



Week 39

28th September – 04th October 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 continue to seek further bear leg after recent consolidation phase (Nov-10)
Stay BEARISH after recent s/term weakness broke supports (Nov-10)
Stay BEARISH s/term rally viewed as temporary (Nov-10)

Metals

- + Gold
- + Silver
- + High Grade Copper

Stay SQUARE further strength sees wedge pattern completed (Dec-10)
Stay BULLISH 2008 peak now regained (Dec-10)
Stay SQUARE long term 76.4% resistance under scrutiny once more (Dec-10)

Grains and Softs

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

Stay BULLISH bulls focus on higher projections now (Nov-10)
Stay BULLISH s/term consolidation continues after earlier dramatic surge (Dec-10)
Stay BULLISH bull move gathers pace, early 2010 high exceeded (Mar-11)
Stay BEARISH s/term support found at Fibo projection level (Dec-10)
Stay BULLISH price action quite choppy (Dec-10)
Stay BULLISH higher projections and retracements still giving way (Dec10)

Other

- + Carbon Emissions
- + CRB Index

Stay BULLISH pullback from 76.4% resistance should be short-lived (Dec-10)
Stay SQUARE key resistance under attack as bulls' conviction grows



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 consolidative but 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)

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Weekly Chart – Continuation:

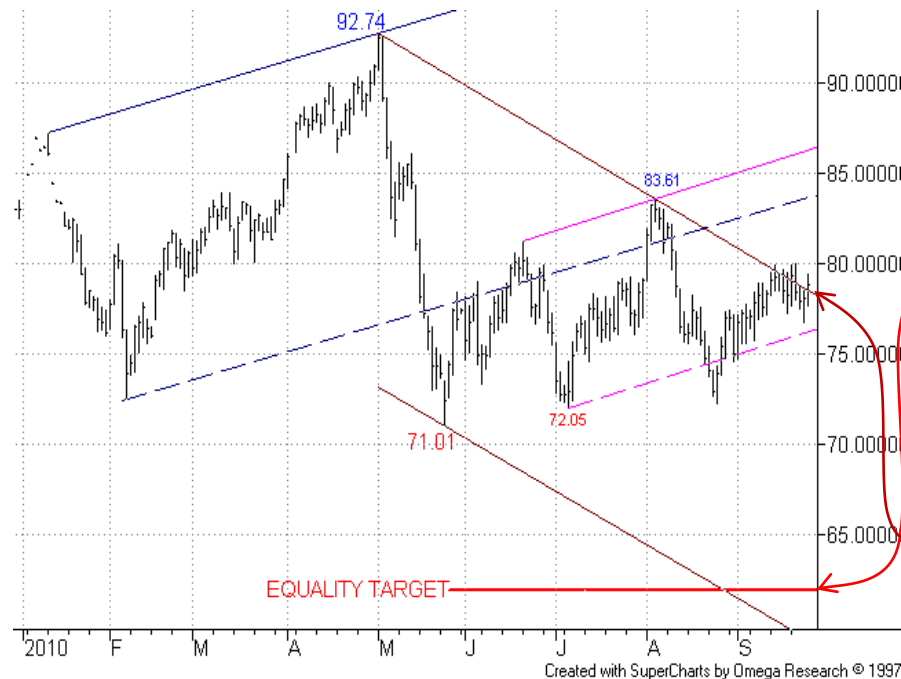
The early May **Key Reversal Week** heralded a pullback phase, which tested the 38.2% area (close to the Feb low), in common with other Oil markets.

Temporary support around here was no surprise from a technical standpoint, and further bear activity is still expected in due course.

More



- + Carbon Emissions
- + CRB Index



We maintain an overall bear
stance here.

More



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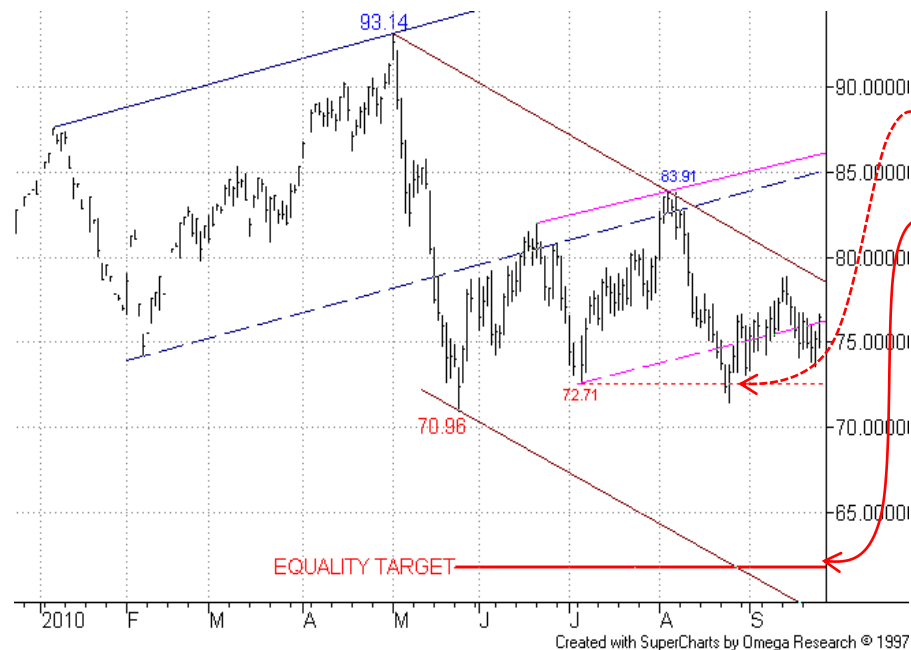
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Energy: Light Crude Oil (NYMEX)



Daily Chart – Nov-10:

On the US Crude chart an initial breach of the 06-Jul low, 72.71, was already seen, beginning to turn focus towards the equality target, again at **61.73**, and bear channel base projection below there.

We maintain an overall bear stance here.

More



Energy: Natural Gas (NYMEX)

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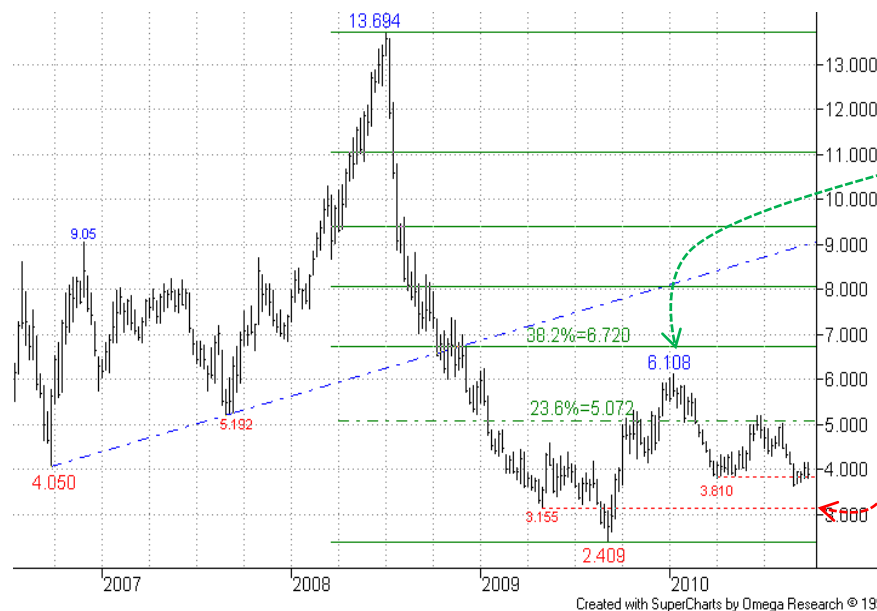
- + Carbon Emissions
- + CRB Index



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



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- + CRB Index

Energy: Natural Gas (NYMEX)



Daily Chart – Nov-10:

The s/term picture has remained consolidative though weak, after violation of prior 2010 lows.

First resistance is offered by the prior lows in the 4.640s.

The next main support is implied by the bear channel base projection just above 3.500 currently.



Daily Chart – Continuation:

The former 61.8% support just above 3.800 was eroded earlier on, turning focus to the lower 3.280 76.4% area.

We maintain a bear 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.

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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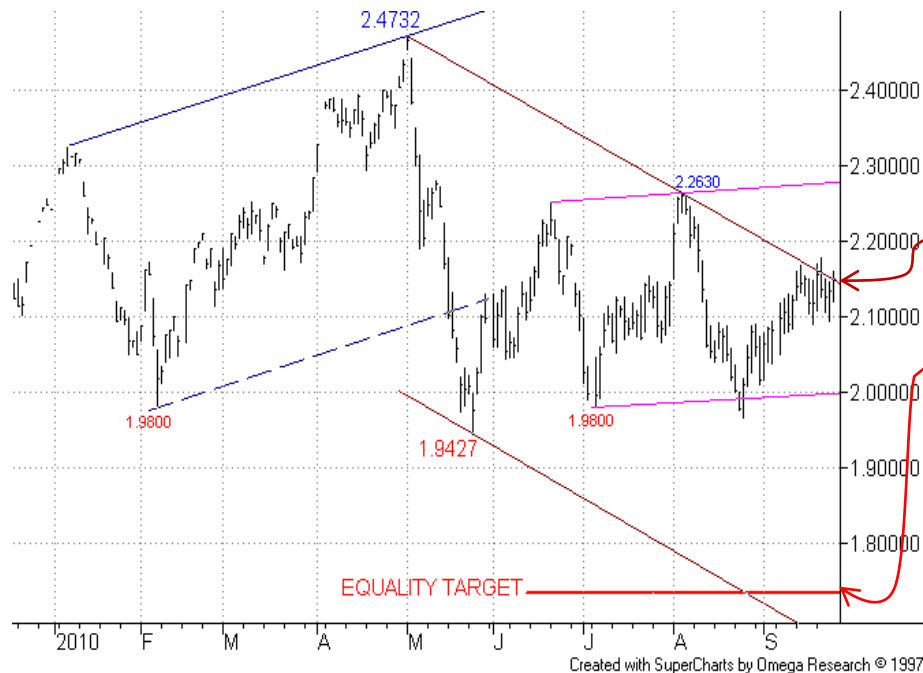
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Energy: Heating Oil (NYMEX)



Daily Chart – Nov-10:

With the s/term rally still presumed temporary we continue to look for the bears to re-assert themselves. So far resistance has stayed from around the falling resistance line.

Keep in mind lower targets such as the 1.7325 equality target (May downleg measured off 2.2630 04-Aug high), and bear channel base projection below.

We maintain a bear stance here.



Metals

Further strength in **Gold** has seen new 2010 highs, and completion of an interesting wedge pattern. The **Silver** chart remains positive, now challenging the 2008 peak. Recent gains in **Copper** have put earlier 76.4% resistance under fresh pressure.

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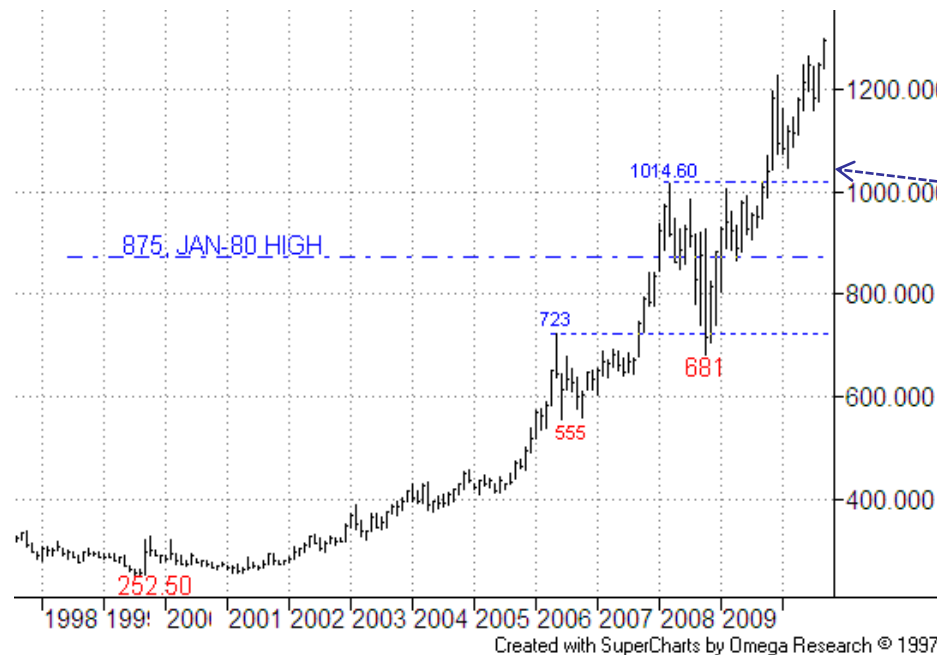
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Metals: Gold (COMEX)



More



Metals: Gold (COMEX)

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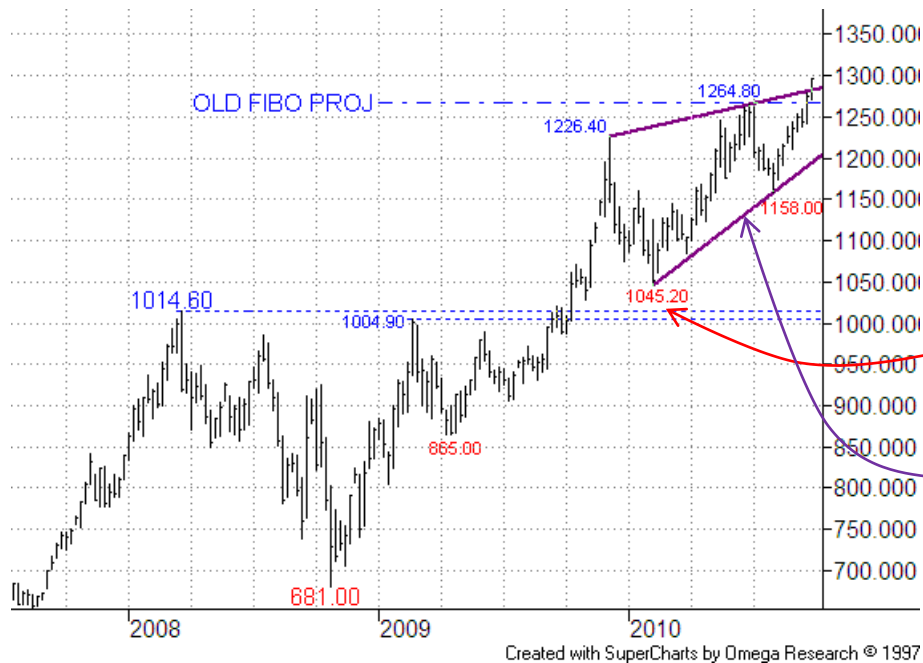
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Weekly Chart – Continuation:

Renewed strength has distorted our earlier interpretation of the whole recovery from 2008 low, which looked like a type of 5-wave/ impulsive structure, the third/final upleg presumed commencing from the 1045.20 Feb low.

It is yet possible this is valid, but note the current wedge-type pattern, sometimes the precursor to an acceleration higher.

Only a reversal through the pattern base and Jul low (see Daily chart) would provide a clear bear sign.

Higher projections may need to be calculated otherwise.

More



Metals: Gold (COMEX)

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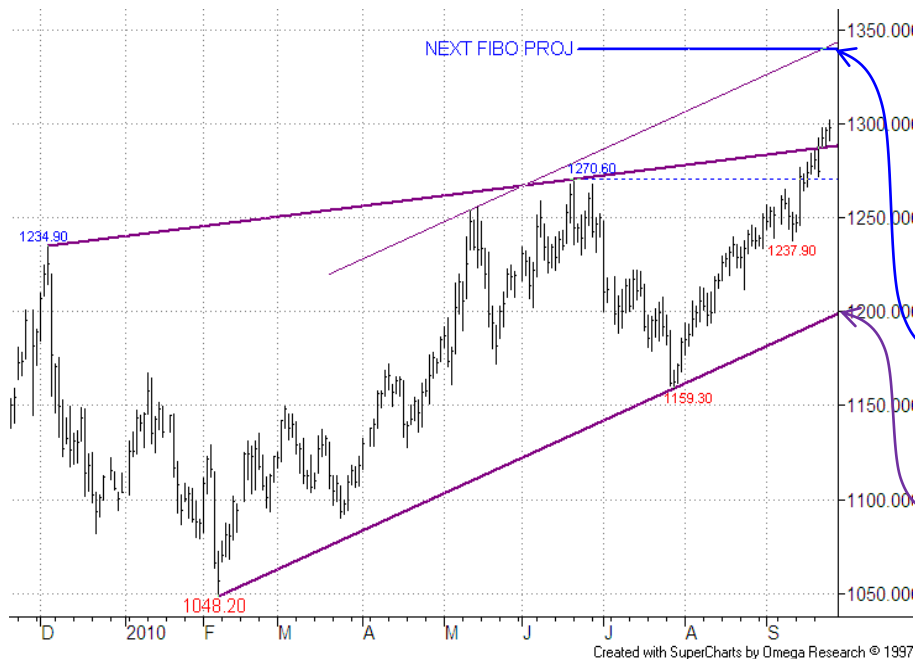
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Daily Chart – Dec-10:

We also show the wedge pattern here, with initial (though inconclusive) upside break from this. Note false breaks are not uncommon.

That said, we must keep an eye on higher levels such as a Fibo projection at 1340, which lies close to a channel top projection currently.

First support of note comes from the wedge base at 1200, but a further breach of the lower Jul low of 1159.30 is needed to signal that the wedge is a reversal pattern.

We maintain a sidelined stance for now, though favour the s/term bulls.

More



Metals: Silver (COMEX)

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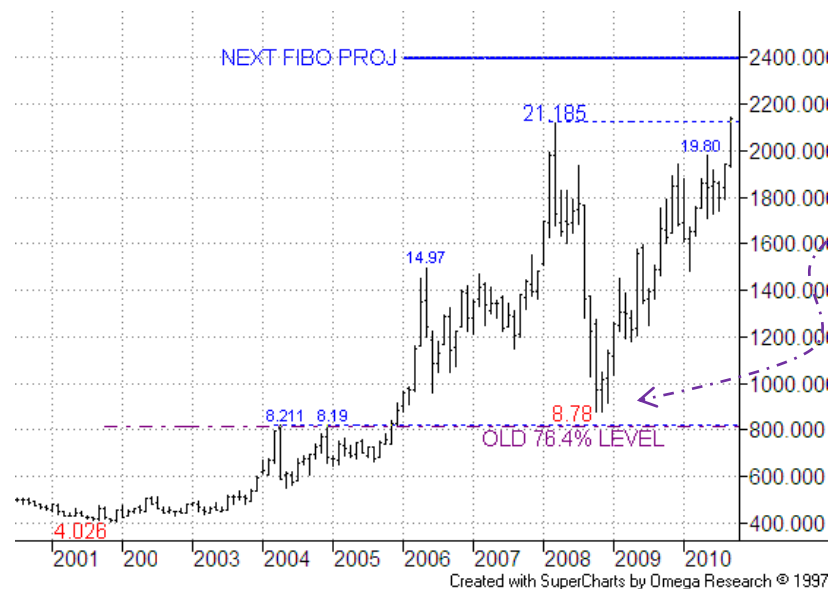
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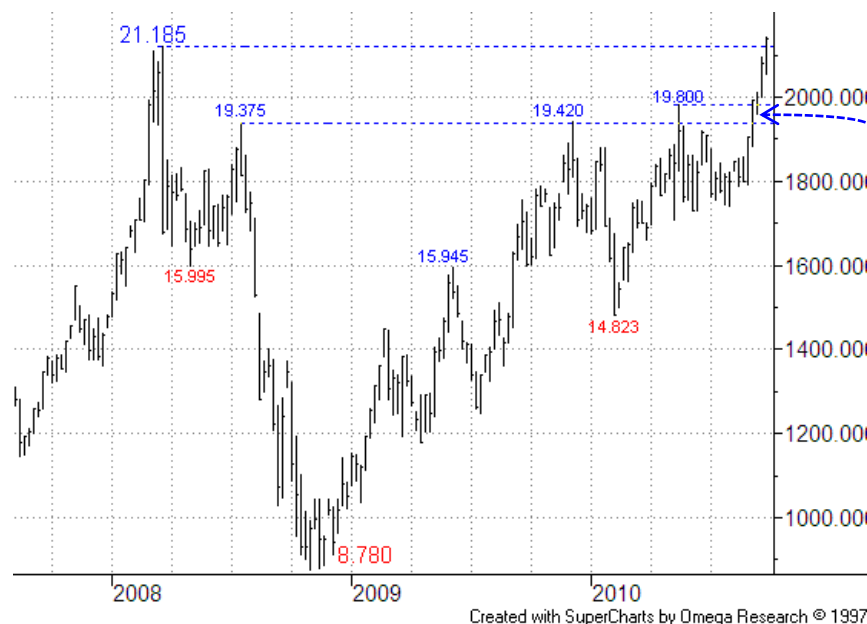
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Monthly Chart – Continuation:

After support came from near a major 76.4% level (and highs from 2004/2005 too) subsequent recovery has finally challenged the 2008 peak.

We have now marked in the next Fibo projection around 24.00.



Weekly Chart – Continuation:

After the challenge of the 2008 peak the prior highs in the 19.00s offer first support now.

More



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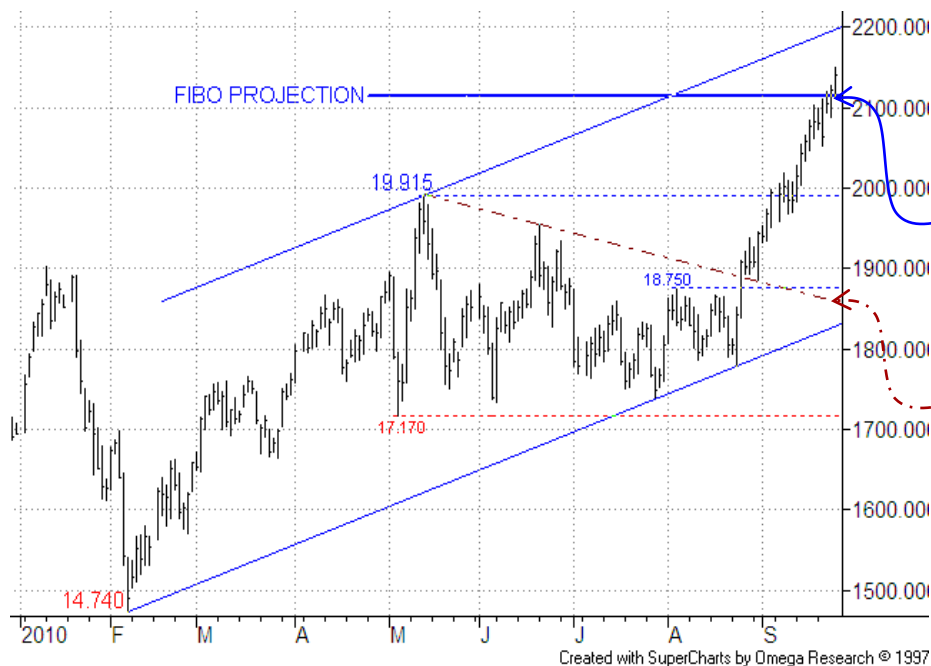
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Other

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Metals: Silver (COMEX)



Daily Chart – Dec-10:

The latest bull leg has now reached our latest Fibo projection around **21.10**. The higher channel top projection at 22.00 offers next resistance.

Meanwhile, below near support from the previous 19.915 high, note the falling resistance/return line just below the 18.75 04-Aug high, which bulls will want to hold at this stage, for momentum to be preserved.

We maintain a bull stance for now.

More



Metals: High Grade Copper (COMEX)

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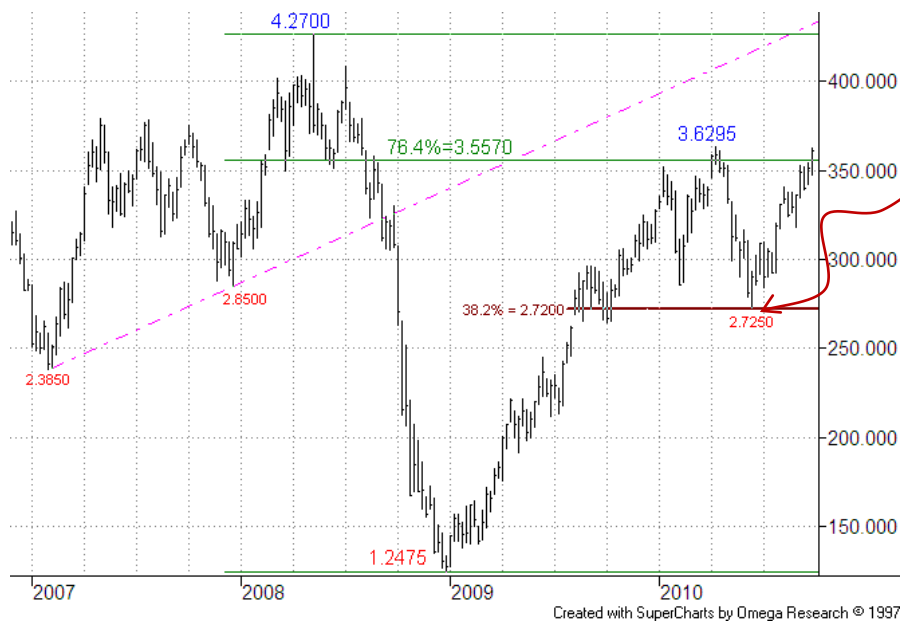
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Other

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More



Metals: High Grade Copper (COMEX)

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Other

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Daily Chart – Dec-10:

The recent chart structure has looked strong/impulsive, keeping in mind the question as to whether any pullback will be short-lived ahead of another bull move. It is possible to identify a 5-wave structure here, with scope for a s/term pullback quite soon.

Meanwhile keep in mind higher resistance, beyond the 3.6690 Apr high, towards 3.8000, a s/term bull channel top.

First support is from that channel base at 3.4000.

We maintain a sidelined stance for now.



Grains and Softs

Soybeans have kept pushing higher after a recent consolidation, while **Wheat** remains consolidative after earlier dramatic gains. **Sugar** continues its recovery from long term 76.4% support. **Cocoa** remains s/term negative while **Coffee** remains bullish, though choppy. **Cotton** is still very strong.

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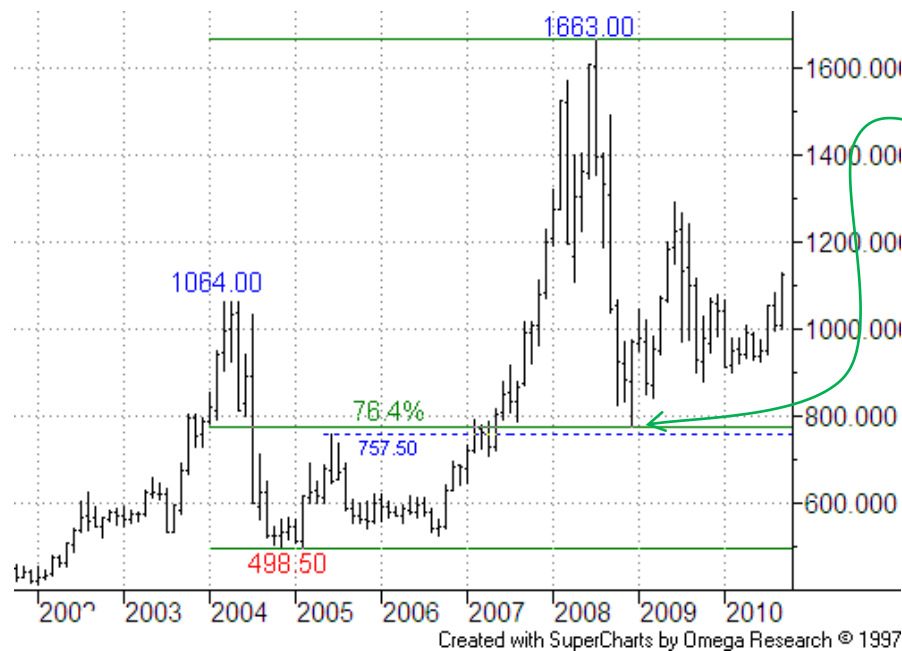
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Other

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Grains and Softs: Soybeans (CBOT)





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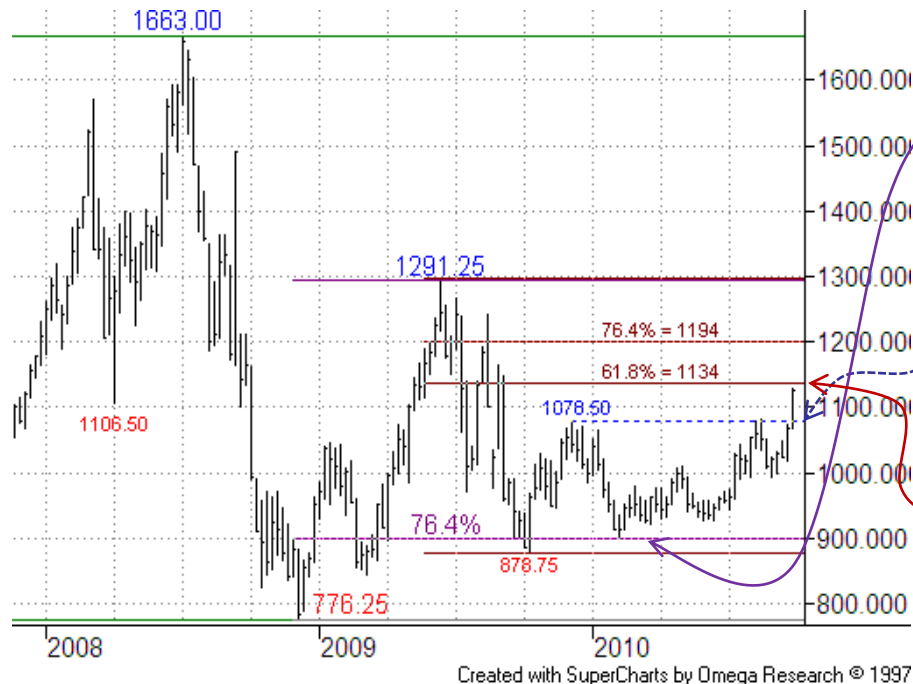
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Other

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- + CRB Index

Grains and Softs: Soybeans (CBOT)



Weekly Chart – Continuation:

Note the 76.4% retracement level here, which provided effective support. In fact the late 2008 low was also at a long term 76.4% support (not shown).

The top of the recent range, the 1078.50 Dec-09 high (slightly lower on the front month chart), has now been exceeded.

Focus next turns to the 1134 61.8% recovery level.

More



Grains and Softs: Soybeans (CBOT)

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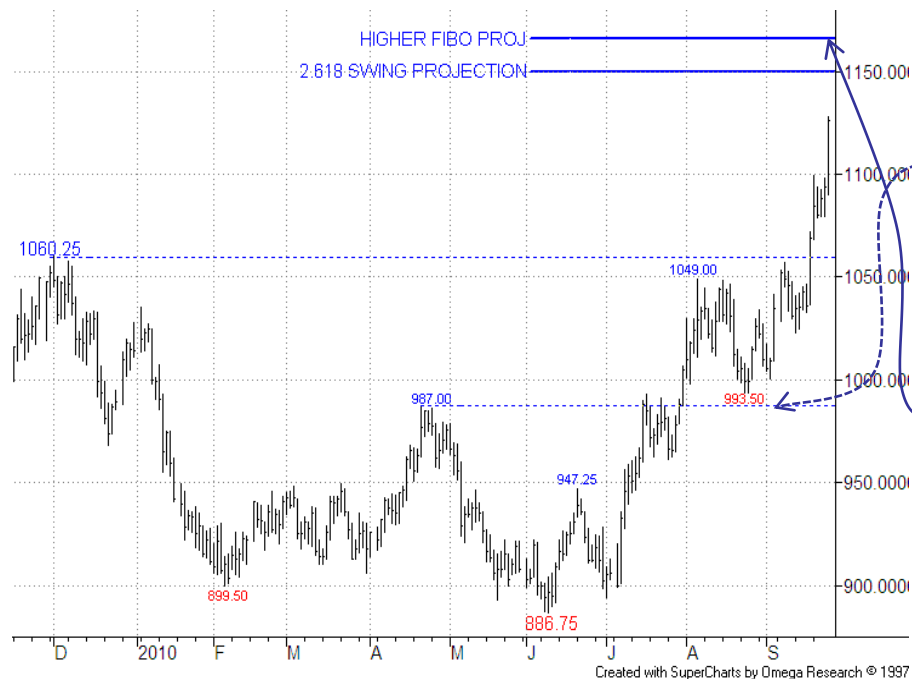
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Daily Chart – Nov-10:

After the Aug pullback held above first support around the 987.00 21-Apr high the 1060.25 Dec-09 high has now been breached.

With bulls remaining in control we note two overhead projections now, the 2.618 swing off prior Apr/Jun downleg, at **1150**, and a slightly higher projection around **1166**.

First support now comes from the 1060 area.

We maintain a bull stance here.

More



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 whole 1999-2008 upmove, but good support from the lower 434 2002 high held nicely.



Weekly Chart - Continuation:

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

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)

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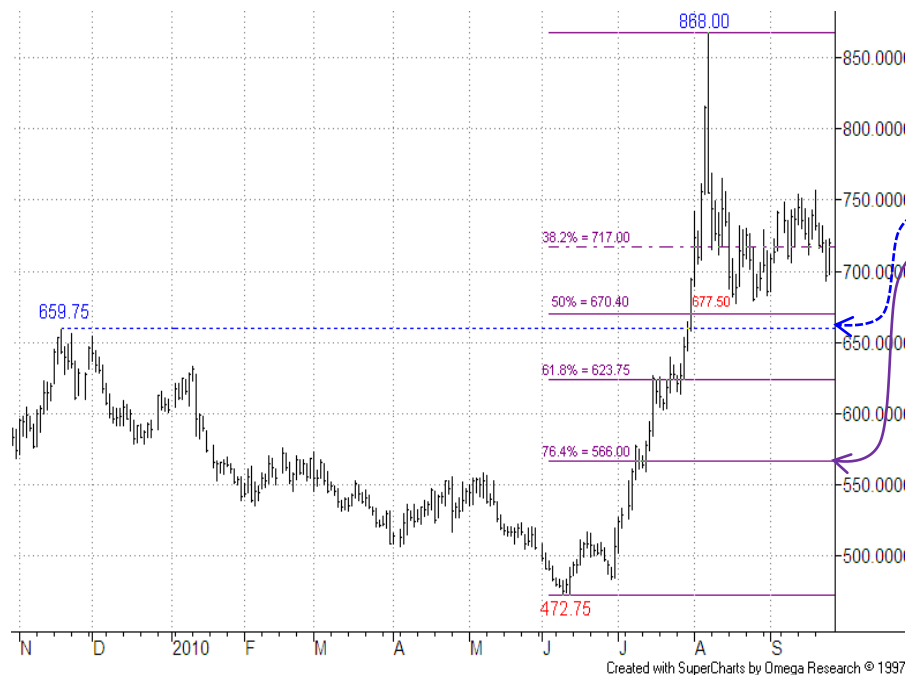
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Daily Chart – Dec-10:

Not much has changed, with the s/term consolidation continuing.

Supports of interest remain the 660.00 Nov-09 high area, and 566.00 76.4% retracement level. 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.

We maintain a bull stance.

More



Grains and Softs: Sugar (ICE)

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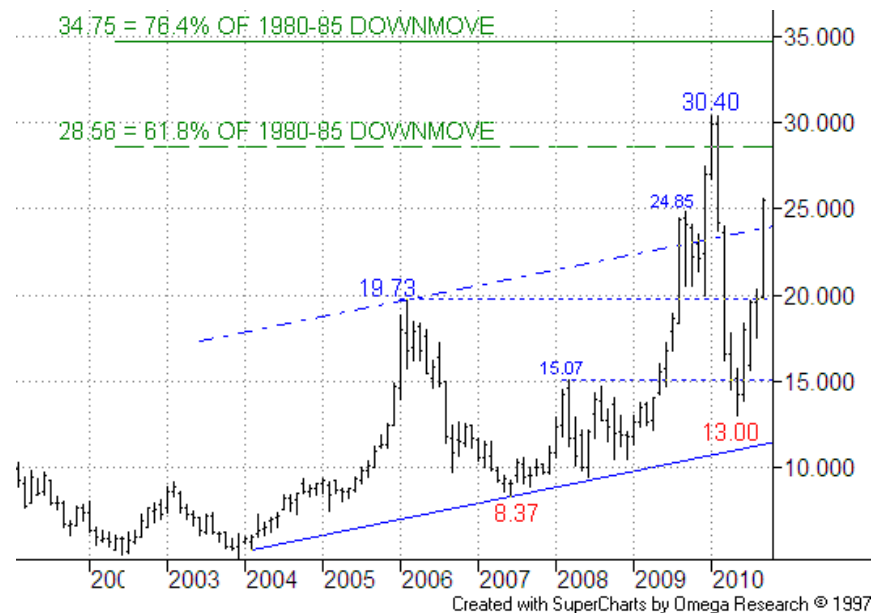
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Monthly Chart - Continuation:

The collapse from around 30.00 has almost as quickly reversed.



Weekly Chart - Continuation:

Good support came from around the long term 76.4% pullback level.

The 23.75 61.8% recovery level has been exceeded now, as has the 24.85 Sep-09 high. Focus duly turns to the 76.4% 26.30 next.

More



Grains and Softs: Sugar (ICE)

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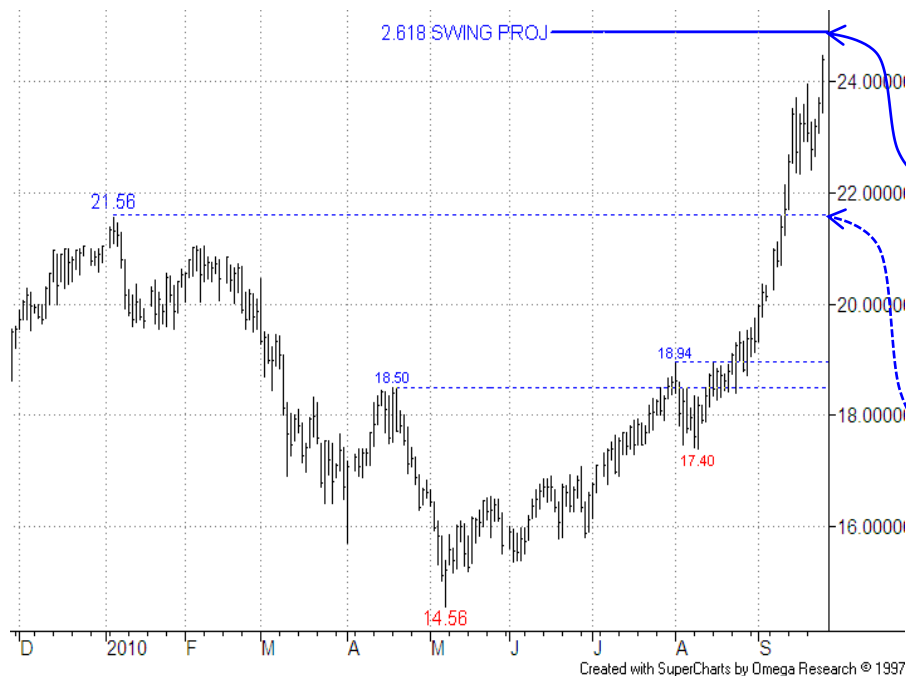
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Daily Chart – Mar-11:

Following the breach of the early Jan high the latest focus of attention is the Fibo projection at **24.88**, a 2.618 swing projection off prior Apr/May downleg (which interestingly coincides with the 24.85 high on the Weekly chart, even though this latter has been exceeded due to the chart's construction).

The 21.56 Jan high becomes first support now.

We maintain a bullish stance here.

More



Grains and Softs: Cocoa (ICE)

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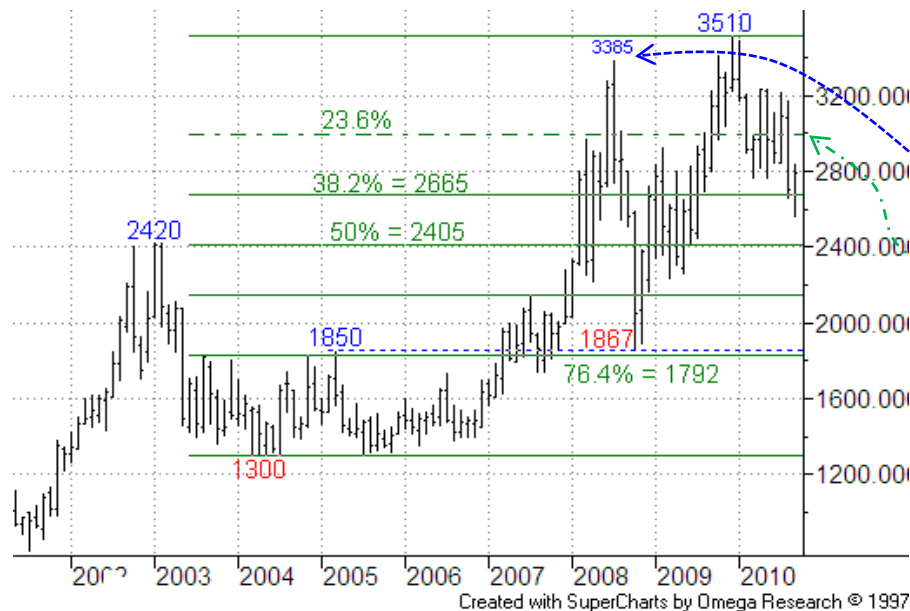
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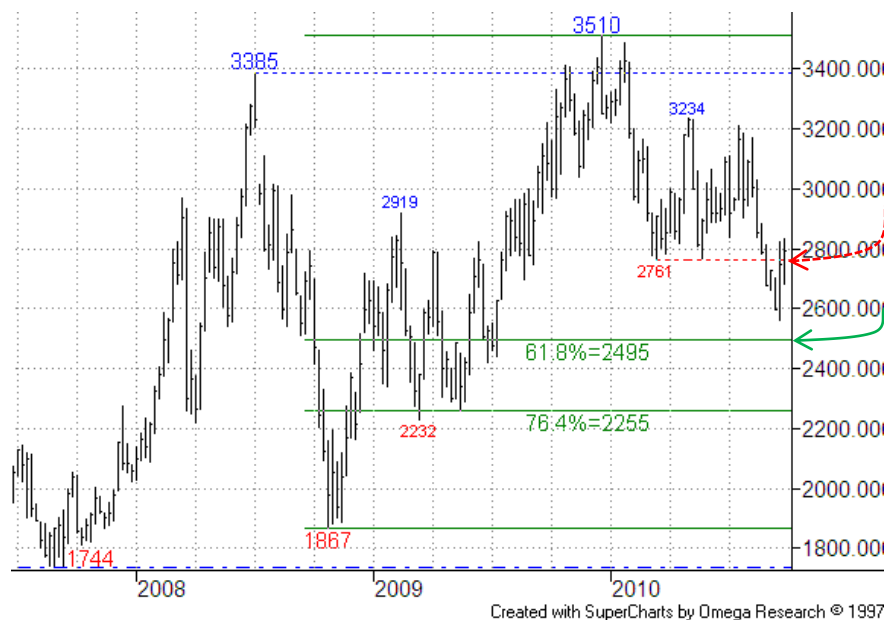
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Monthly Chart – Continuation:

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:

Recent weakness finally saw breach 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)

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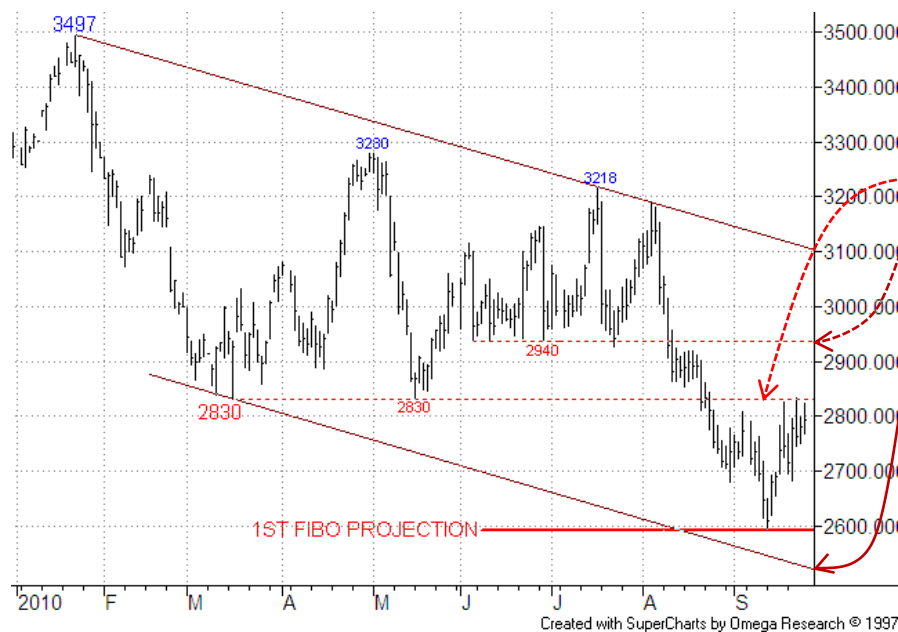
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Daily Chart – Dec-10:

The rebound off support from our Fibo projection at 2590 is currently resisted by prior 2830 lows. These and the higher 2940 lows offer tough barriers.

For now, we still look for lower levels, keeping in mind the bear channel base projection at 2520.

We maintain a bear stance here.

More



Grains and Softs: Coffee (ICE)

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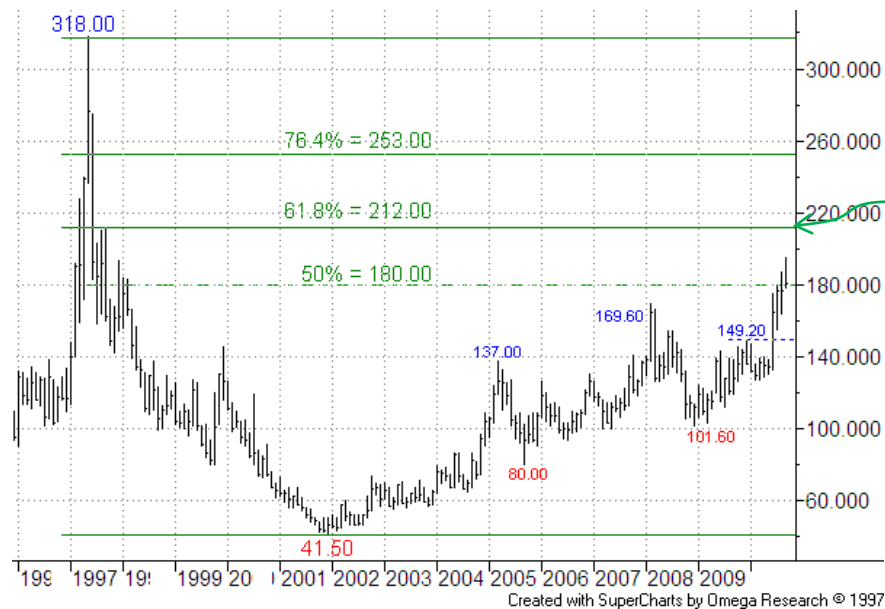
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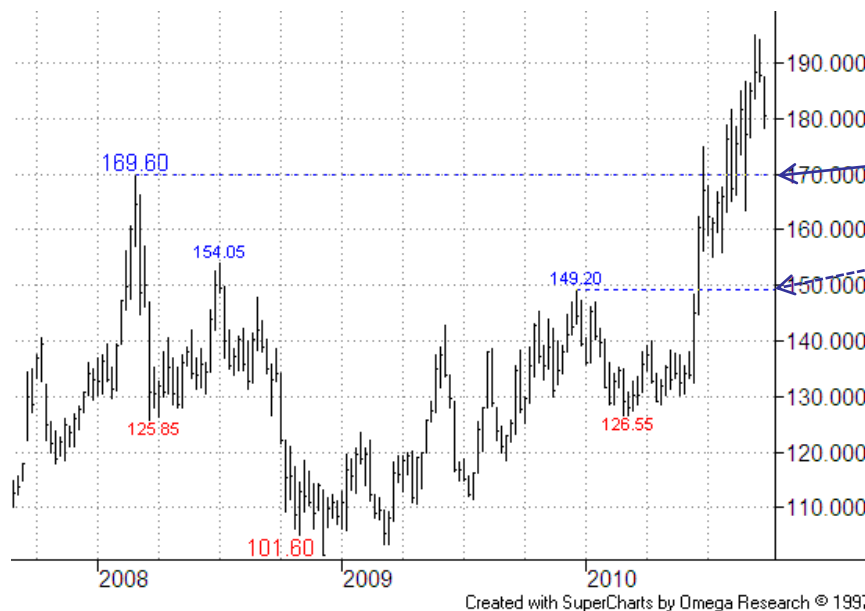
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Monthly Chart – Continuation:

With the 180.00 50% mark exceeded attention is turned to the 212.00 61.8% level now.



Weekly Chart – Continuation:

After initial erosion of the 169.60 2008 peak the surge has become more choppy.

The 149.20 Dec-09 high continues to offer future support.

More



Grains and Softs: Coffee (ICE)

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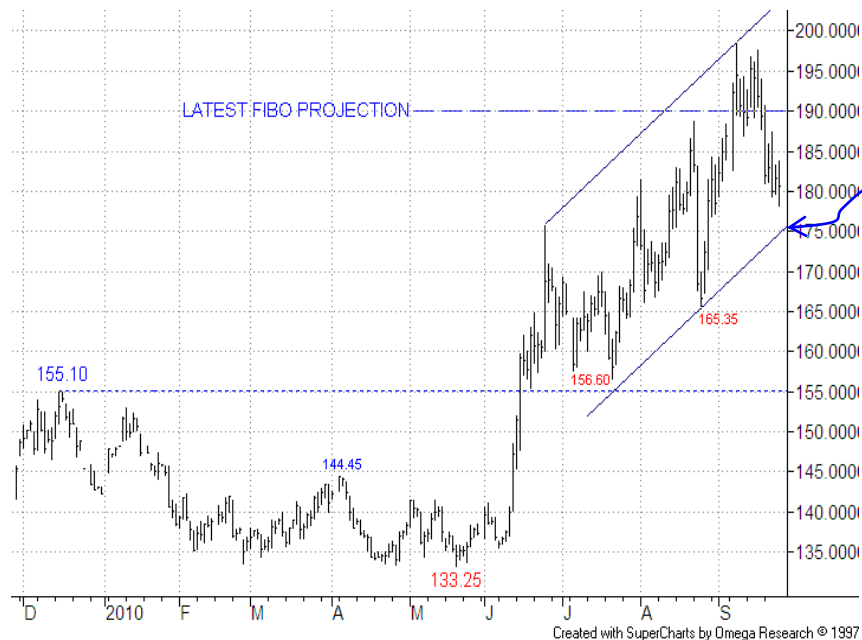
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Daily Chart – Dec-10:

The market has remained quite choppy. We have now marked in a bull channel, base of which runs through the 175.00 area currently. A break/close below this would imply loss of momentum and a further correction phase would then become likely.

Lower support is offered by the 165.35 25-Aug low, then 155.10 Dec high.

We maintain a bull stance for now.

More



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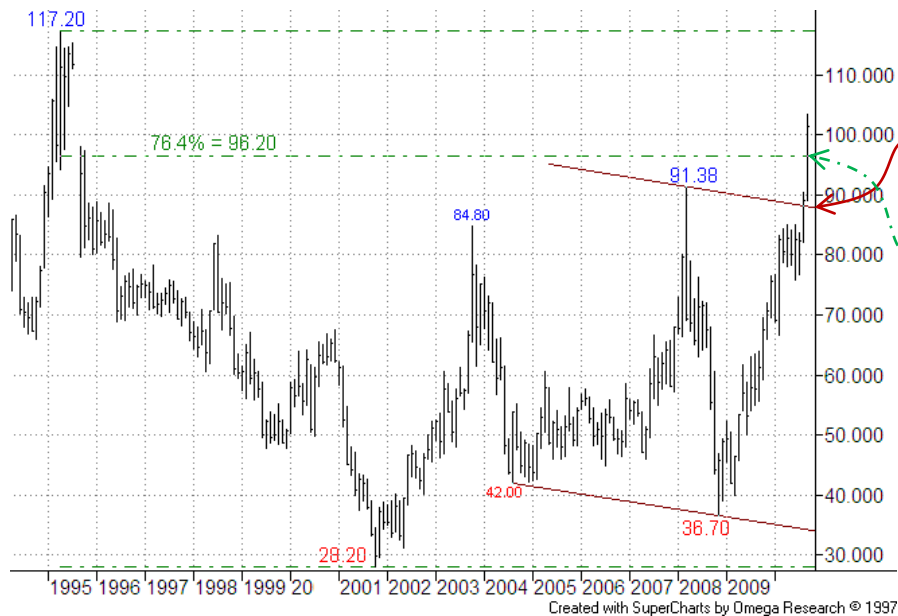
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- + Carbon Emissions
- + CRB Index

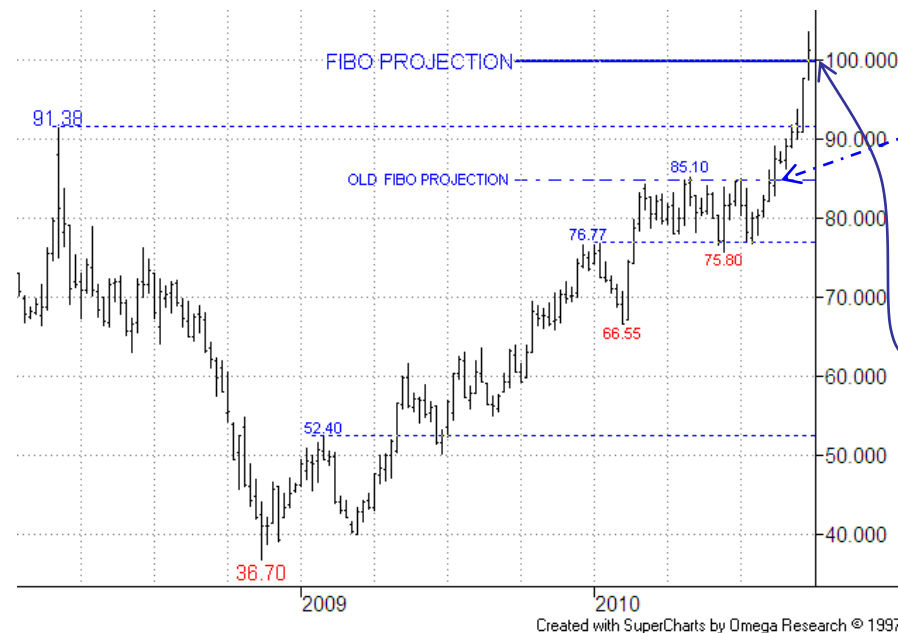
Grains and Softs: Cotton No.2 (ICE)



Monthly Chart – Continuation:

The channel top projection did not contain the latest bull leg.

This has now seen a violation of the major 76.4% recovery level. There is not much in the way of a return to the 117.20 1995 peak.



Weekly Chart – Continuation:

The resistance seen around a Fibo projection at 85.00 finally failed.

This then led to a violation of the 91.38 2008 peak.

A higher Fibo projection at **100.00** has been surpassed too.

More



Grains and Softs: Cotton No.2 (ICE)

Summary

Energy

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

Metals

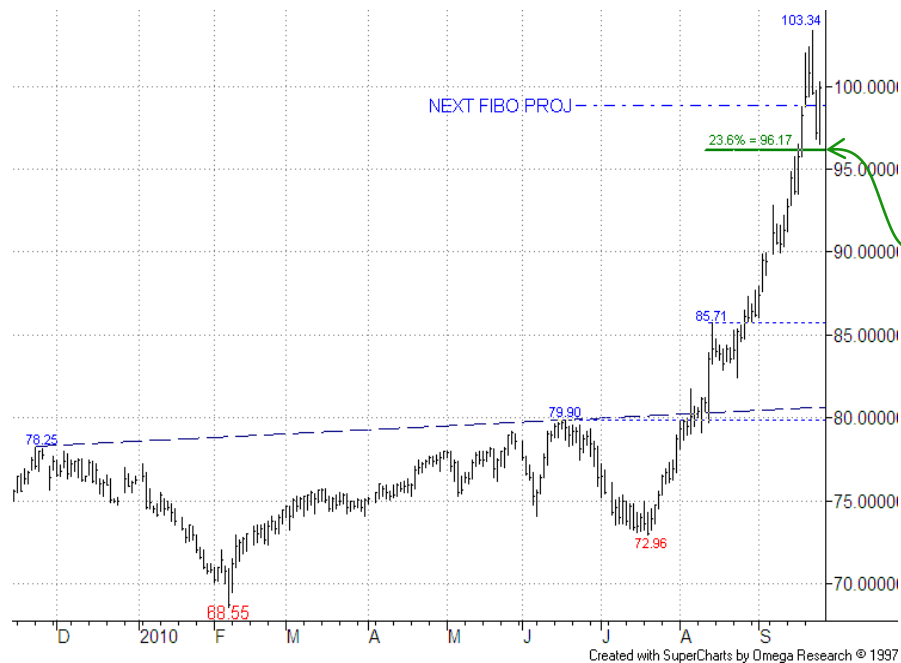
- + Gold
- + Silver
- + High Grade Copper

Grains and Softs

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

Other

- + Carbon Emissions
- + CRB Index



Daily Chart – Dec-10:

The recent surge has now seen its best correction yet.

While the interest is as much in the longer term charts currently we here note a 23.6% pullback level not much above 96.00, below which could signal a better pullback phase in process.

We maintain a bull stance for now.



Other

The s/term pullback from 76.4% resistance in **EUA (Carbon Emissions)** should prove temporary. The picture in the **CRB Index** is turning more positive, key resistance now in danger of yielding

Summary

Energy

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

Metals

- + Gold
- + Silver
- + High Grade Copper

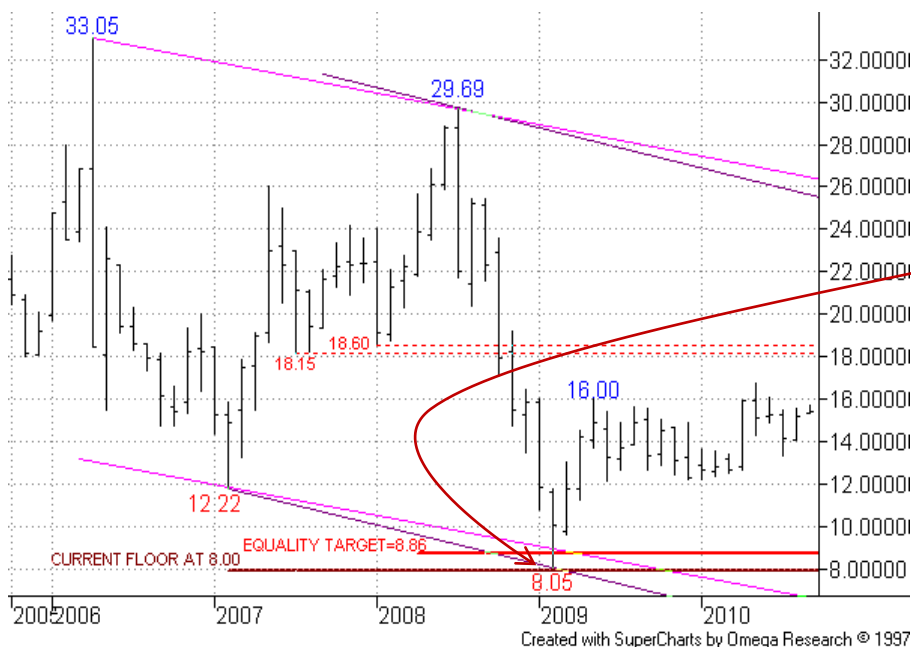
Grains and Softs

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

Other

- + Carbon Emissions
- + CRB Index

Other: EUA – Carbon Emission Allowances (ICE ECX)



More



Other: EUA – Carbon Emission Allowances (ICE ECX)

Summary

Energy

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

Metals

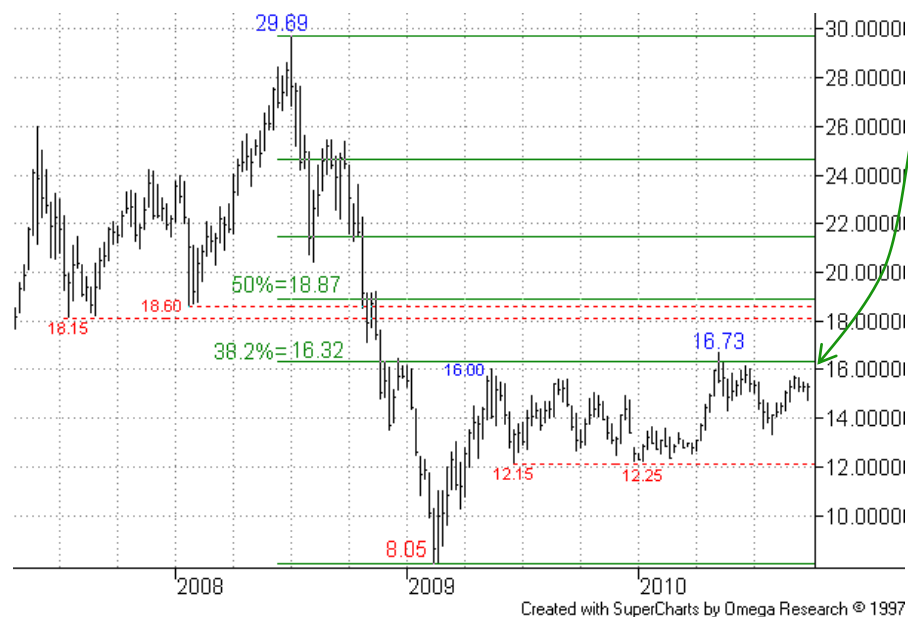
- + Gold
- + Silver
- + High Grade Copper

Grains and Softs

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

Other

- + Carbon Emissions
- + CRB Index



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.

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:

With the recovery off 76.4% support in Jul quite strong we have viewed s/term pullbacks as the likely precursor to further bull activity.

The 76.4% bounce level just under 16.00 prompted a pullback, and so far first support of note around the 14.65 20-Jul high (where falling resistance and old channel top projection currently coincide) has stayed intact.

As before, buyers on dips towards 14.65 (14.76 low seen recently) may hold something back, with stops currently needing to be below the 13.34 Jul low.

We maintain an overall 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

Other: CRB Index (CBOT)



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 assumption then had been that rallies would continue to be short-lived, but Daily chart developments have altered 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 later stalled. Look closer...

More



Summary

Energy

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

Metals

- + Gold
- + Silver
- + High Grade Copper

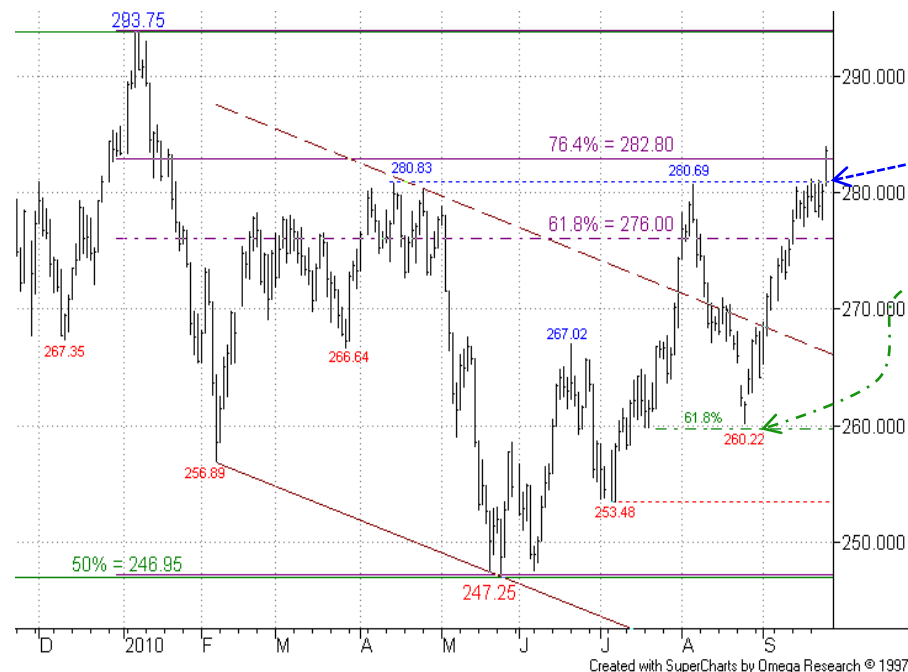
Grains and Softs

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

Other

- + Carbon Emissions
- + CRB Index

Other: CRB Index (CBOT)



Daily Chart

After breaking the bear channel top projection initial resistance came from the prior Apr rally high, with subsequent weakness viewed as more likely to precede another bull leg – note that support in Aug came from a 61.8% pullback level.

The 280.83/282.80 resistance area (Apr high and 76.4% recovery level) is under attack – a clear break through this would mark the next stage in the bulls' campaign and seriously threaten the early Jan 293.75 high.

We stay on the sidelines for now,
but ready to turn bullish.



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