**Week 36**

07th September – 13th September 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**



**Authorised and regulated by the FSA**

**Disclaimer**

# Summary – Commodity Specialist

## Summary

### Energy

| | | |
|---|---|---|
| + Brent Crude Oil | **Stay** **BEARISH** | continue to seek further bear leg after recent consolidation phase (Oct-10) |
| + Natural Gas | **Stay** **BEARISH** | after recent s/term weakness broke supports (Oct-10) |
| + Heating Oil | **Stay** **BEARISH** | recent s/term weakness strengthened the bear case (Oct-10) |

### Metals

| | | |
|---|---|---|
| + Gold | **Stay** **BEARISH** | s/term bounce stronger than expected, but may yet prove temporary (Dec-10) |
| + Silver | **Stay** **BULLISH** | May high now under attack (Dec-10) |
| + High Grade Copper | **Go** **SQUARE** | long term 76.4% resistance under scrutiny once more (Dec-10) |

### Grains and Softs

| | | |
|---|---|---|
| + Soybeans | **Stay** **BULLISH** | Dec-09 high offers next resistance area (Nov-10) |
| + Wheat | **Stay** **BULLISH** | s/term consolidation continues after earlier dramatic surge (Dec-10) |
| + Sugar 11 | **Stay** **BULLISH** | bulls keep focus on 20.63/21.20 resistance area (Oct-10) |
| + Cocoa | **Go** **BEARISH** | after recent violation of key 2830/2761 support (Dec-10) |
| + Coffee | **Stay** **BULLISH** | bulls stay well-placed to push higher (Dec-10) |
| + Cotton No.2 | **Stay** **BULLISH** | after breach of Jun high (Dec10) |

### Other

| | | |
|---|---|---|
| + Carbon Emissions | **Stay** **BULLISH** | recovery off 76.4% support continues (Dec-10) |
| + CRB Index | **Stay** **SQUARE** | s/term dips more likely to be temporary now |

## Energy

Key Reversal Months in the **Oil** markets provide the bearish backdrop – after a recent recovery/consolidation period there now remains fresh bear risk. **Natural Gas** has stayed weak s/term.


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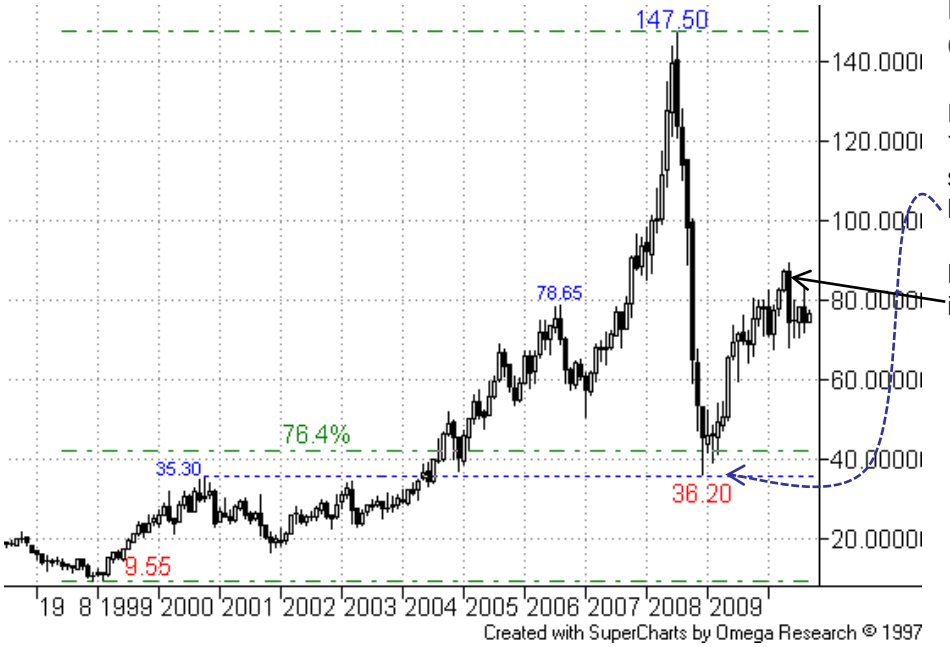
## Energy: Brent Crude Oil (ICE)




### Monthly Chart – Continuation:

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

May's **Key Reversal Month**, improved the bear outlook in Oil.

More

# Energy: Brent Crude Oil (ICE)

## Weekly Chart – Continuation:

The early May **Key Reversal Week** heralded a pullback phase, which tested the 38.2% area (close to the Feb low), in common with other Oil markets.

Temporary support around here was no surprise from a technical standpoint, and further bear activity is likely in due course.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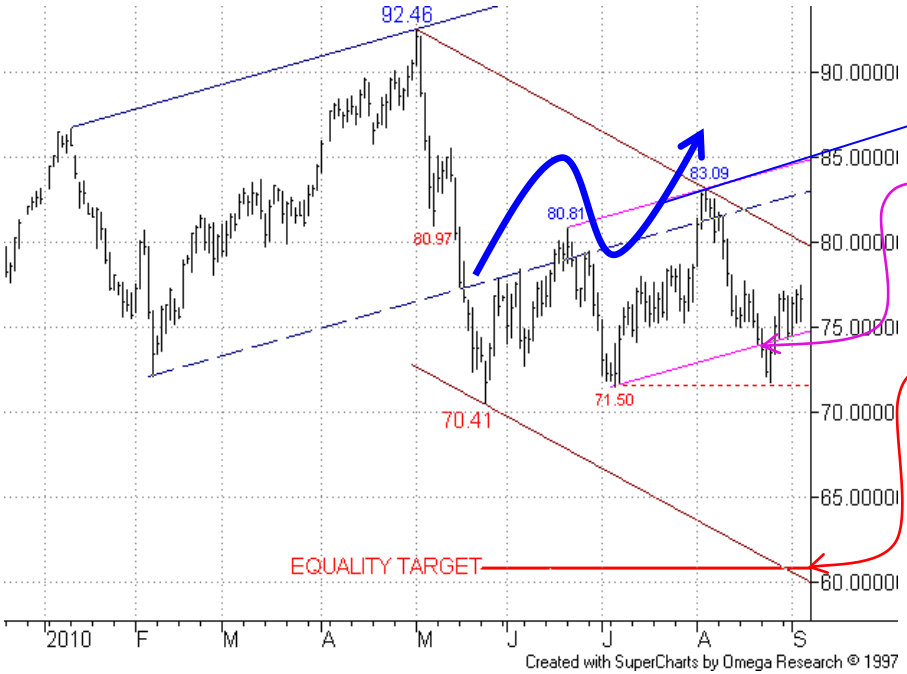
# Energy: Brent Crude Oil (ICE)




## Daily Chart – Oct-10:

After completion of a typical zig-zag consolidation the recent break of a small channel base projection was an initial negative sign – we still await the next one, a close below the 71.50 06-Jul low.

We can then target the **61.00** area, where an equality target resides (May downleg extended off 83.09 04-Aug high). A bear channel base projection runs just below this currently.

The whole picture would change markedly should price recover through that 83.09 high.

**Any sellers on rallies will likely wish to position ahead of the 80.00 area, stops above the 83.09 recent high.**

<u>We maintain an overall bear stance here.</u>

More

# Energy: Light Crude Oil (NYMEX)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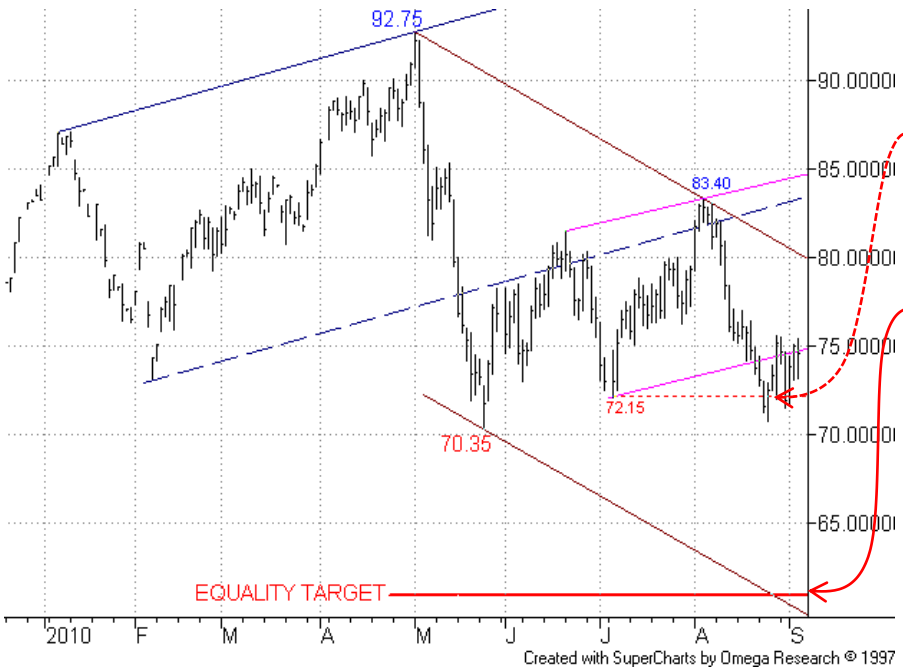


## Daily Chart – Oct-10:

The US Crude chart has already seen an initial breach of the 06-Jul low, 72.15.

Eyes have begun to turn towards the equality target, again at **61.00**, and bear channel base projection just beneath.

We maintain an overall bear stance here.

More

# Energy: Natural Gas (NYMEX)


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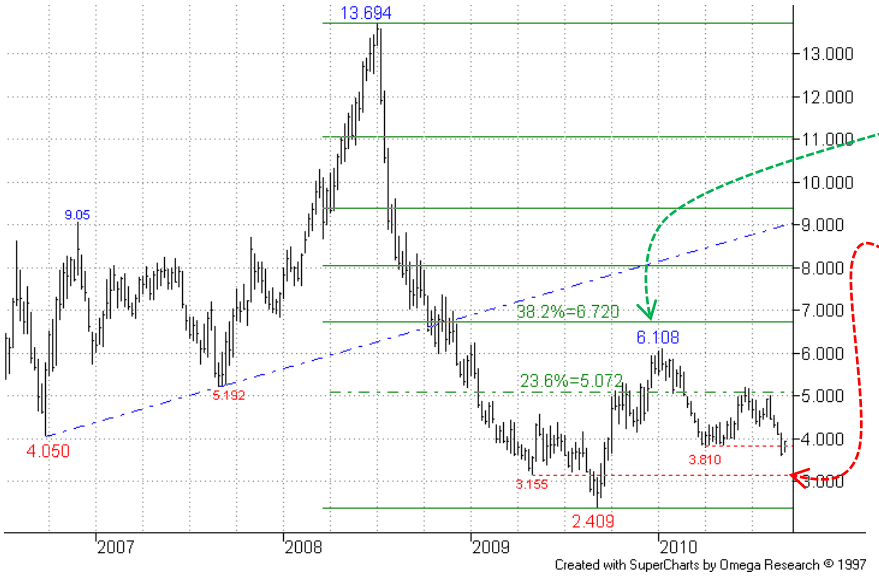
## Monthly Chart – Continuation:

The Sep-09 **Key Reversal Month** marked a turning point, although the earlier, initial recovery petered out.

The projected bear channel base (and 1.760 2001 low) stay out of reach for now.




## Weekly Chart – Continuation:

After failing to reach the 38.2% recovery level a second bear leg is now clearly underway.

Potential support comes from the 3.155 ~May-09 low.

More

# Energy: Natural Gas (NYMEX)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## Daily Chart – Oct-10:

The s/term picture remains weak, after recent violation of prior 2010 lows.

First resistances are offered by the old 4.270 lows area and the rising support/return line at 4.450 currently.

The next main support is implied by the bear channel base projection at 3.350.

## Daily Chart – Continuation:

On the continuation chart the failure near the 61.8% recovery level was clear.

The former 61.8% support just above 3.800 has now yielded, switching focus to lower 3.280 76.4% area.

<u>We maintain a bear stance here.</u>

More

# Energy: Heating Oil (NYMEX)


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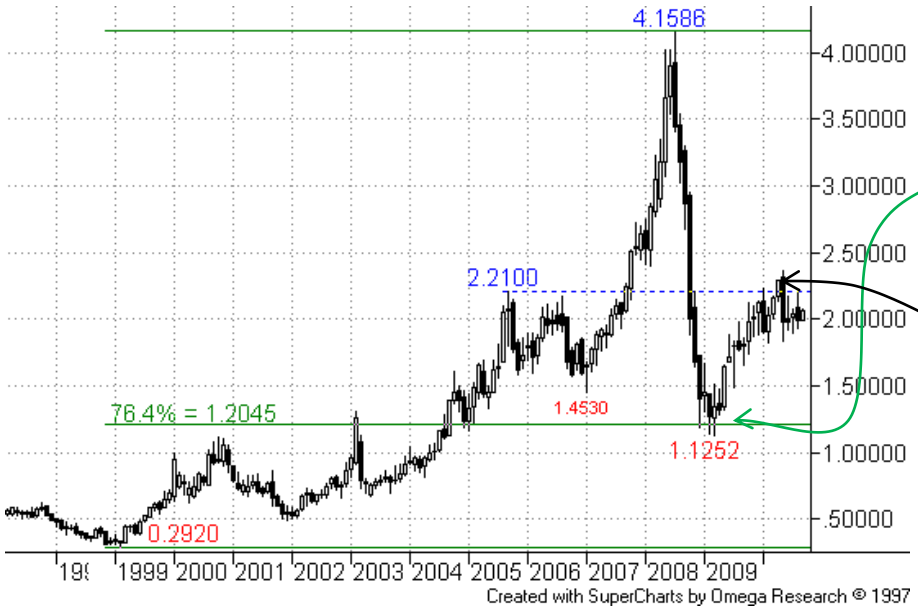


## Monthly Chart – Continuation:

The substantial fall from the Jul-08 peak tested the 76.4% 1.2045 level early in 2009, prompting recovery.

May's negative **Key Reversal Month** set up better reversal prospects.

## Weekly Chart – Continuation:

The 38.2% pullback level has been supportive, but with the expectation that a more prolonged pullback phase is in process.

More

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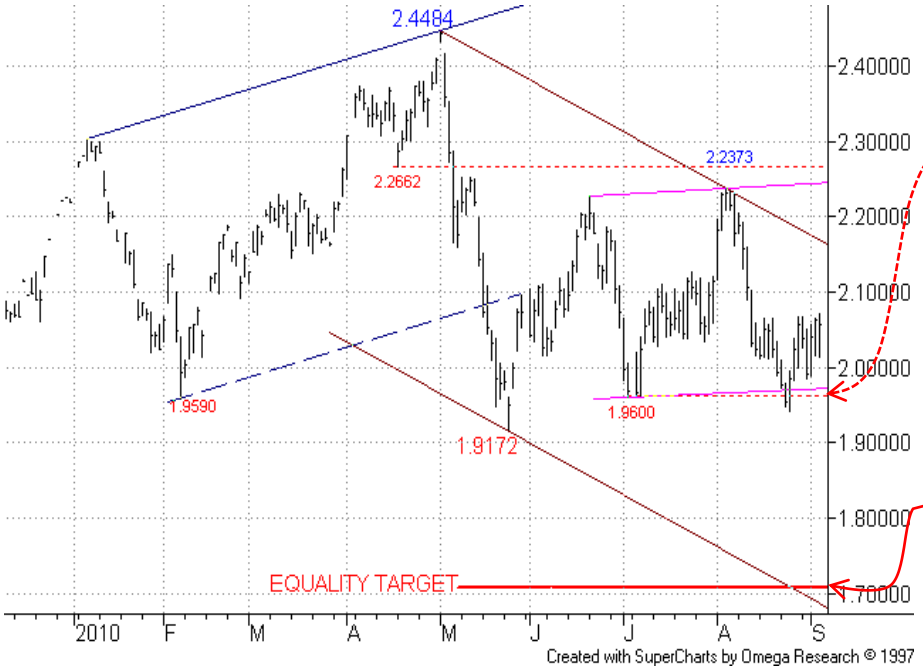
# Energy: Heating Oil (NYMEX)




## Daily Chart – Oct-10:

Not much change here, after the recent initial close below the small channel base and 1.9600 02-Jul low, which suggests that bears are re-asserting themselves.

A s/term bounce should be short-lived, stopping short of the 2.2373 04-Aug high.

Our focus is turning towards lower levels such as the **1.6740** equality target (May downleg measured off 2.2088 04-Aug high), and bear channel base projection just beneath.

<u>We maintain a bear stance here.</u>

## Metals

The recent bounce in **Gold** may yet be the precursor to a further bear leg, but needs to reverse soon. The **Silver** chart is more positive, the May high now being challenged. Further s/term gains in **Copper** see earlier bears sideline, requiring a fresh signal.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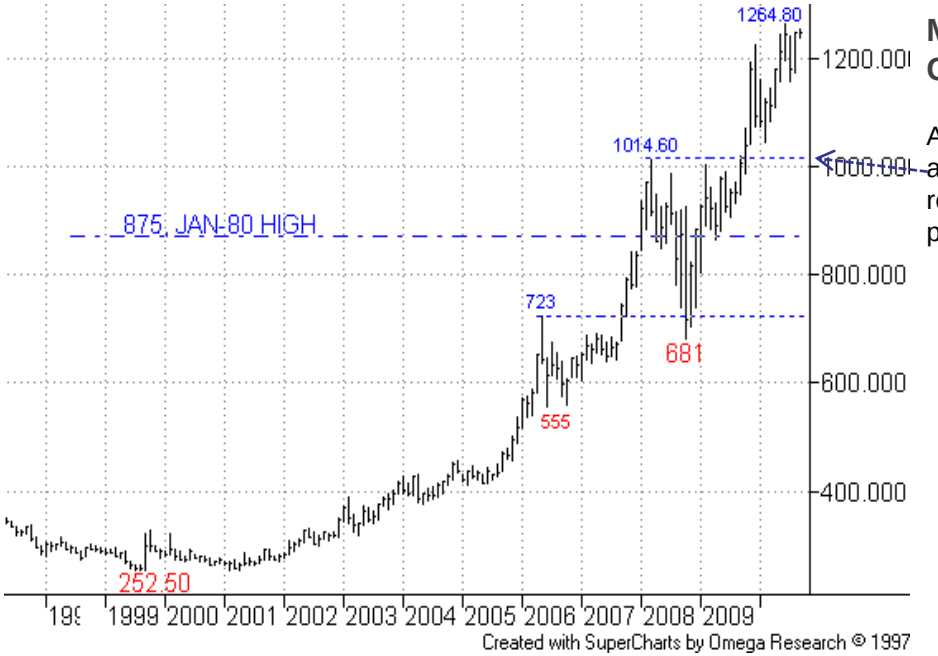
## Metals: Gold (COMEX)

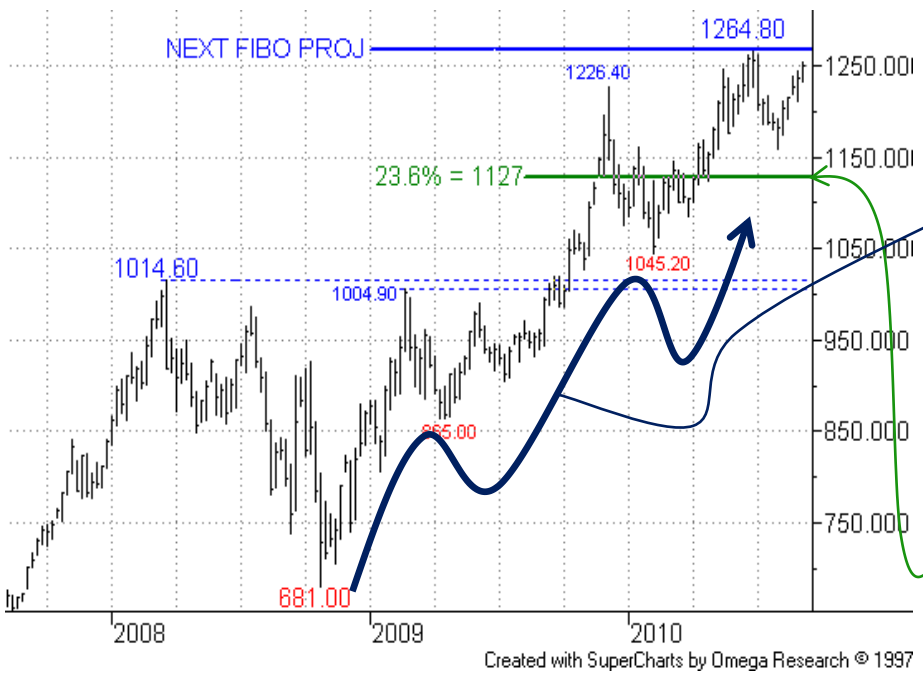



### Monthly Chart - Continuation:

After good support came from above the 1014.60 Mar-08 high, recovery has achieved a new peak in 2010.

More

## Metals: Gold (COMEX)




### Weekly Chart – Continuation:

We had previously been noting that the whole recovery from 2008 low looked like a type of 5-wave/ impulsive structure, a third/final upleg presumed commencing from the 1045.20 Feb low.

Our latest Fibo projection was reached, and the subsequent slip back gave a further bear signal on the Daily chart.

Here, keep in mind the 23.6% pullback level, at 1127.

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# Metals: Gold (COMEX)


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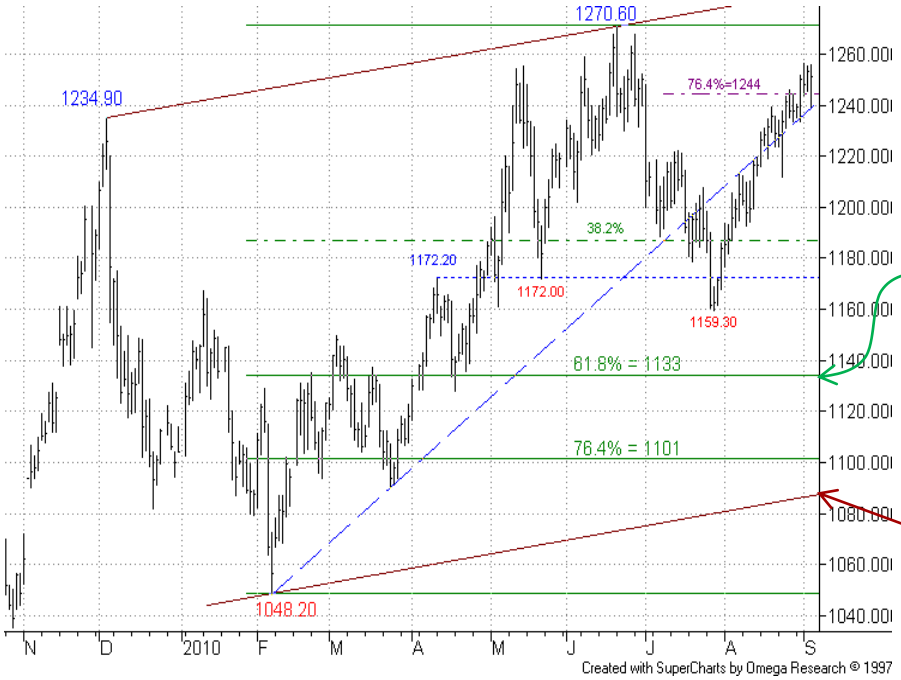


## Daily Chart – Dec-10:

We remain on the lookout for another bear leg, even though the recent recovery has been stronger than first expected.

We keep in mind the lower 1133 61.8% pullback, which nicely coincides with 23.6% on the Weekly chart.

Perhaps more important from the point of view of medium term momentum is the lower support implied by the bull channel base projection at 1087.00 currently.

**Sellers on rallies positioned ahead of the 1230 area will probably have initial stops just above the 1270.60 Jun peak.**

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

More

# Metals: Silver (COMEX)


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**Other**
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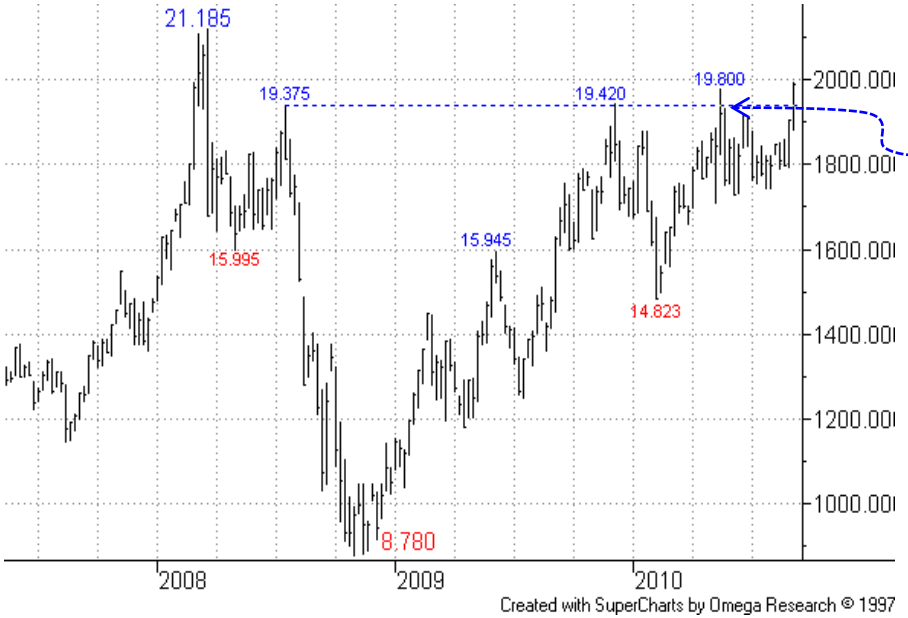
## Monthly Chart – Continuation:

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

The ensuing recovery, while impressive, has not yet reached the 2008 peak, but at the moment could still be well-placed to do so.

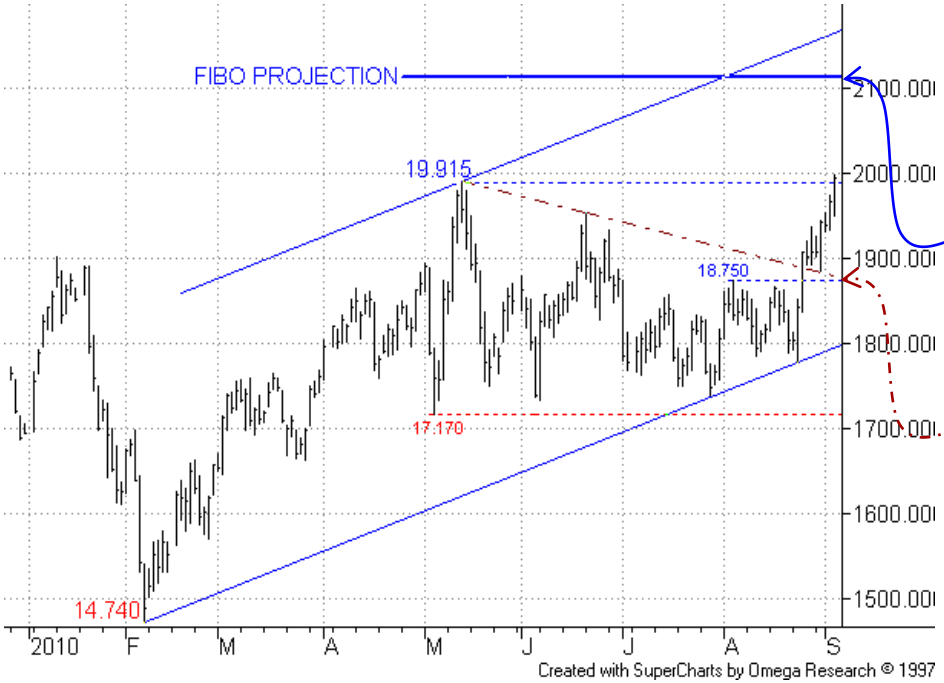



## Weekly Chart – Continuation:

Earlier resistance from the 19.40 area has again come under attack, above which there is not much in the way of a return to the 2008 peak.

More

# Metals: Silver (COMEX)




## Daily Chart – Dec-10:

Following the summer consolidation there is now a challenge to the 19.915 May high, through which opens up our Fibo projection around **21.10,** with a higher channel top projection at 21.70 also offering resistance.

Support now comes from a falling resistance/return line combining with the 18.75 04-Aug high, ahead of the channel base around 18.00 currently.

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

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More

# Metals: High Grade Copper (COMEX)


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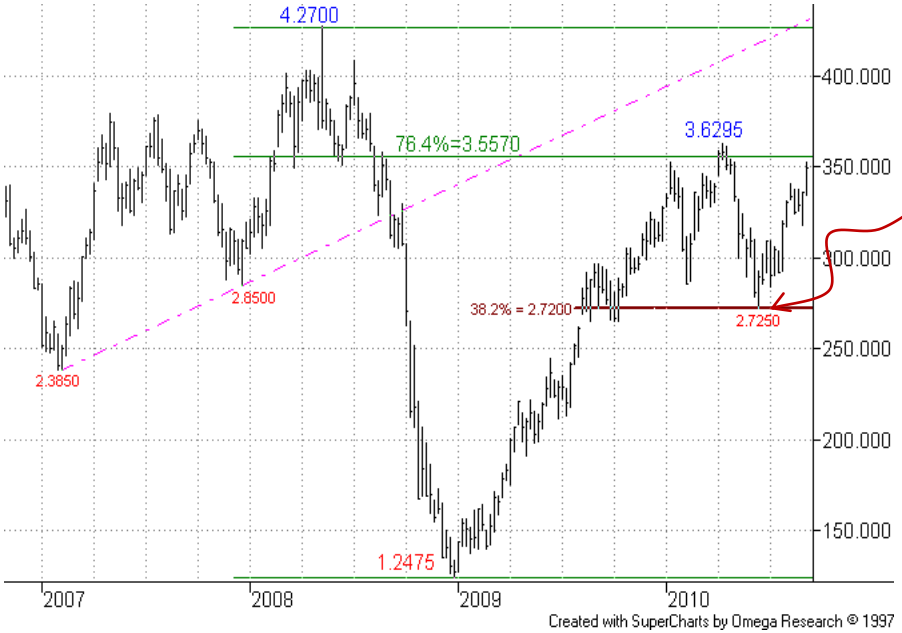
## Monthly Chart – Continuation:

The 76.4% recovery level is again coming under pressure – we must wait to see if a better pullback phase can get underway.




## Weekly Chart – Continuation:

The pullback from 76.4% resistance reached the 2.7200 38.2% level, a logical place for a bounce.

We still wait to see if this will prove temporary.

More

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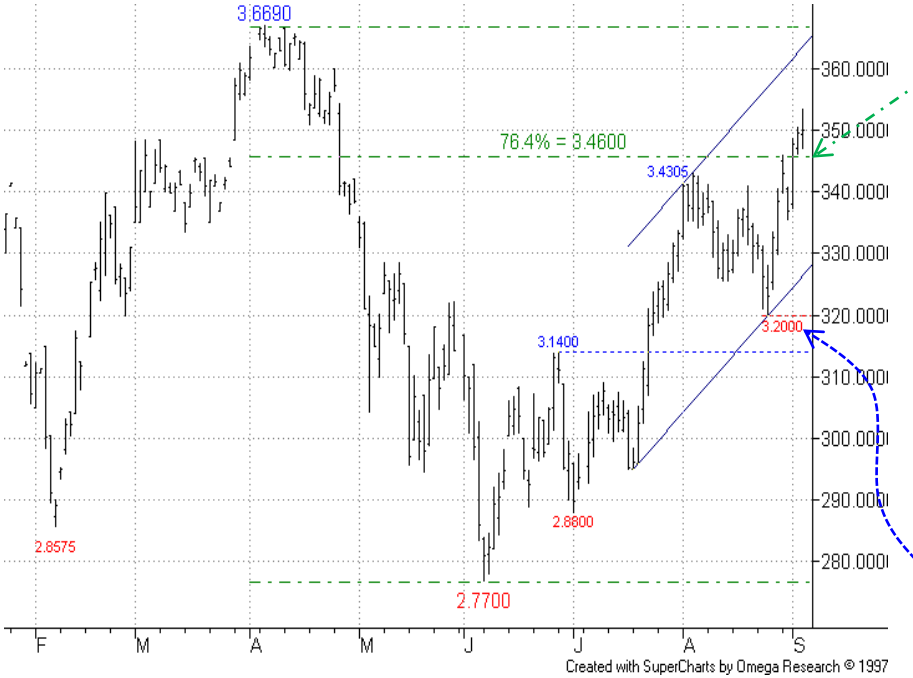
# Metals: High Grade Copper (COMEX)




## Daily Chart – Dec-10:

S/term 76.4% resistance has been eroded, although price could struggle to hold above in the near term.

That said the current chart structure is strong/impulsive, requiring us to ask the question as to whether any pullback will be short-lived ahead of another bull move.

First support is from a s/term channel base at 3.2800 – upside momentum would be questioned should the lower 3.2000/3.1400 area fail to hold setbacks.

<u>We switch to the sidelines for now</u>, earlier bears requiring a fresh signal.

## Grains and Softs

Both **Soybeans** and **Wheat** have been consolidating s/term, the latter after recent dramatic gains. **Sugar** continues to recover from long term 76.4% support, but bulls may soon show temporary fatigue. **Cocoa** remains s/term negative after recently violating key supports. **Coffee** remains firm, as does **Cotton**.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## Grains and Softs: Soybeans (CBOT)

### Monthly Chart - Continuation:

The 76.4% retracement of the whole 2005-2008 upmove, and the Jun-05 757.50 high, provided a very effective zone of support.

Note another effective 76.4% level on the Weekly chart.

More

# Grains and Softs: Soybeans (CBOT)


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## Weekly Chart – Continuation:

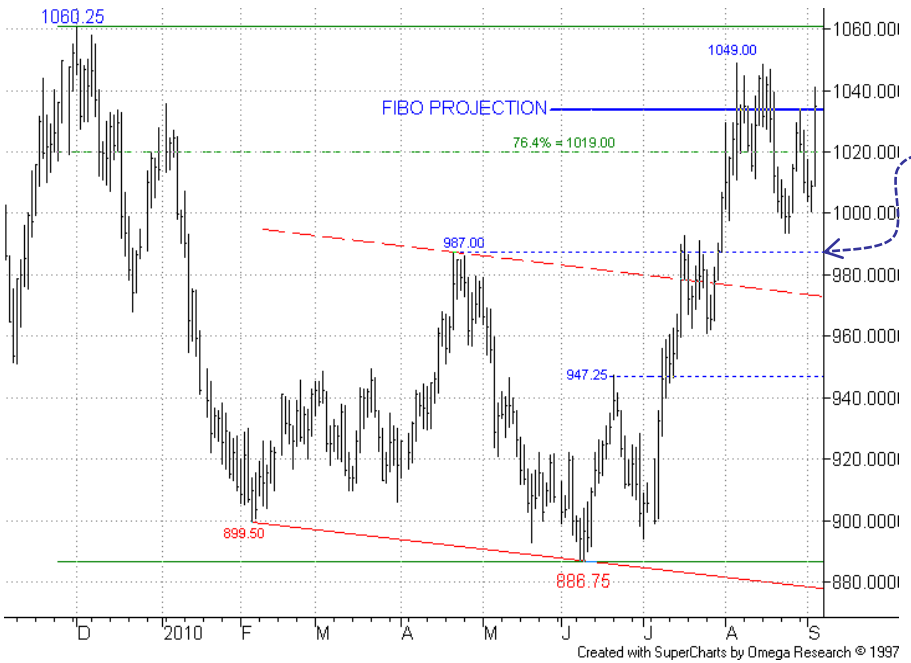
Note the 76.4% retracement level here, which has provided effective support. This and the slightly lower 878.75 Oct low have held nicely so far,

- and the Daily front month chart is looking more bullish now.

Note s/term resistance coming from the Dec-09 high.

More

# Grains and Softs: Soybeans (CBOT)




## Daily Chart – Nov-10:

S/term pullbacks have been modest so far, holding above first support offered around the 987.00 21-Apr high.

There is not much now in the way of a test of the 1060.25 Dec-09 high.

Further out, upon a continuation higher, reference will be made to retracement levels on the long term continuation chart as well as fresh projections on this Daily chart (including one at 1150).

<u>We maintain a bull stance here.</u>

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# Grains and Softs: Wheat (CBOT)


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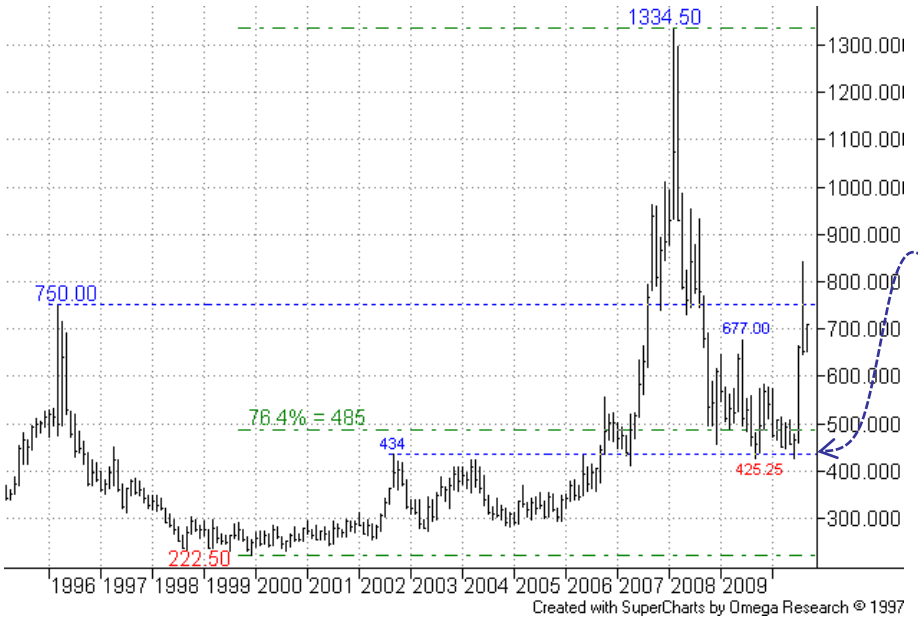
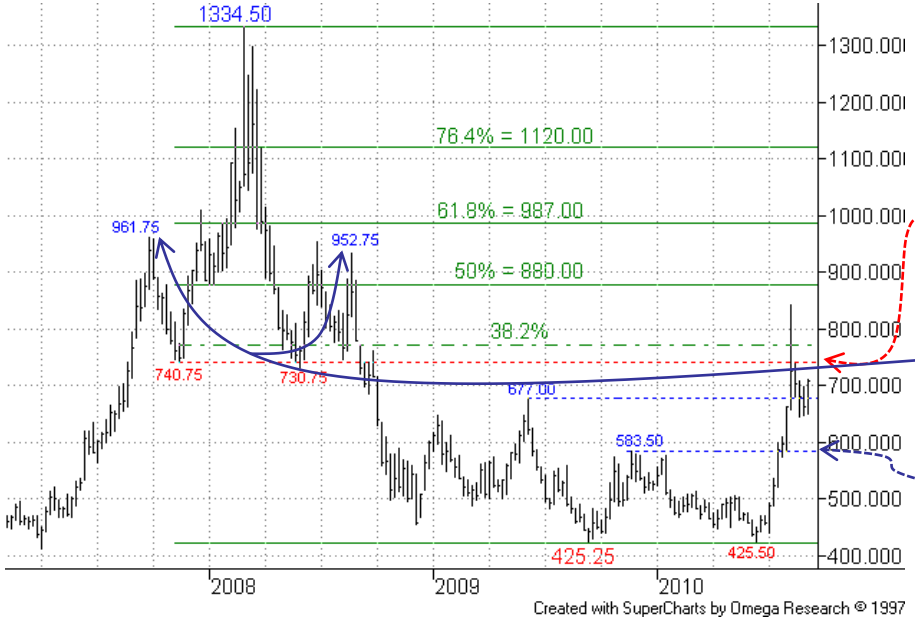



## Monthly Chart - Continuation:

The collapse in Wheat prices put pressure on the 76.4% retracement of the whole1999-2008 upmove, but good support from the lower 434 2002 high has held nicely.




## Weekly Chart - Continuation:

This chart came to life, with certain obvious resistances quickly violated - in particular the 38.2% area and former 730/740 lows.

In the event of another surge our focus would be on prior 952.75/961.75 highs and the 987.00 61.8% recovery level.

Meanwhile the former Nov-09 583.50 high offers next interesting support for any further setback.

More

# Grains and Softs: Wheat (CBOT)

## Daily Chart – Dec-10:

S/term consolidation has continued here, and supports of interest remain the 660.00 Nov-09 high area, and 566.00 76.4% retracement level. Note that this latter lies near to the Nov-09 high on the Weekly chart and good support is likely here, if not before.

Any weakness is still regarded as a temporary affair.

The interest is as much in the longer term charts now.

<u>We maintain a bull stance.</u>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## Grains and Softs: Sugar (ICE)


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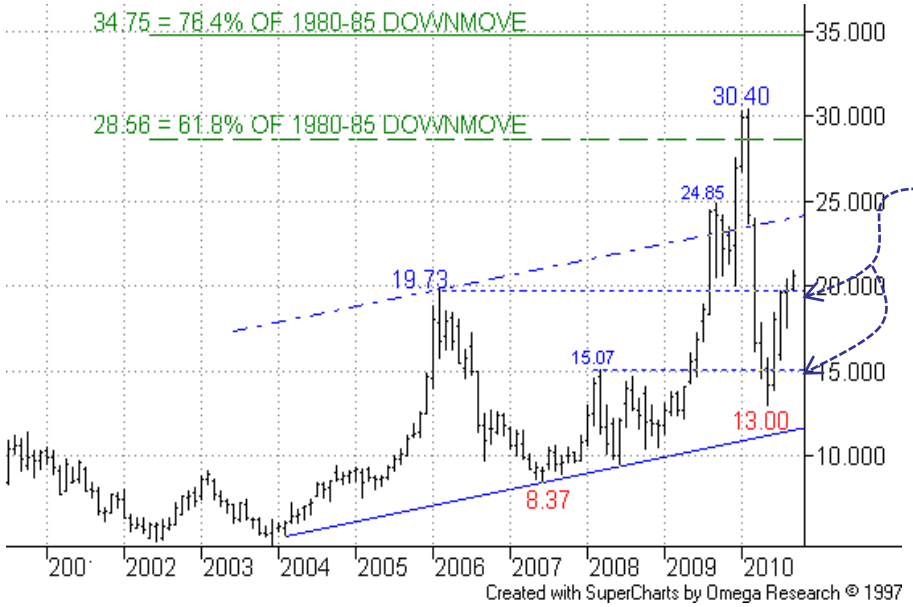


### Monthly Chart - Continuation:

The collapse from around 30.00 saw a breach of prior 19.73 and 15.07 highs.

But support on the Weekly chart proved interesting…

### Weekly Chart - Continuation:

Good support came from around the long term 76.4% pullback level. The 13.67 May low on the Oct chart coincides nicely with this 76.4% level.

Note how the 38.2% recovery level here coincides with the old early 2006 high, where resistance was recently seen.

The market could yet struggle to hold above this over the shorter term.

More

# Grains and Softs: Sugar (ICE)

## Daily Chart – Oct-10:

The bull move has stayed in force, with eyes on the 20.63/21.20 area, 76.4% recovery and prior congestion low from early 2010.

The chart structure suggests resistance should be likely here, but also note the negative RSI divergence that indicates certain fatigue setting in.

At this stage a drop through the rising support line near 19.00 would signal initial momentum loss, to be confirmed by a violation of the 17.51 10-Aug low.


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

**Other**
+ Carbon Emissions
+ CRB Index


More

# Grains and Softs: Cocoa (ICE)

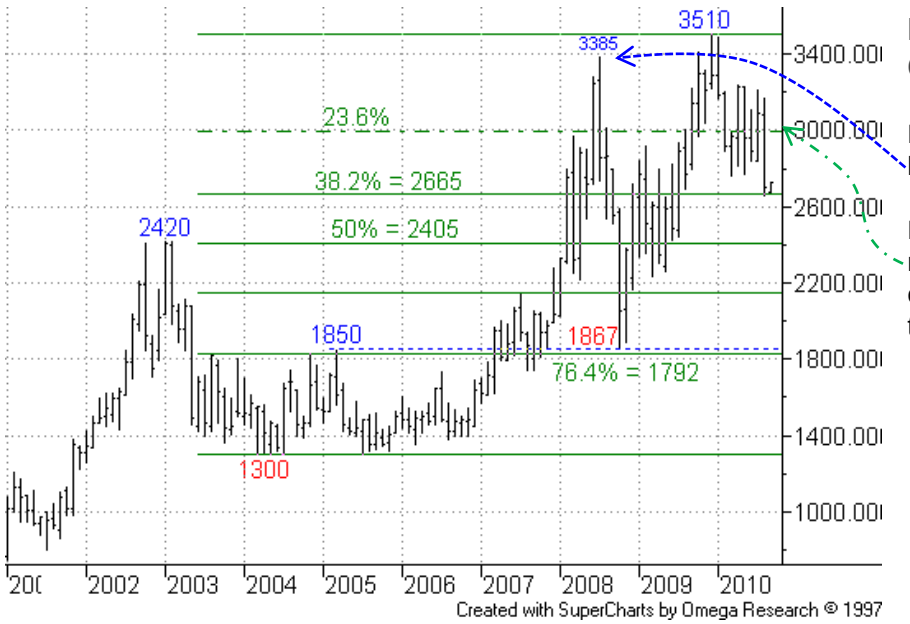

**Summary**

**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

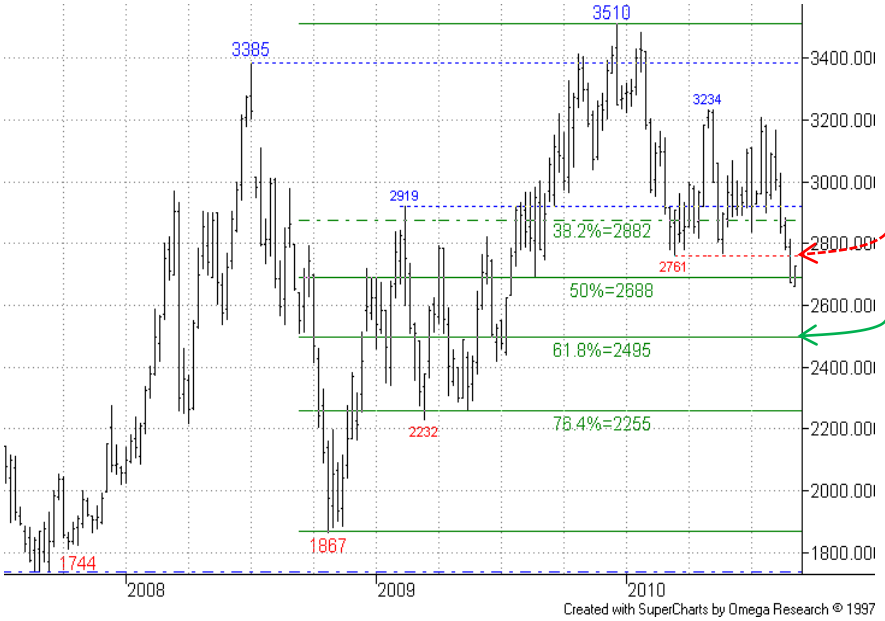
**Other**
+ Carbon Emissions
+ CRB Index


## Monthly Chart – Continuation:

Bulls were unable to sustain levels above the 2008 peak.

Note that the long term 23.6% retracement around 3000 was earlier violated, with 38.2% now tested.




## Weekly Chart – Continuation:

Latest weakness has finally seen erosion of the key 2761 Mar low support.

This swivels bears' eyes towards the 61.8% retracement just beneath 2500.

More

## Grains and Softs: Cocoa (ICE)

### Daily Chart – Dec-10:

After recent breach of the 2830 support area (and then violation of the key support on the Weekly continuation chart) we continue to seek lower values, with next target/support coming from a Fibo projection at 2590 and bear channel base projection just below.

Prior 2830 and 2940 lows now offer resistance, the latter probably to stay intact now – sellers on rallies will favour stops above here.

<u>We maintain a bear stance here.</u>

**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

# Grains and Softs: Coffee (ICE)

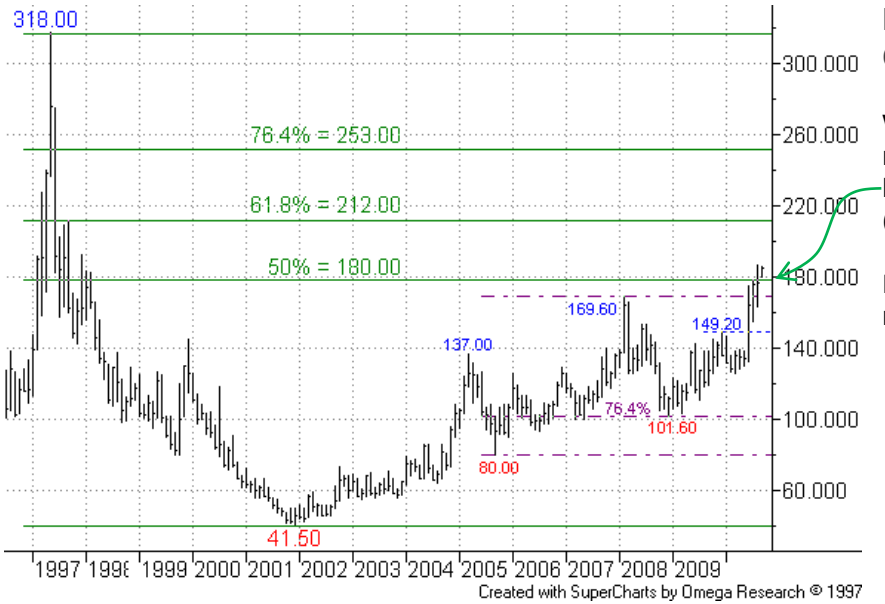

**Summary**

**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

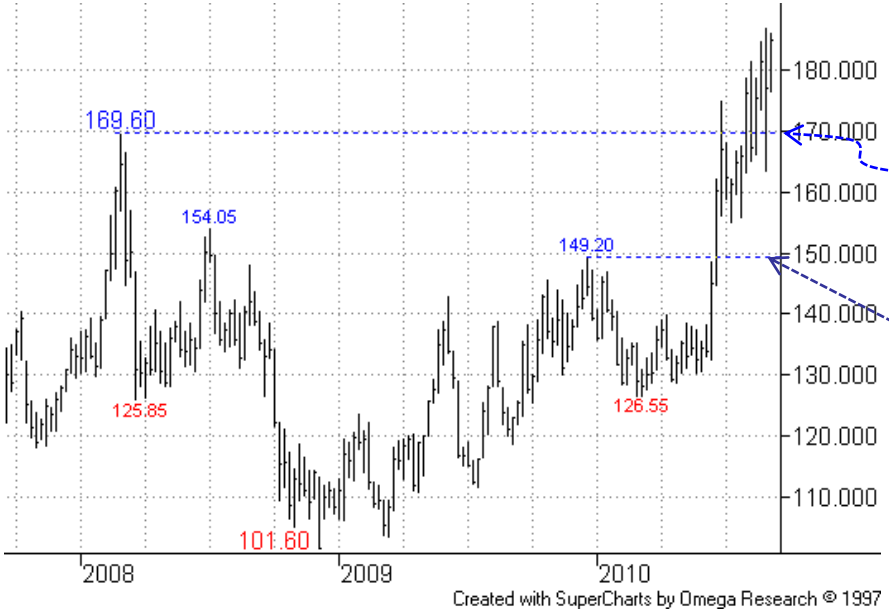
**Other**
+ Carbon Emissions
+ CRB Index


## Monthly Chart – Continuation:

With the 169.60 Feb-08 peak now eroded the immediate level higher is the 180.00 50% mark (see also Daily chart).

Beyond this the 212.00 61.8% retracement becomes next target.



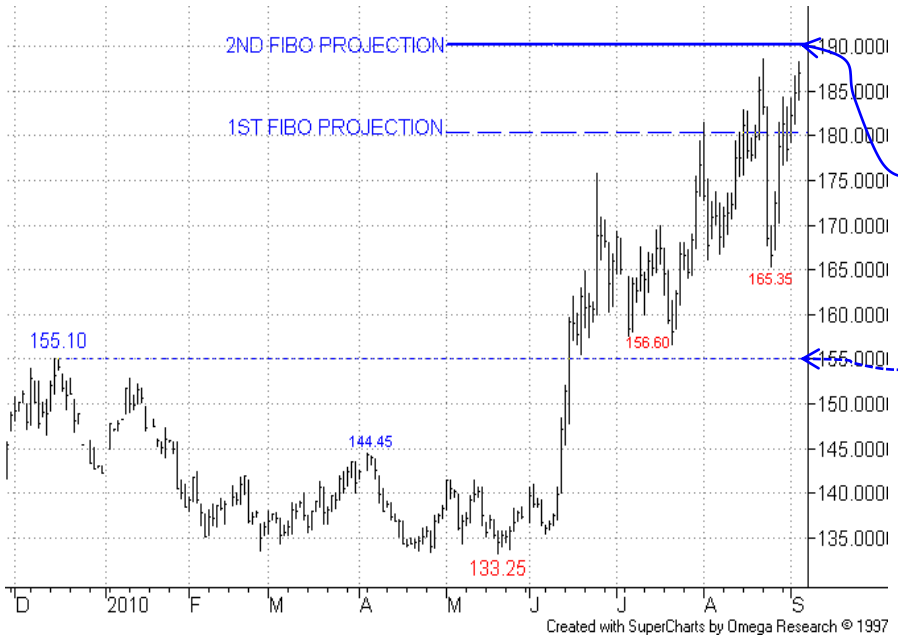

## Weekly Chart – Continuation:

After initial erosion of the 169.60 2008 peak the surge s/term struggled to maintain the higher values but now remains firm.

First clear support from the 149.20 Dec-09 high has stayed untested as the market has found fresh strength.

More

# Grains and Softs: Coffee (ICE)




## Daily Chart – Dec-10:

The market has now extended near to our second Fibo projection at **190.00**, which lies ahead of the 212.00 level from the Monthly chart. S/term resistance has emerged here.

First main support comes from the 155.10 Dec-09 high, which bulls do not wish to see violated at this stage.

<u>We maintain a bull stance here.</u>


**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

# Grains and Softs: Cotton No.2 (ICE)

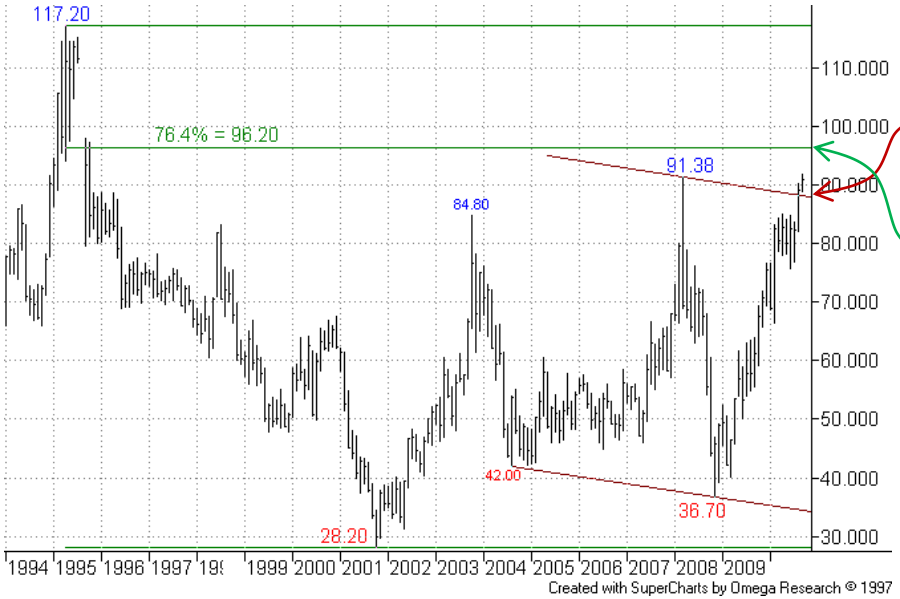

**Summary**

**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

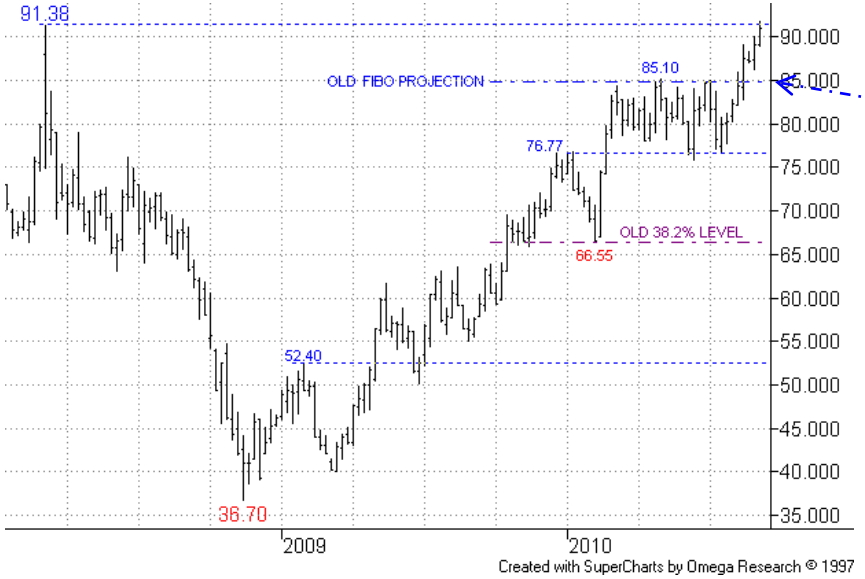
**Other**
+ Carbon Emissions
+ CRB Index


## Monthly Chart – Continuation:

The channel top projection has not contained the latest bull leg.

This now switches focus to the major 76.4% recovery level above 96.00.



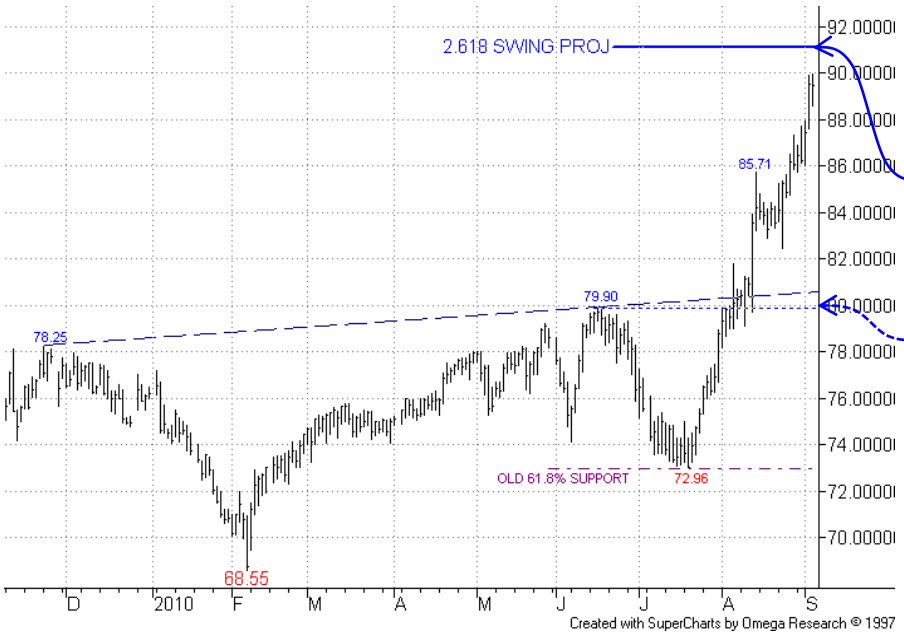

## Weekly Chart – Continuation:

Finally, the resistance seen around a Fibo projection at 85.00 has failed.

This has now led to a test of the 91.38 2008 peak.

More

## Grains and Softs: Cotton No.2 (ICE)




### Daily Chart – Dec-10:

Strong recovery has continued, earlier projections now exceeded. Next s/term focus is on the 91.15 projection, 2.618 swing off prior Jun/Jul pullback.

First, minor, support is offered by the 85.71 13-Aug high, with more important support coming from the previous high around 80.00.

<u>We maintain a bull stance here.</u>

**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

Further recovery in **EUA (Carbon Emissions)** off 76.4% support has been seen. The picture in the **CRB Index** remains less bearish, following an earlier break above channel top resistance.


**Summary**

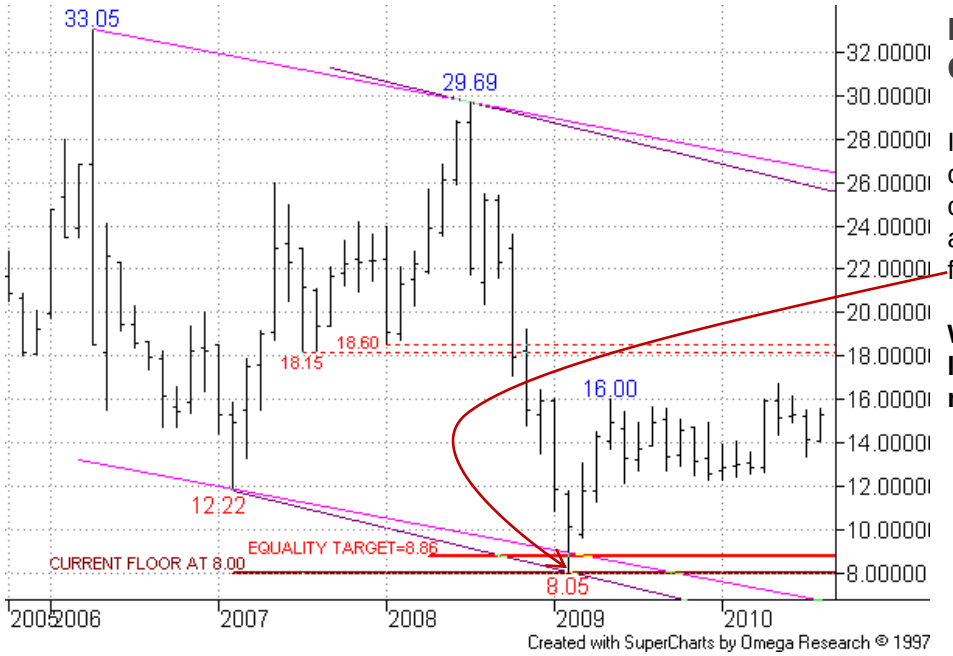
**Energy**
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

**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)



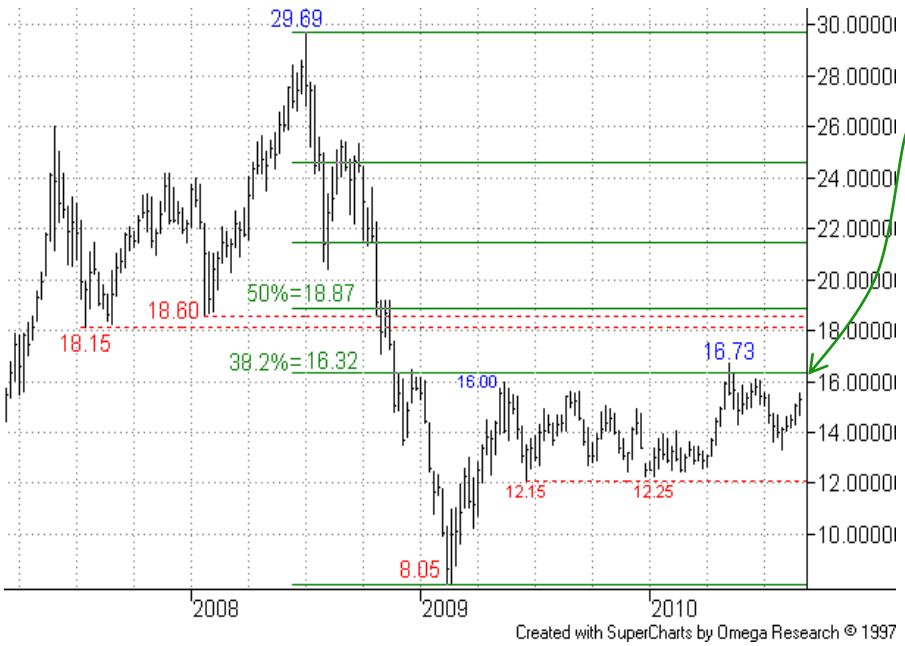

### Monthly Chart - Continuation:

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 is now unfolding.**

More

# Other: EUA – Carbon Emission Allowances (ICE ECX)




## Weekly Chart – Continuation:

The 38.2% recovery level has remained first key resistance here, prompting a setback earlier this year which we presume to be temporary.

The 12.25/15 area provides the current floor, which bulls need to hold now.

Summary

Energy
+ Brent Crude Oil
+ Natural Gas
+ Heating Oil

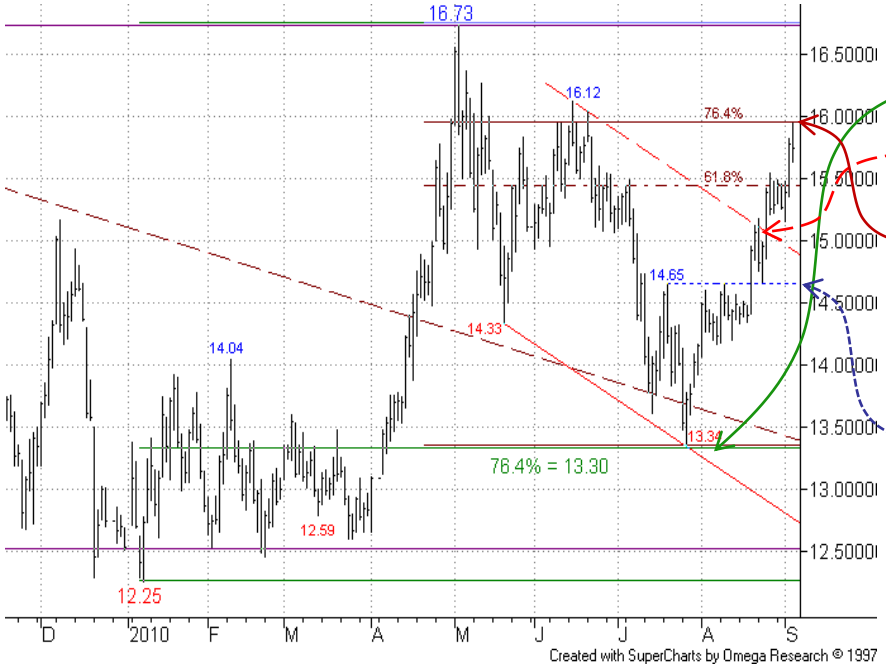
Metals
+ Gold
+ Silver
+ High Grade Copper

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

Other
+ Carbon Emissions
+ CRB Index

More

# Other: EUA – Carbon Emission Allowances (ICE ECX)




## Daily Chart – Dec-10:

Recovery off 76.4% support initially pushed beyond the bear channel top projection, suggesting that the recovery had more substance.

The next s/term resistance, 76.4% just below 16.00 has now been reached, and we await reaction here – any s/term dip is more likely to be temporary now.

First support of note comes from the 14.65 20-Jul high.

**Any earlier buyers will already have partial profits around 15.00, stops raised to cost, with balance probably closed now ahead of 16.00 as suggested.**

We maintain an overall bull stance here.


**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
+ 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:

The Index failed to overcome resistance from around the 284.61 Jan-07 low – this was marked by a negative **Key Reversal Month** in Jan, heralding a corrective phase.

*The running assumption had been that rallies would continue to be short-lived, but Daily chart developments have weakened this view.*

## Weekly Chart – Continuation:

The recovery from the 2009 low failed ahead of the 38.2% retracement level.

After the well-defined uptrend line was broken, the bear move got underway, but has stalled. Look closer…

More

# Other: CRB Index (CBOT)

## Daily Chart

The earlier violation of the channel top projection weakened previous bear momentum, suggesting the picture was changing.

Any s/term weakness is more likely to precede another bull leg, although it is unclear if the early Jan high is at risk any time soon.

Keep in mind the band of resistance at 276.00/ 282.80, which includes the 61.8%/76.4% recovery levels and former key resistance centering on 280.00.

Lower key support at the 253.48 06-Jul low should stay intact now.

<u>We stay on the sidelines here.</u>

**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

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