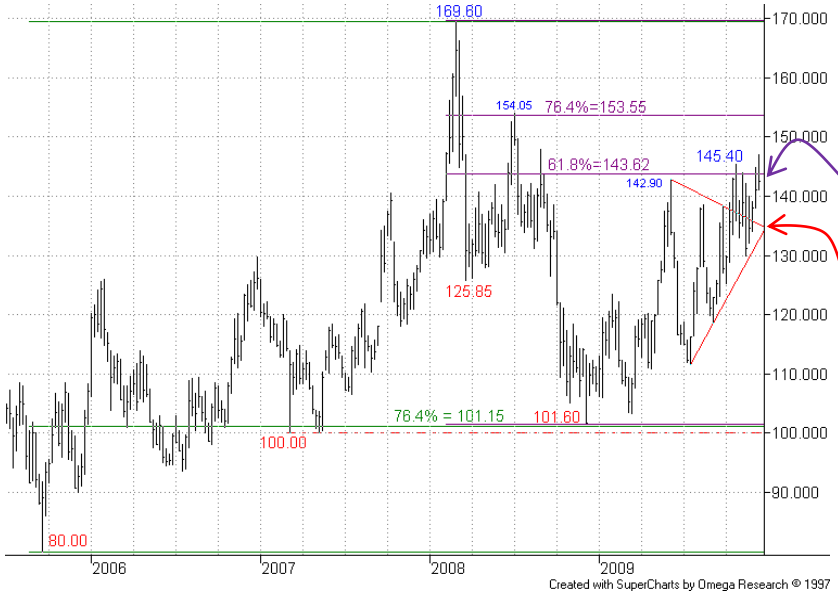
Other
+ Carbon Emissions
+ CRB Index

Grains and Softs: Coffee (ICE)



Monthly Chart – Continuation:

Looking at the retracement levels of the 2001-2008 upmove, the 50% mark has provided effective support so far – but will the recovery only prove temporary?



Weekly Chart – Continuation:

Recent strength, originating from the 76.4% level of the 2005-08 upmove, saw a return to the 61.8% recovery area.

We can't say for sure yet whether there has been a valid triangle breakout – but a recent threat to its integrity has been thwarted.

More

Summary

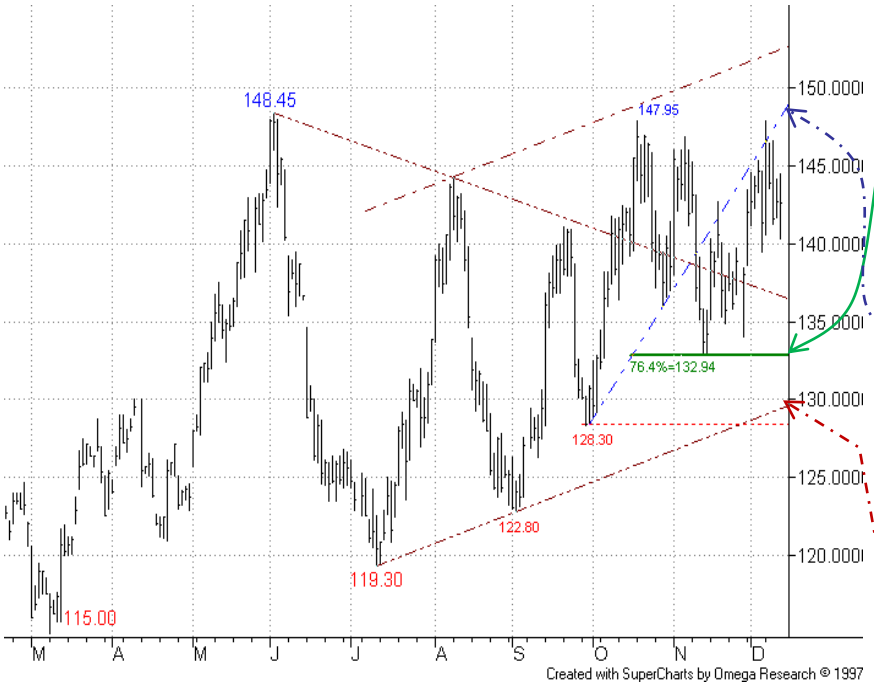
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

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: Coffee (ICE)



Daily Chart – Mar-10:

The recovery from the 76.4% level (and approximate mid-point of the triangular pattern) still needs to achieve new highs above 147.95/148.45 for useful bull confirmation.

Note s/term resistance has come from the rising old support/return line.

That 133.00/132.94 area is key support now, and a drop below this would negate the earlier bull signal, and likely herald a break below the 128.30 29-Sep low, which would also see the rising support line violated.

We maintain a s/term bull stance for now.

More

Summary

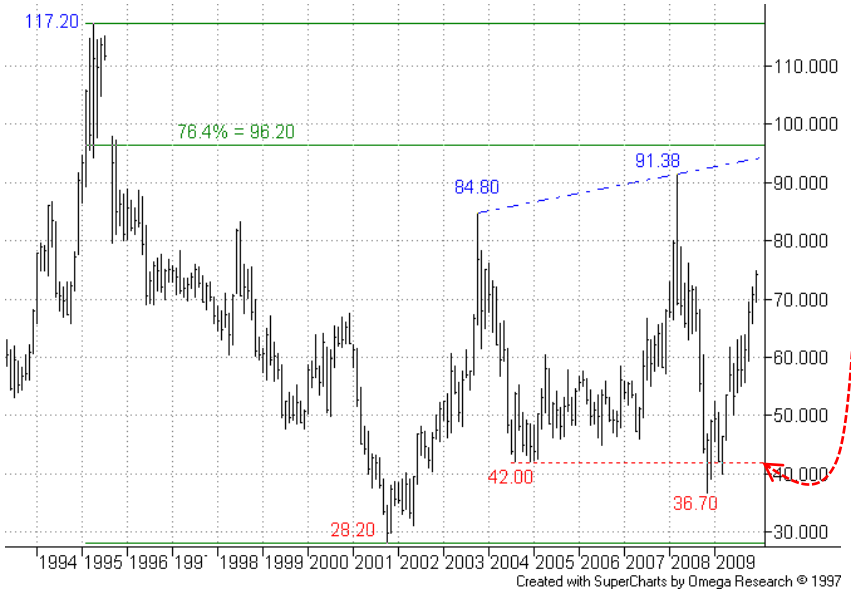
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

Metals
+ Gold
+ Silver
+ High Grade Copper

Grains and Softs
+ Soybeans
+ Wheat
+ Sugar 11
+ Cocoa
+ Coffee
+ Cotton No.2

Other
+ Carbon Emissions
+ CRB Index

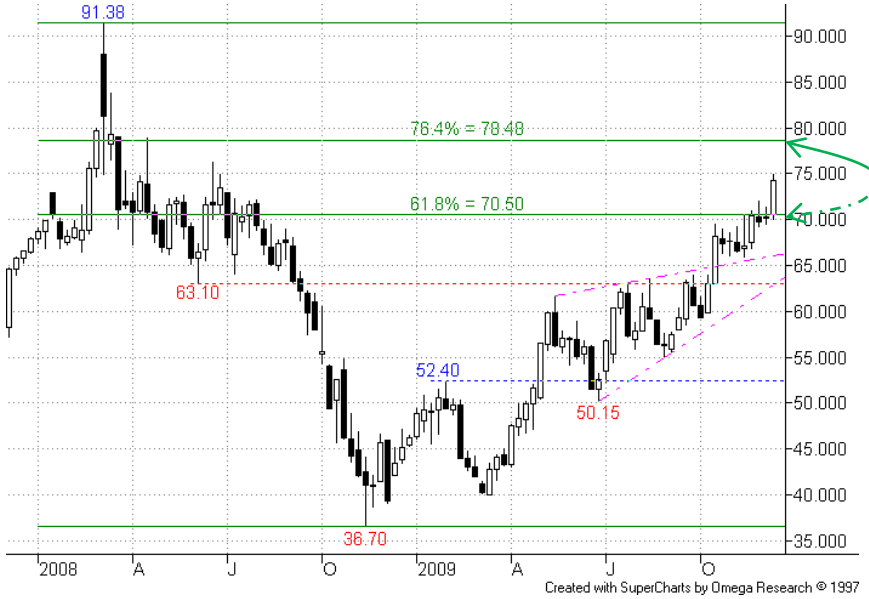
Grains and Softs: Cotton No.2 (ICE)



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, frustrating any continuation lower.



Weekly Chart – Continuation:

The continuation chart is now picking up Mar-10 prices, causing the break of the 61.8% level.

This now exposes the higher 78.48 76.4% recovery level.

A reversal and decisive close below 70.00 would be a negative signal, which ties in quite well with a level on the front month chart…

More

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)

Daily Chart – Mar-10:

Not much has changed here - we still currently think that the chart structure from 59.47 27-Aug low suggests the current upleg is mature, a temporary pullback phase remaining on the cards.

At this stage this wouldn't be confirmed until a close below 69.75/52, 12 Nov low and current 23.6% pullback level.

Very s/term, a break/close below the 72.80 27-Nov low would be a small bear sign.

<u>For the time being we must maintain an overall bullish stance.</u>

Other

A recent s/term bear signal in **EUA (Carbon Emissions)** proved misleading, fresh signals now awaited. A s/term consolidation in the **CRB Index** continues, with pressure currently on a key support area.

Summary

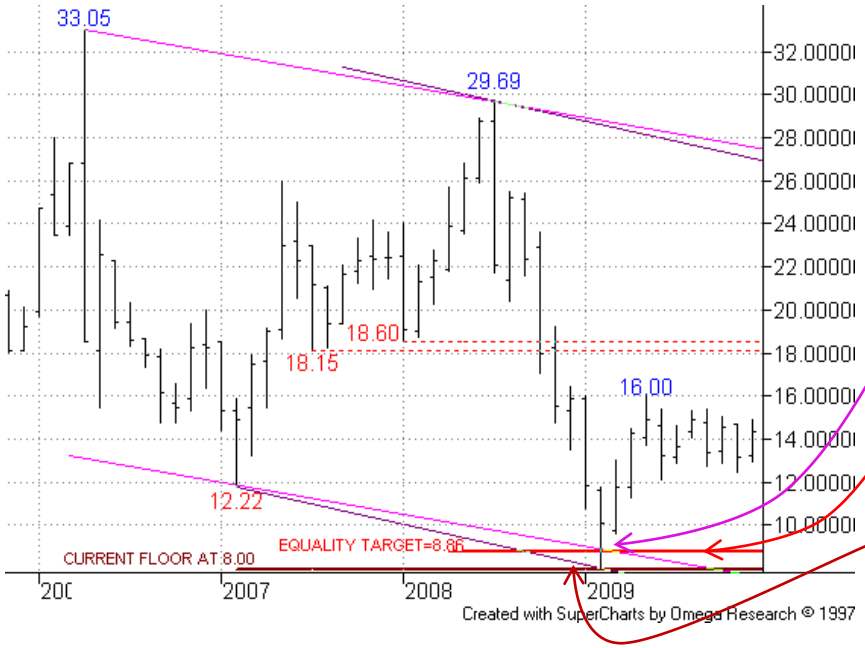
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

Metals
+ Gold
+ Silver
+ High Grade Copper

Grains and Softs
+ Soybeans
+ Wheat
+ Sugar 11
+ Cocoa
+ Coffee
+ Cotton No.2

Other
+ Carbon Emissions
+ CRB Index

Other: EUA – Carbon Emission Allowances (ICE ECX)



Monthly Chart - Continuation:

The interesting points to note here are:

• This long term chart channelled well – the base projection was briefly eroded in early 2009

• There was an **8.86** equality target nearby (33.05-12.22 downmove extended off 29.69 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

Summary

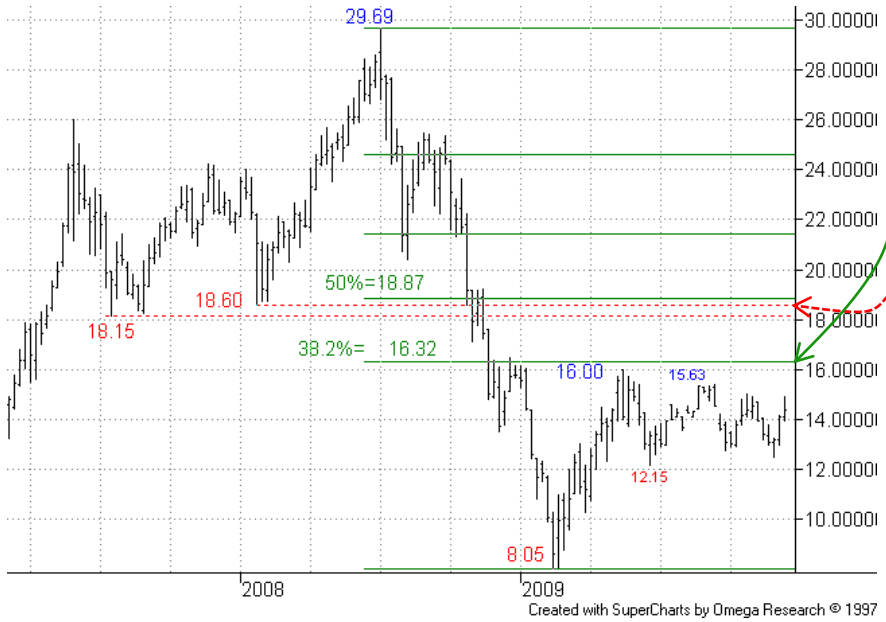
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

Metals
+ Gold
+ Silver
+ High Grade Copper

Grains and Softs
+ Soybeans
+ Wheat
+ Sugar 11
+ Cocoa
+ Coffee
+ Cotton No.2

Other
+ Carbon Emissions
+ CRB Index

Other: EUA – Carbon Emission Allowances (ICE ECX)



Weekly Chart – Continuation:

The 38.2% recovery level has proved a tough hurdle to pass, and remains first key resistance on this long term chart.

A break higher to test the prior 18.25/ 18.60 lows and the 18.87 50% level is postponed for now, with a multi-month consolidation still in process.

Any shorter term weakness should prove temporary.

More

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

Other: EUA – Carbon Emission Allowances (ICE ECX)

Daily Chart – Dec-10:

The recent break below the support line proved a false signal, putting us back on the sidelines, and the deep bounce did not accord with our s/term bear view.

Note current resistance from the small bear channel top **and** the 08-Dec key reversal day which suggests price could ease near term.

At this stage a recovery/close above the 15.41 Oct high would provide an initial bull sign.

Any recent shorts at 14.30 will unfortunately have been stopped at 15.00, after a deeper-than-expected bounce. Fresh signals now awaited.

We move back to the sidelines for now.

More

Summary

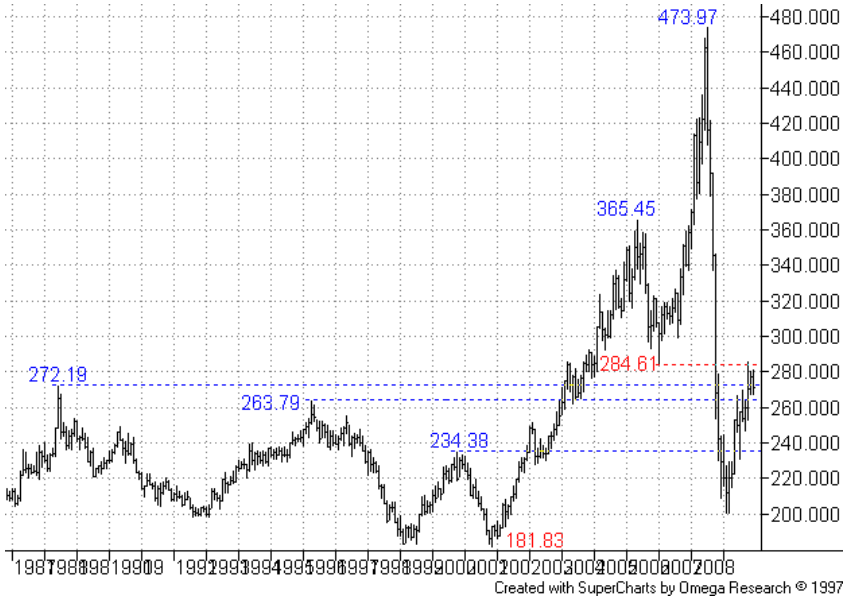
Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

Metals
+ Gold
+ Silver
+ High Grade Copper

Grains and Softs
+ Soybeans
+ Wheat
+ Sugar 11
+ Cocoa
+ Coffee
+ Cotton No.2

Other
+ Carbon Emissions
+ CRB Index

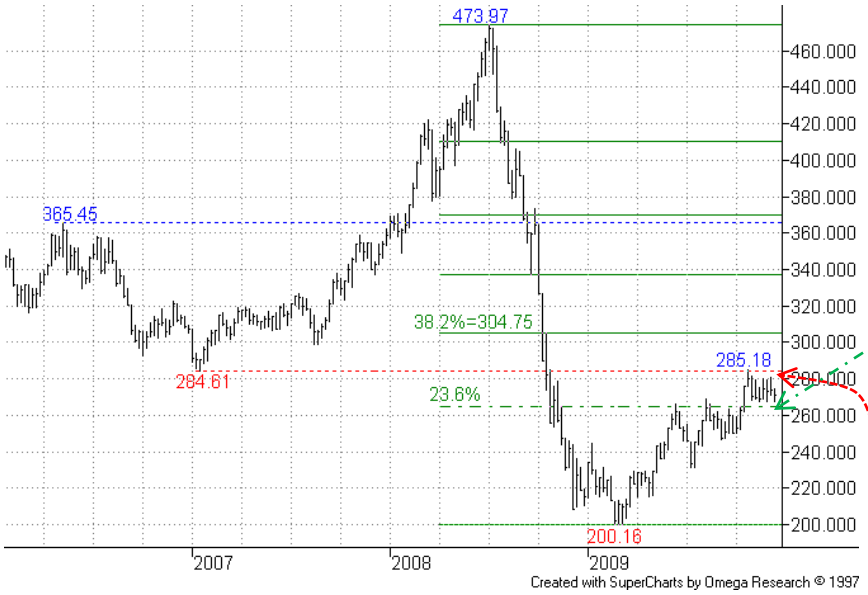
Other: CRB Index (CBOT)



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/resistance on this chart was the 23.6% 264.78 retracement, now breached.

Focus has turned to the significant 284.61 Jan-07 low, where s/term resistance looks to be emerging.

More

Summary

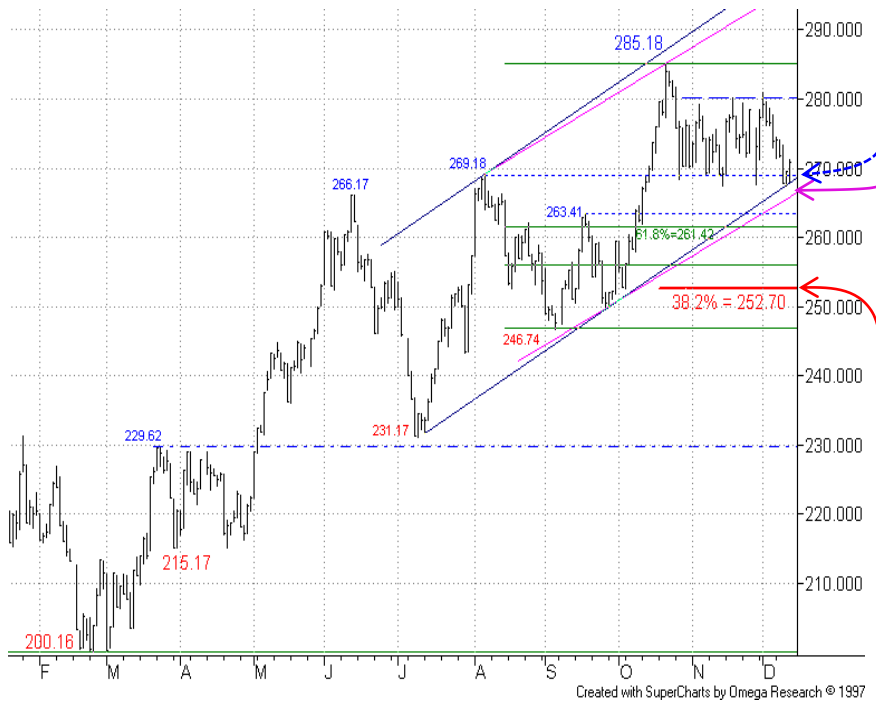
Energy
+ Light Crude Oil
+ Natural Gas
+ Heating Oil

Metals
+ Gold
+ Silver
+ High Grade Copper

Grains and Softs
+ Soybeans
+ Wheat
+ Sugar 11
+ Cocoa
+ Coffee
+ Cotton No.2

Other
+ Carbon Emissions
+ CRB Index

Other: CRB Index (CBOT)



Daily Chart

Support from the 269.18 Aug high is still trying to hold, with rising support line coming to its aid. The s/term bull channel is just below, at 266.00 now.

In the absence of a close back above the 280 area there remains risk that the support can fail.

There would then be scope for a slip towards the 252.70 38.2% pullback area of the whole 2009 upmove.

We maintain an overall bull stance, but ready to go s/term bearish if triggered.

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 SEVENDAYSAHEAD.COM

The material and information set out in this research is not intended to be a quote of an offer to buy or sell any financial products. Any expression of opinion is based on sources believed to be reasonably reliable but is not guaranteed as to accuracy or completeness.

The material and information herein is general and for informational purposes only. Although Seven Days Ahead endeavours to provide useful information they make no guarantee as to the accuracy or reliability of the research.
The derivative market comprises volatility and considerable risks. To the maximum extent permitted by law no responsibility or liability can be accepted by Seven Days Ahead, any company or employee within its group for any action taken as a result of the information contained in this presentation. You are requested not to rely on any representation in this research and to seek specific advice from your accountant, legal adviser or financial services adviser when dealing with specific circumstances.

Seven Days Ahead is regulated by the UK Financial Services Authority.

Back to main menu