



Week 08

23rd February – 01st March 2010

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

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Disclaimer



Summary – Commodity Specialist

Summary

Energy

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

Stay BEARISH s/term bounce stronger than expected; 80.00 is key resistance (Apr-10)
Stay BULLISH s/term weakness still seen as temporary (Apr-10)
Stay BEARISH strong bounce puts bears on the alert, key resistance must hold (Apr-10)

Metals

- + Gold
- + Silver
- + High Grade Copper

Stay BEARISH lower key support around 1015/14 currently stays out of reach (Apr-10)
Stay BEARISH recent failure of key 16.00 was sign of weakness (Mar-10)
Stay BEARISH Key Reversal Month in Jan is negative backdrop here (May-10)

Grains and Softs

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

Stay SQUARE focus remains on key support in the 880s (May-10)
Stay BEARISH continued bear focus is in on Oct-09 low (May-10)
Stay SQUARE focus on 23.6% support after type of bearish Key Reversal Week (May-10)
Stay BEARISH bear move not far from support area (May-10)
Stay BEARISH after recent break below key 38.2% level (May-10)
Go SQUARE recent bear signs negated after new 2010 high seen (May-10)

Other

- + Carbon Emissions
- + CRB Index

Stay SQUARE s/term support around 50% level again threatened (Dec-10)
Stay BEARISH bounce off 38.2% support seen as temporary, after Jan Key Reversal Month



Energy

S/term recovery in **Oils** has been stronger than expected, but bears remain in with a good chance while certain key resistance holds. The pullback in **Natural Gas** can still be seen as temporary, with crucial support quite nearby now.

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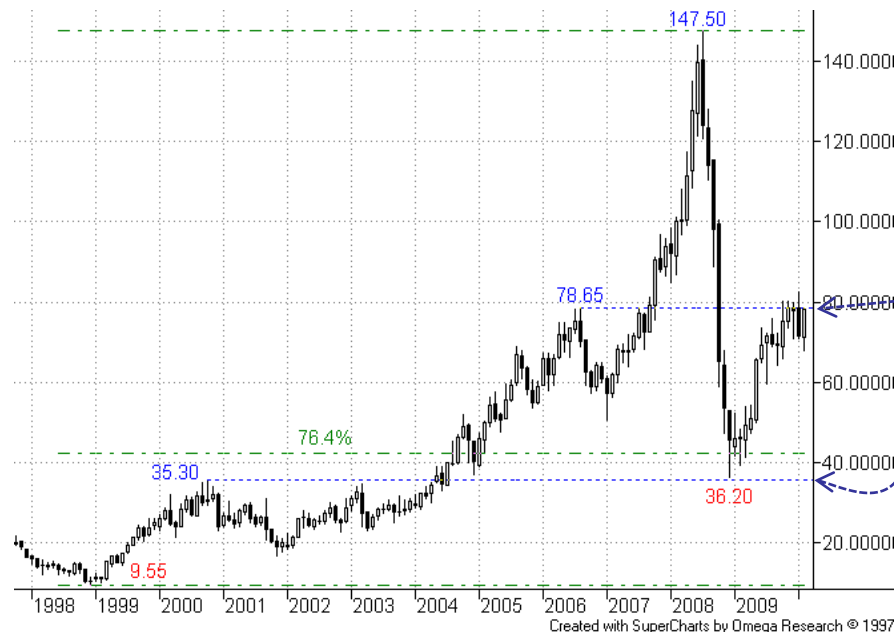
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Energy: Brent Crude Oil (ICE)



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 struggled to clear the level of the old 78.65 Aug-06 high – and note that Jan was almost a key reversal month...

More



Energy: Brent Crude Oil (ICE)

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Weekly Chart – Continuation:

Price failed to hold above the 38.2% recovery level (which coincides with that 78.65 Aug-06 high).

The better break of the 23.6% pullback level can currently still be seen as a sign of a more prolonged correction phase to come, subsequent strong bounce notwithstanding.

More



Energy: Brent Crude Oil (ICE)

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Daily Chart – Apr-10:

The rebound has been stronger than we expected – and the push above 77.49 03-Feb high raises questions for the bears.

It leaves in place a 3-wave, non-impulsive structure from the 83.58 Jan high – BUT while key resistance from the 76.4% 80.00 bounce level, and s/term bear channel top projection just beneath, holds then downside risk remains.

With the 23.6% level on the Weekly chart broken there is still a good chance that s/term recovery will lack staying power.

Any sellers around 74.40 will unfortunately have been stopped just above the 77.49 03-Feb high.

We maintain a bear stance for now.

More



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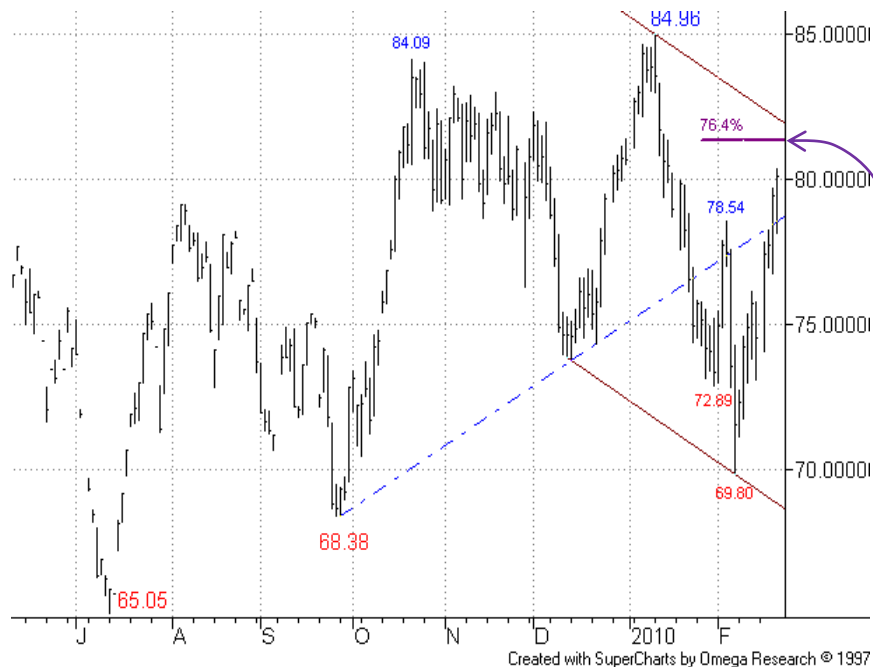
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Energy: Light Crude Oil (NYMEX)



Daily Chart – Apr-10:

On the NYMEX Crude chart the break above the 78.54 03-Feb high has frustrated earlier bears.

Note key resistance here from 81.40 76.4% bounce level and the s/term bear channel top projection not much above, around 82.00 just now.

Bears need this to hold now.

We maintain a bear stance here.

More



Energy: Natural Gas (NYMEX)

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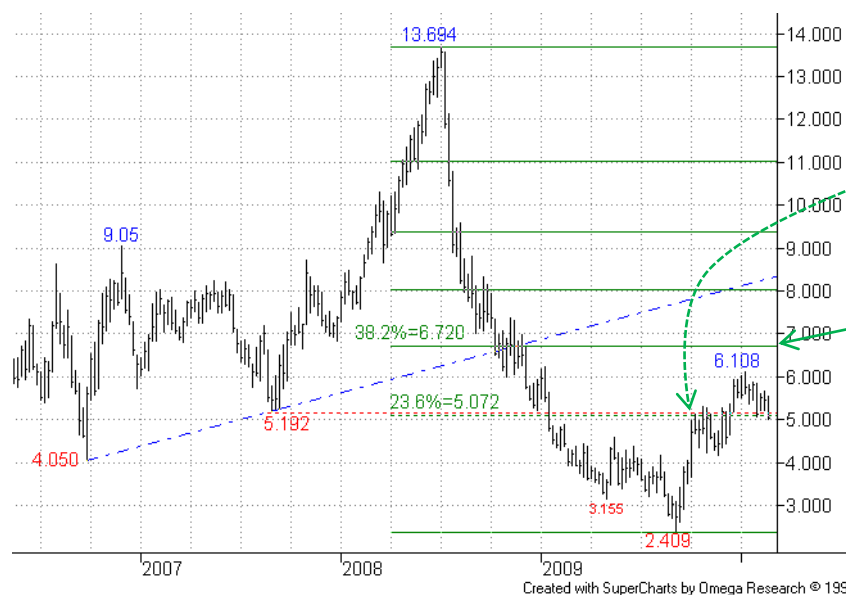
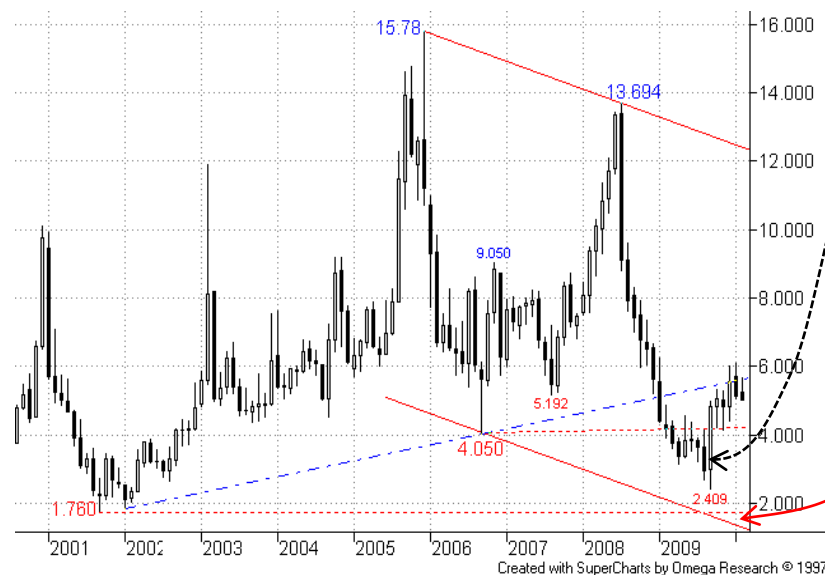
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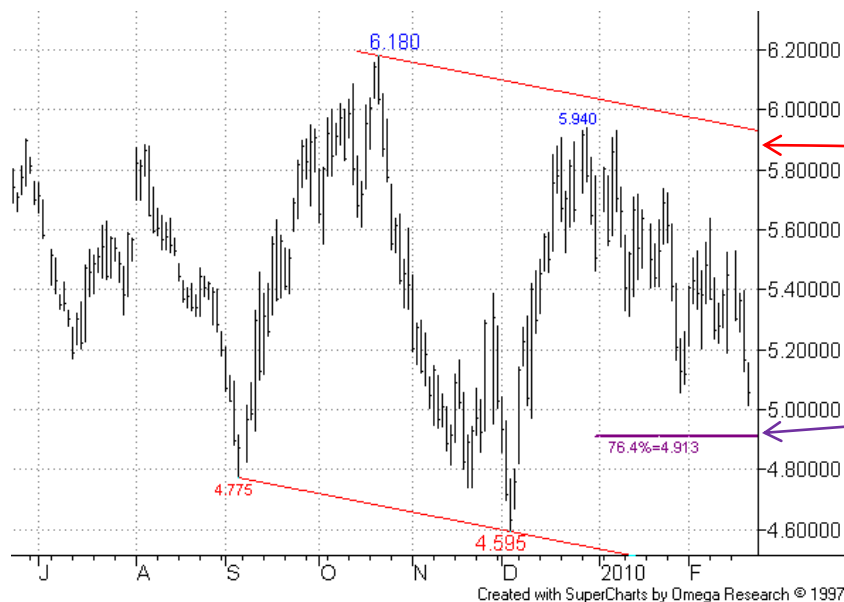
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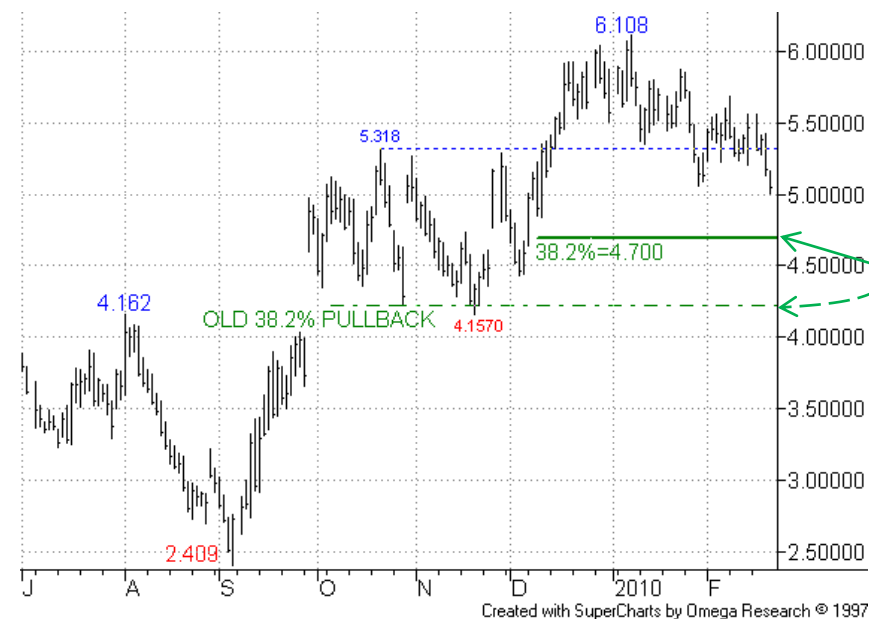
Energy: Natural Gas (NYMEX)



Daily Chart – Apr-10:

Price has drifted back from near resistance around the channel top projection. As before, later recovery through this and the 5.940 Dec high is needed for the next confirming positive signal.

Meanwhile, the 76.4% level around 4.910 remains potential support – also see below.



Daily Chart – Continuation:

We currently continue to show the continuation chart here too – since the former 38.2% level provided good support we keep in mind the current 38.2% level around 4.700, a little below support on the front month.

We look for s/term pullbacks to be temporary only, but failure of this 38.2% level would be of concern.

We maintain a bull stance here.

More



Energy: Heating Oil (NYMEX)

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Monthly Chart – Continuation:

The substantial fall from the Jul-08 peak tested the 76.4% 1.2045 level early in 2009, prompting recovery – this has struggled after reaching the old 2005 high.

Jan was nearly a key reversal month and bear signs were recently seen on the shorter term charts.



Weekly Chart – Continuation:

After failing ahead of the 2.2840 38.2% retracement, a pullback phase is now in process, latest rebound notwithstanding.

The break of the 23.6% pullback level was taken as a clear negative signal, with next focus on the 1.8060 38.2% level.

More



Energy: Heating Oil (NYMEX)

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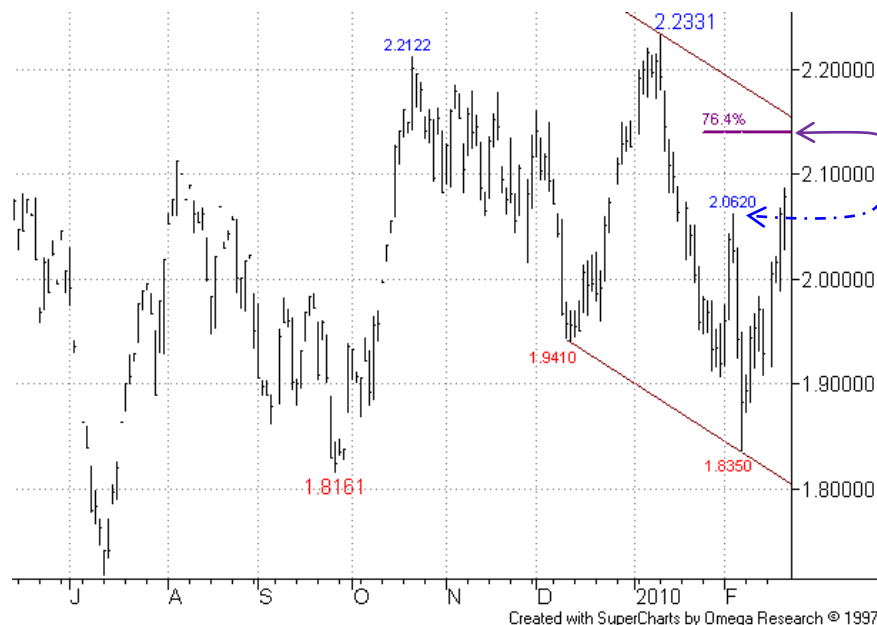
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Daily Chart – Apr-10:

Similar to the other oil charts last week's push above the 03-Feb high now requires higher key resistance (from the 76.4% 2.1400 bounce level and bear channel top projection just above) to repel the advance, otherwise the prior analysis is scrapped.

Fresh downside targets can be calculated if and when appropriate.

We maintain a bear stance for now.



Metals

Bear risk remains in **Gold**, rallies currently considered temporary at this stage. Further bear action is expected in **Silver** following a s/term bounce. January's Key Reversal Month in **Copper** can still favour the bears, the current deep bounce notwithstanding.

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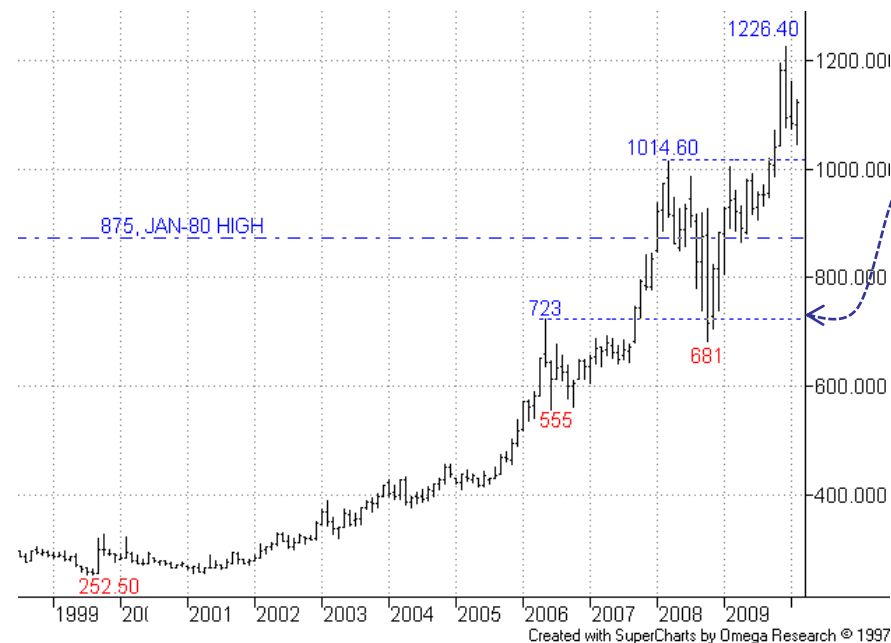
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Metals: Gold (COMEX)



More



Metals: Gold (COMEX)

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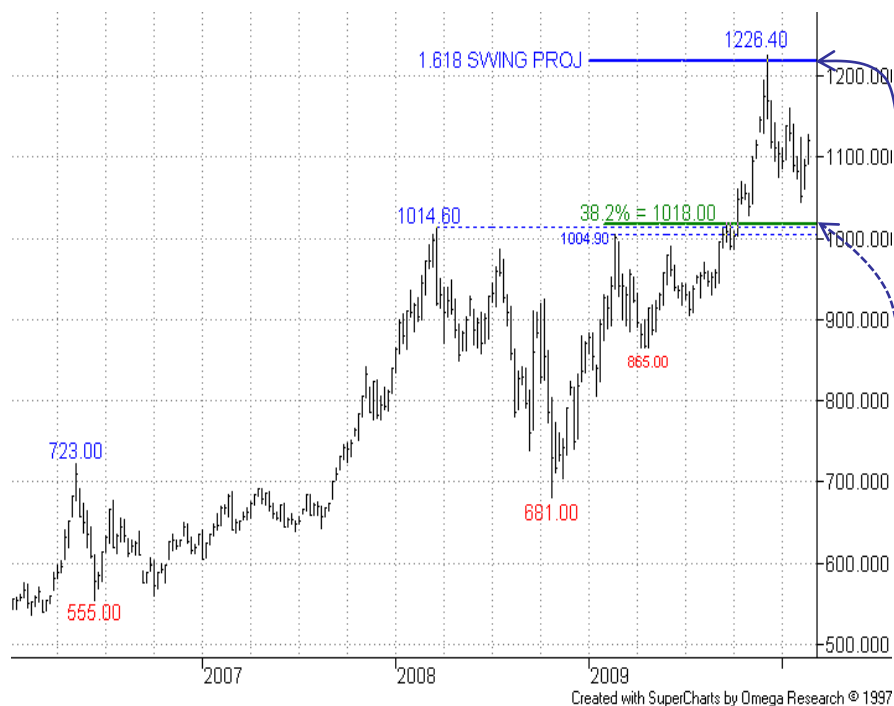
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Weekly Chart – Continuation:

In Dec the previous acceleration upwards reached the Fibo projection we had marked in, at **1220** (1.618 swing off prior 1014.60/681.00 downmove in 2008).

Reaction here was negative, but weakness, in the end, should prove temporary.

On this chart note potentially strong support from the prior highs above 1000, where the 38.2% pullback of prior 681.00/1226.40 upmove also resides.

More



Metals: Gold (COMEX)

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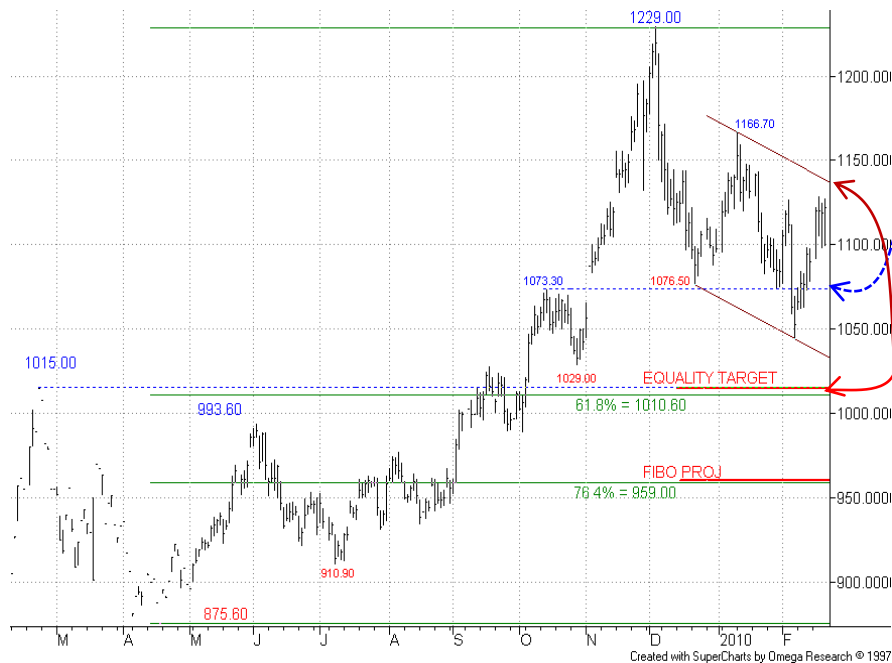
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Daily Chart – Apr-10:

The recent break of earlier support has so far proved short-lived.

The current bounce postpones possible lower levels, such as the 1015/14 area - the Feb-09 high and an equality target ('1229-1976.50' downleg extended off 1166.70 high). Note that 61.8% lies close by too.

At this stage resistance should be at/ahead of the s/term bear channel top projection near 1138 now, otherwise bears' resolve is called into question.

We maintain a bear view for now.

More



Metals: Silver (COMEX)

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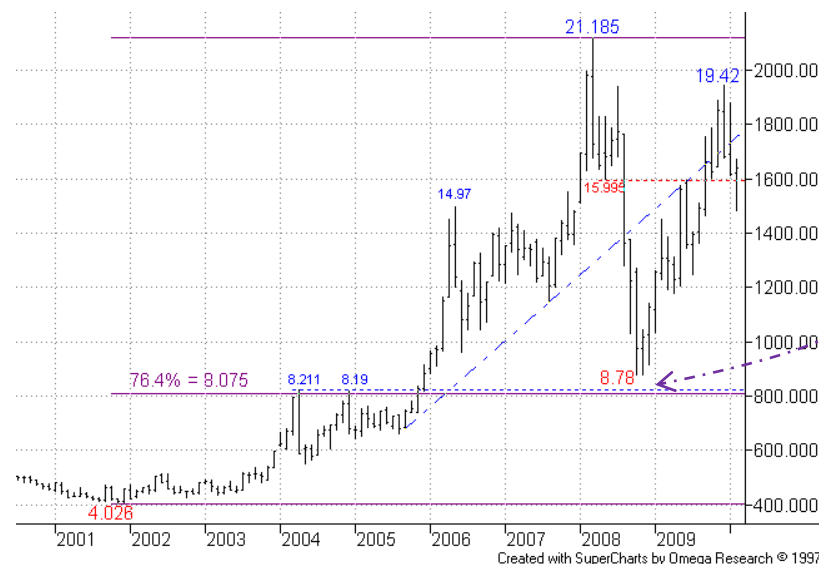
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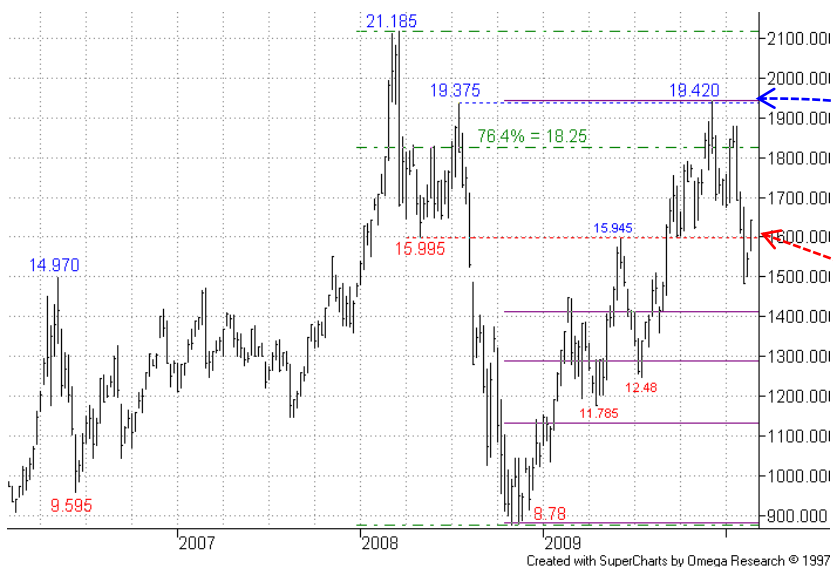
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Monthly Chart – Continuation:

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

The ensuing 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, which is now developing further.

First key support at 16.00 recently failed.

More



Metals: Silver (COMEX)

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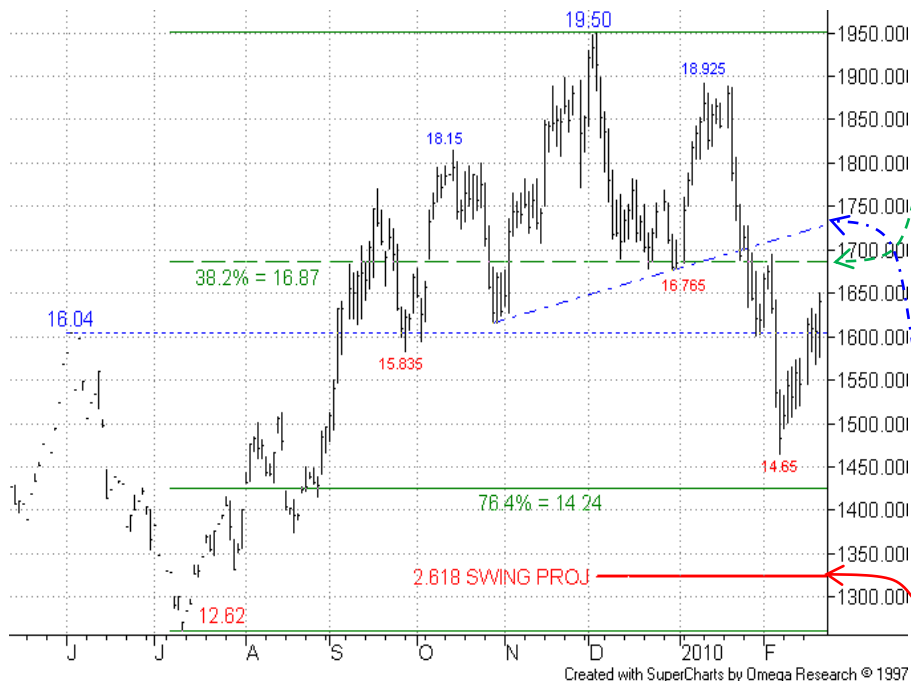
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Daily Chart – Mar-10:

The late Jan failure of 38.2% support subsequently saw a move towards lower 76.4% pullback before pausing.

Risk currently remains of deeper losses in due course. Note resistance is now offered by the 16.765 30-Dec low area, around the old 38.2% level, but also note the rising old support/return line near 17.30 - **ideally s/term sellers would try to position in this area.**

For now, we keep marked in a lower Fibo projection at 13.27, 2.618 swing off prior 16.765-18.925 rally, which would become obsolete on a break higher than the 30-Dec low.

We maintain a bear stance here.

More



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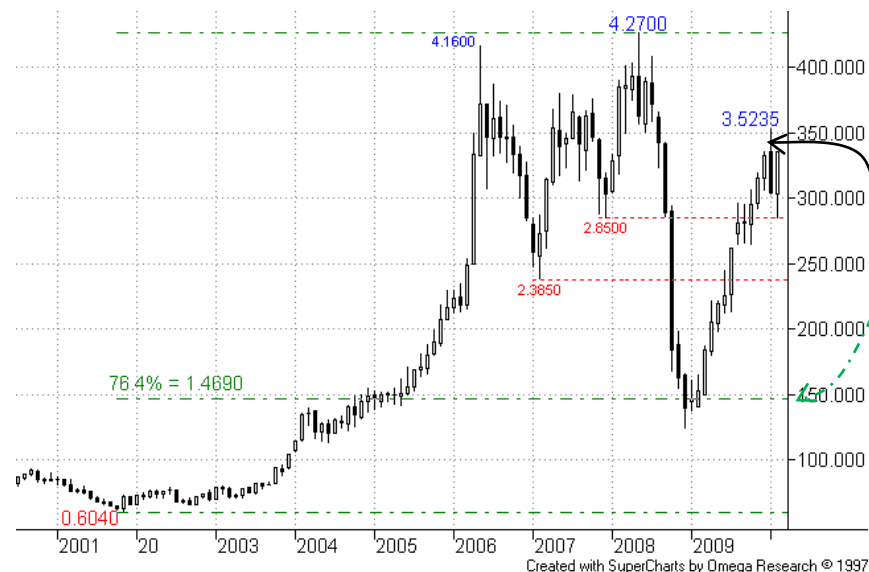
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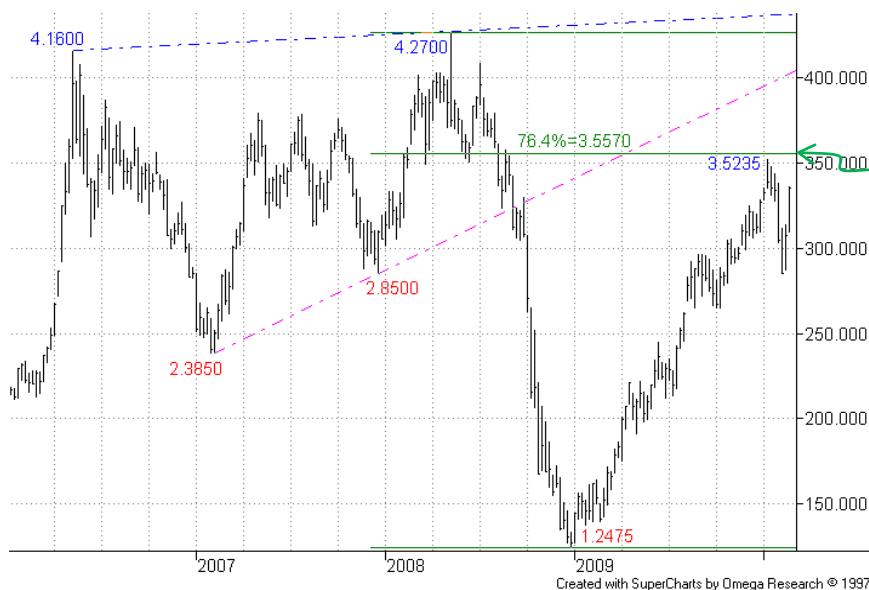
Metals: High Grade Copper (COMEX)



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.

Note that Jan has produced a negative **Key Reversal Month**.



Weekly Chart – Continuation:

The impressive '2009' recovery has failed, close to the 76.4% retracement.

More



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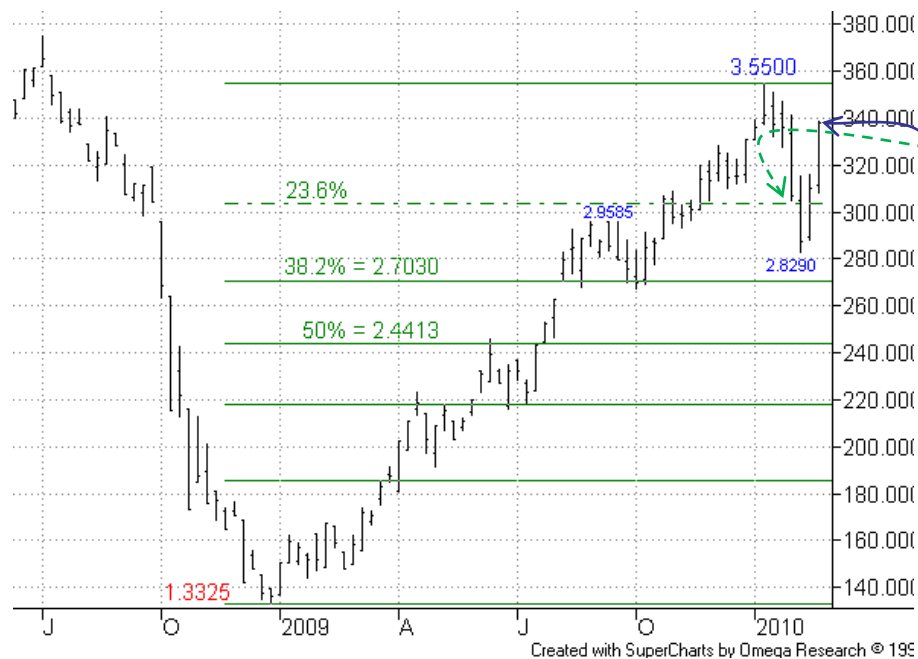
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Metals: High Grade Copper (COMEX)



Weekly Chart – May-10:

On the Weekly chart of the front month the break of the 23.6% pullback level strengthened bear signals seen elsewhere (see Monthly and Daily charts).

Deep corrections are often seen as a trend turns.

More



Metals: High Grade Copper (COMEX)

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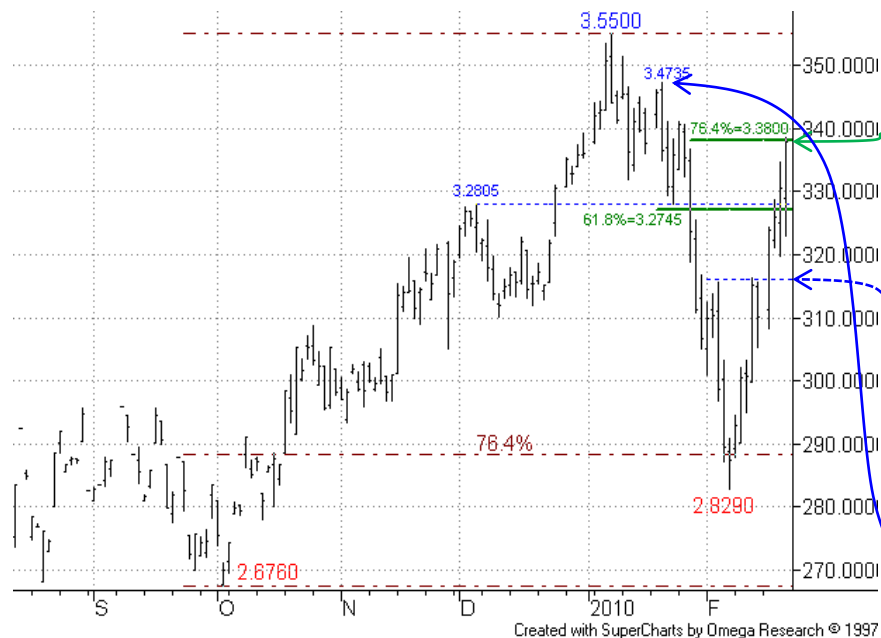
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Daily Chart – May-10:

On the front month chart the deep corrective bounce has now tested the 76.4% level, after breaching 61.8%.

We await reaction around here.

A slip back through the s/term 3.1600 support area would provide modest encouragement for bears at this stage.

Any sellers just ahead of the 61.8% level, around 3.2700, may have initial stops nicely above the 76.4% level, say just above the 3.4735 20-Jan high.

We maintain an overall bear stance for now, looking for a resumption of weakness.



Grains and Softs

A weak outlook for **Soybeans** and **Wheat** remains in place. In **Sugar** a recent negative Key Reversal Week continues to advertise increased bear risk. **Cocoa** bears still look for lower levels, and they remain well-placed in **Coffee** too. Strong s/term recovery in **Cotton** has sidelined the bears, a long term 76.4% level now under test.

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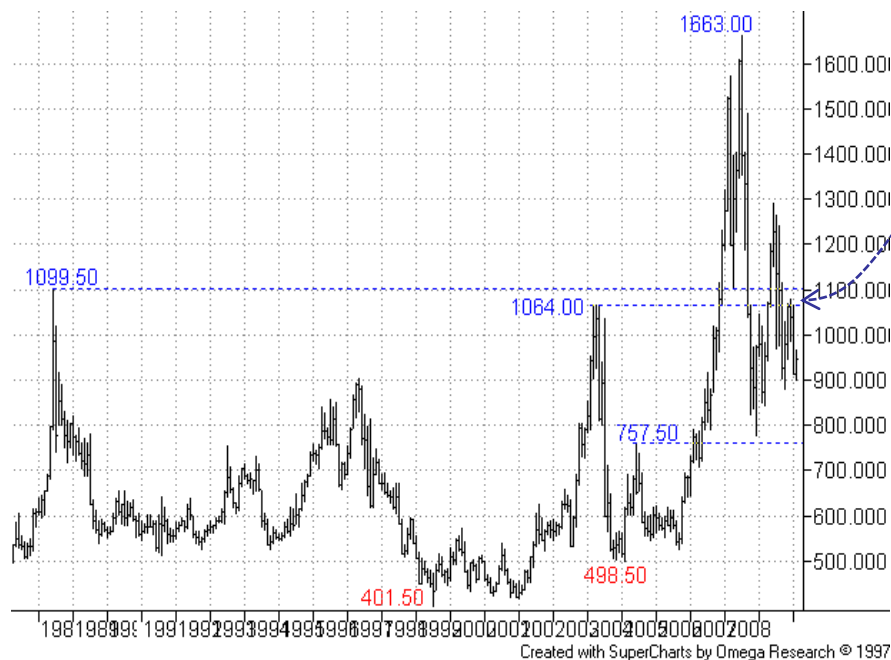
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Grains and Softs: Soybeans (CBOT)



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, but failed to hold above.

More



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Grains and Softs: Soybeans (CBOT)

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Daily Chart – May-10:

S/term support has come from around the 61.8% pullback level, but current risk remains of a test of the lower key support area – prior lows from last year, and a channel base projection, in the 880s, and 76.4% level just beneath.

Violation of these would be a bear signal.

Downside momentum can be retained while resistance from the 997.75 22-Dec low keeps intact.

We maintain a sidelined stance for now.

More



Grains and Softs: Wheat (CBOT)

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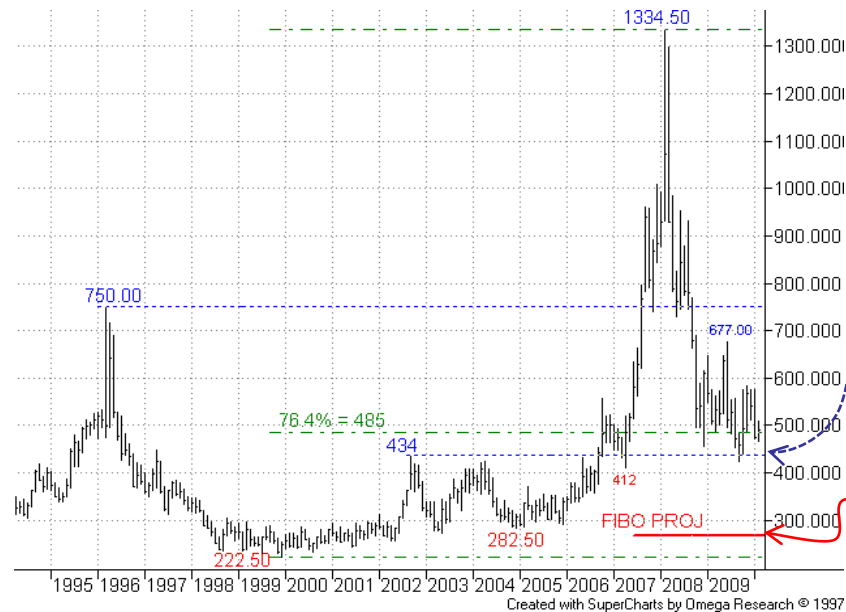
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Monthly Chart - Continuation:

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

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



Weekly Chart - Continuation:

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

We also show the current 23.6% bounce level at 640.00, offering future resistance.

Meanwhile can the 455.00 Dec-08 low area provide some support ahead of the 425.25 Sep-09 low?

More



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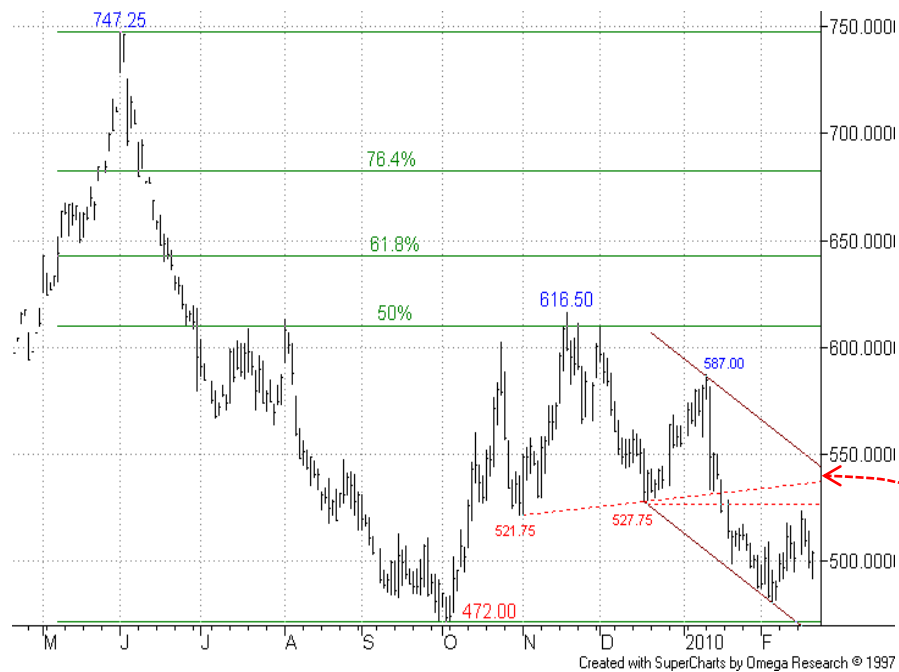
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Grains and Softs: Wheat (CBOT)



Daily Chart – May-10:

The 472.00 Oct-09 low remains vulnerable.

A break below would, apart from the (relatively minor) 455.00 from the Weekly chart, turn attention to a Fibo projection around 432.00 and the 425 2009 low (continuation chart again).

Rallies are viewed as temporary, resistance offered by the 527.75 17-Dec low and slightly higher rising return line at 537 being effective so far. Also note the s/term bear channel top resistance just above.

We maintain a bear stance here.

More



Grains and Softs: Sugar (ICE)

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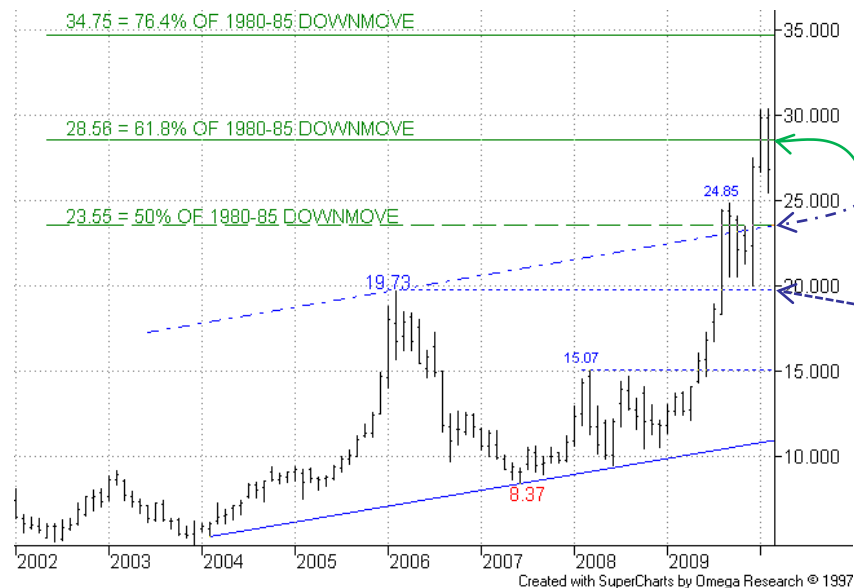
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Monthly Chart - Continuation:

After an initial struggle near the long term bull channel top projection and 50% recovery level of the major 1980-85 downmove a further bull leg has been seen, off support from the 19.73 2006 high.

This has eroded the long term 61.8% area.



Weekly Chart - Continuation:

Recent sell-off produced a **Key Reversal Week** - although the new high prior to reversal was marginal the signal must nevertheless still be respected.

First support is offered by the 25.70 23.6% pullback level - also note the 24.85 Sep-09 high.

Any s/term strength should prove temporary.

More



Grains and Softs: Sugar (ICE)

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Daily Chart – May-10:

The s/term bounce from near the 24.50 Sep-09 high has found resistance from the 27.11 27-Jan low (last correction low ahead of 29.00 peak).

Strength is viewed as probably temporary, after that Key Reversal Week.

First support, then, is established at 24.88/50, with break below to give the next bear sign.

However, also important is the steadily rising bull channel base projection around 23.25 now, with break of this to provide a further boost to the bears.

Early bears may hold back for now, favouring sales in the 27.40/28.00 area, if seen, stops just above the 29.00 high for limited risk, targeting 23.50 for partial profits.

We maintain a sidelined stance for now.

More



Grains and Softs: Cocoa (ICE)

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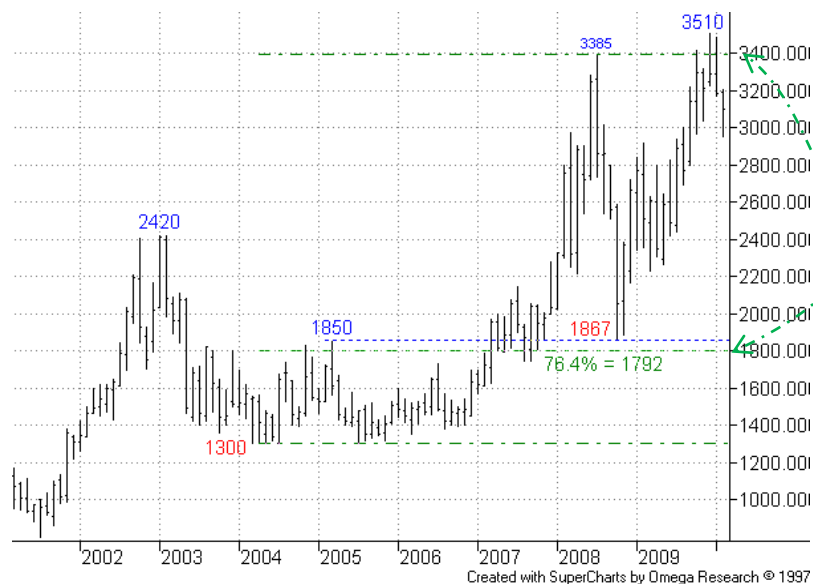
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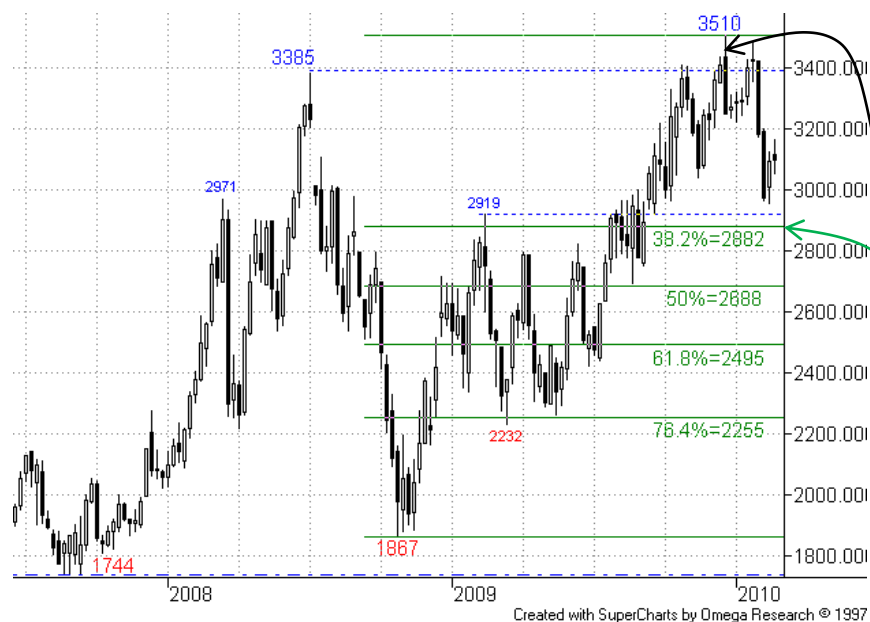
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Monthly Chart – Continuation:

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

There has been doubt as to whether bulls could sustain levels above the 2008 peak.



Weekly Chart – Continuation:

Failure to hold above the 2008 high of 3385 was accompanied by a **Key Reversal Week**, which marked the start of a pullback phase.

The first main support on this chart comes from the 2919 Feb-09 high and 2882 38.2% level.

More



Grains and Softs: Cocoa (ICE)

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- + Heating Oil

Metals

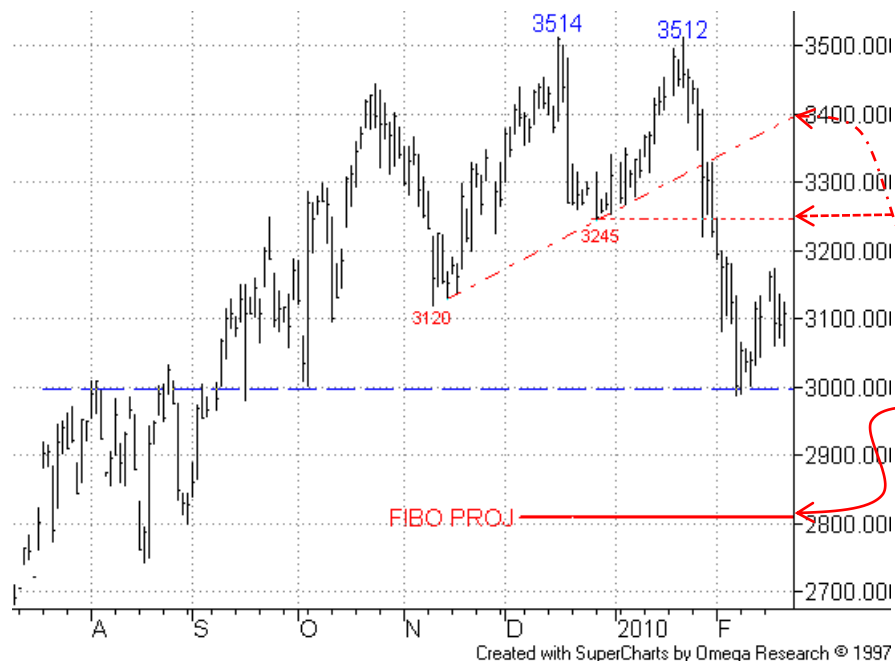
- + Gold
- + Silver
- + High Grade Copper

Grains and Softs

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

Other

- + Carbon Emissions
- + CRB Index



Daily Chart – May-10:

We are right to stay bearish here, with any rebound seen as temporary.

First resistance remains from the 3245 28-Dec low, ahead of the rising old support/return line around 3400 now.

Below the 3000 level, as well as the support levels on the Weekly chart note, here, a Fibo projection at 2813 (2.618 swing off prior 3245/3512 rally).

Earlier shorts (at 3400 in the Mar contract) had 200 points partial profits, current stops at 3400. Probably target 2925 on the balance (extending this down towards 2825 optional).

We maintain a bear stance here.

More



Grains and Softs: Coffee (ICE)

Summary

Energy

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

Metals

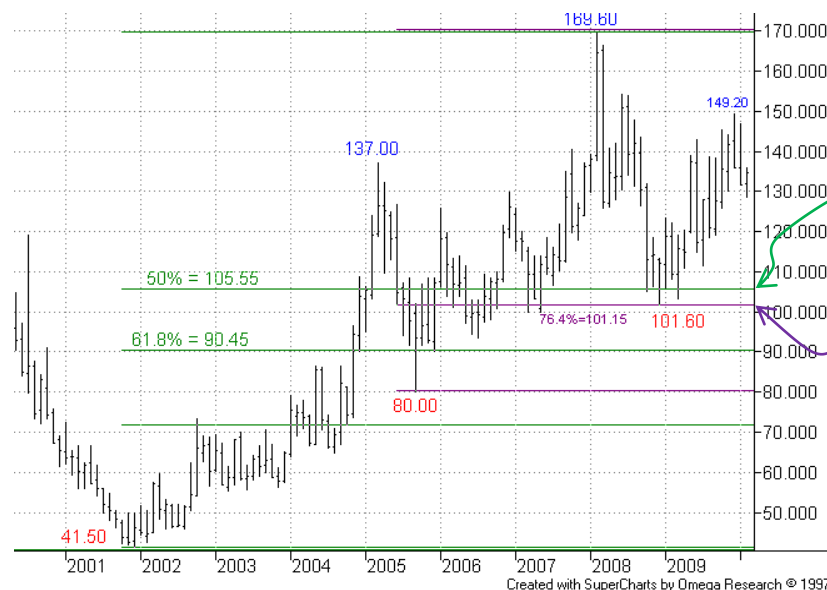
- + Gold
- + Silver
- + High Grade Copper

Grains and Softs

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

Other

- + Carbon Emissions
- + CRB Index



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?

Also see how effective the 76.4% level of the 2005-08 upmove was as support.



Weekly Chart – Continuation:

The 2009 recovery failed ahead of the 76.4% retracement and, now, the Jan break of the rising support line has put bears in control.

More



Grains and Softs: Coffee (ICE)

Summary

Energy

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

Metals

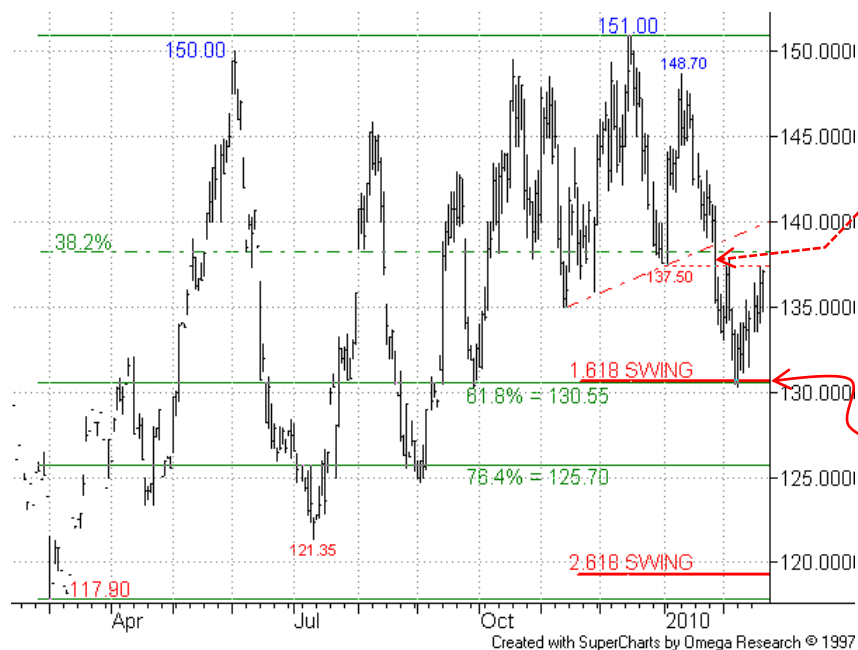
- + Gold
- + Silver
- + High Grade Copper

Grains and Softs

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

Other

- + Carbon Emissions
- + CRB Index



Daily Chart – May-10:

The succession of rising lows seen over previous months was finally broken after failure of the 38.2% level and 137.50 04-Jan low.

This low remains first resistance, above which note the rising return line running close to 140.00 currently.

S/term support has come from the first support area of interest, the 130.55 61.8% pullback level and Fibo projection (1.618 swing off prior 137.50-148.70 bounce) at the same level.

Any bounce should prove temporary, ahead of lower targets.

In this respect note that the lower Fibo projection, 2.618 swing target, coincides nicely with the 61.8% pullback on the Weekly chart above.

We maintain a bear stance here.

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

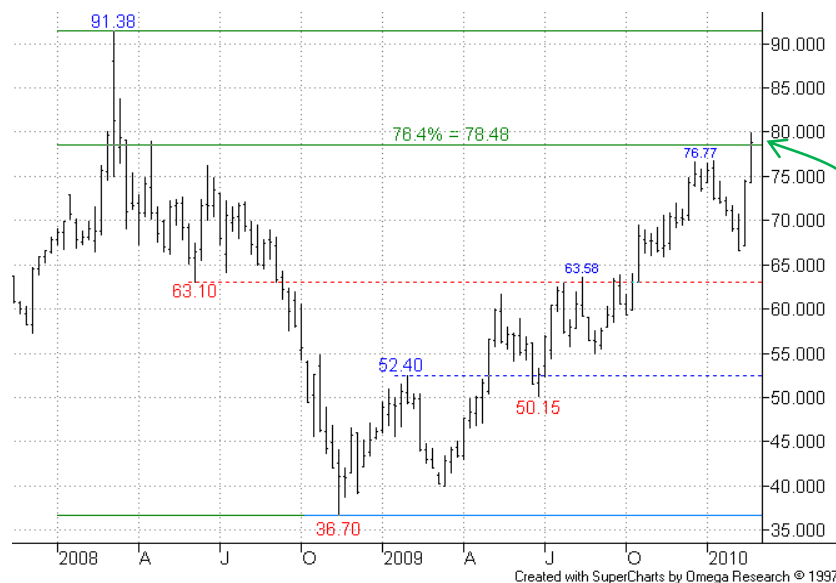
Other

- + Carbon Emissions
- + CRB Index



Monthly Chart – Continuation:

An earlier negative sign from a Key Reversal Month in Jan was negated last week, following renewed strength, but see Weekly chart.



Weekly Chart – Continuation:

The s/term bounce has been stronger than expected, achieving a new high in the current bull run.

However, we must await reaction around the 76.4% level which has been tested now.

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 – May-10:

After support was found close to the former 38.2% pullback level, subsequent strength has wrong-footed us by exceeding the early Jan high.

It is unclear if the higher levels can be sustained (see Weekly chart) but, for now, earlier bear signs are all negated, moving us to the sidelines.

Earlier sellers around 74.50 will have now been stopped just above the 77.83 Jan high.

We adopt a sidelined stance for now.



Other

In **EUA (Carbon Emissions)** support around the 50% retracement is under fresh pressure. Following Jan's Key Reversal Month in the **CRB Index** we hold a bear stance – current bounce off 38.2% support considered temporary.

Summary

Energy

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

Metals

- + Gold
- + Silver
- + High Grade Copper

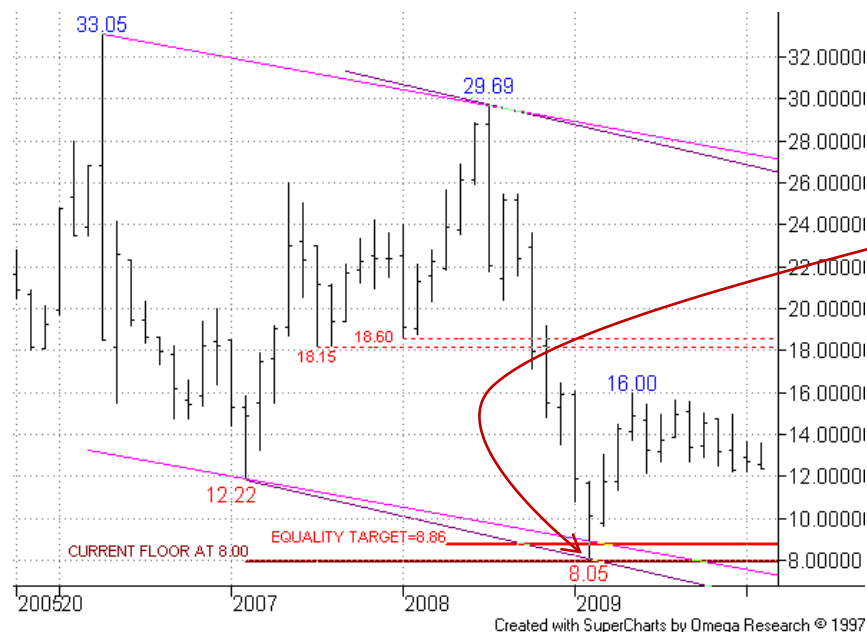
Grains and Softs

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

Other

- + Carbon Emissions
- + CRB Index

Other: EUA – Carbon Emission Allowances (ICE ECX)



Monthly Chart - Continuation:

In early 2009 support was contributed to by a long term channel base, an equality target and, for non-technical reasons, a floor around 8.00.

We assume that a medium/ long term recovery phase will now be unfolding.

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 & the 18.87 50% level is postponed for now, with a multi-month consolidation (with slight bear bias) still in process.

Any shorter term weakness should prove temporary though.

More



Other: EUA – Carbon Emission Allowances (ICE ECX)

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-10:

Support near the 50% pullback is again under pressure – *we have stayed prepared for a possible shorter term break to the downside.*

Keep in mind lower support from the 11.53 61.8% retracement and longer term bear channel base projection at 11.10. Fibo projections can be calculated if a break does occur.

S/term resistance remains at the 14.48 76.4% bounce level, which will soon coincide with the falling resistance line. At this stage a recovery through higher 15.17 08-Dec high would also break the pattern of falling highs and lows.

We remain on the sidelines for now.

More



Other: CRB Index (CBOT)

Summary

Energy

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

Metals

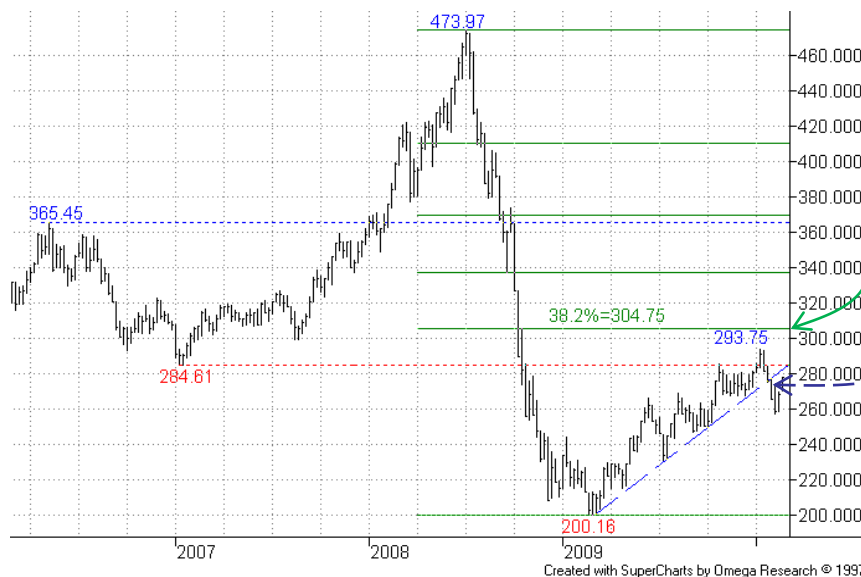
- + Gold
- + Silver
- + High Grade Copper

Grains and Softs

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

Other

- + Carbon Emissions
- + CRB Index



More



Other: CRB Index (CBOT)

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



Daily Chart

After the bear signal given by the break below 23.6%, s/term support has come from the 38.2% pullback.

However, the current bounce is probably temporary only – note potential resistance around the 280.00 area, but also slightly higher, more key, resistance at 285.00 (76.4% bounce and rising return line).

This latter also corresponds with the Oct-09 high, and we'd expect resistance here, if not before.

At this stage only a move to levels below the 256.89 05-Feb low would confirm the next downleg underway.

We maintain a bear stance here.



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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