

21st July 2011

Market Update:

Cocoa Recovering Off Key Support Area

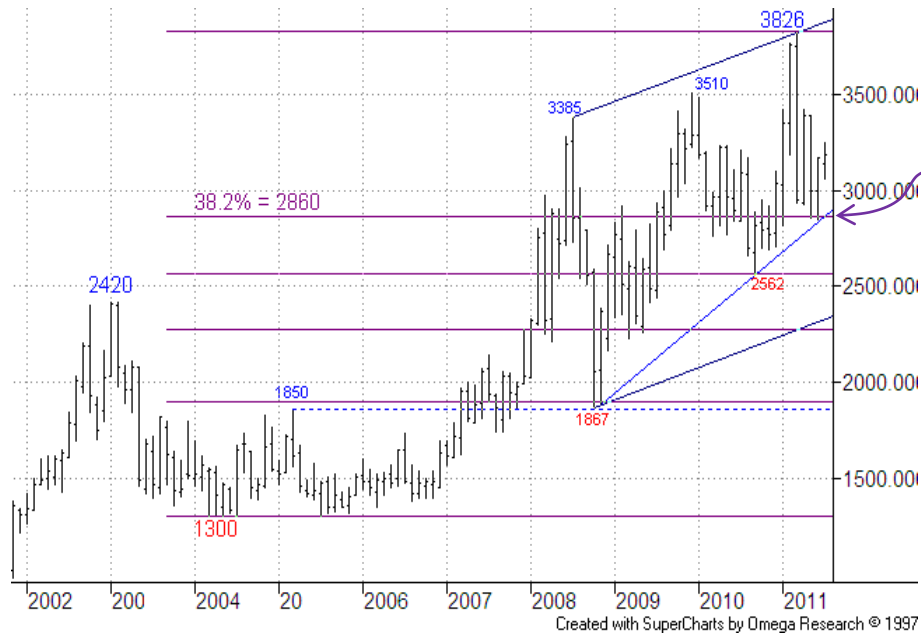
UPDATE
Technical



Cocoa Recovering Off Key Support Area

The last time we looked at Cocoa the 2011 downmove had halted at a multiple support area. The then prospects of a recovery are now being borne out, although the final bull signal is still awaited.

UPDATE
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MONTHLY CHART - CONTINUATION

The drop back from the 3826 peak tested the 38.2% pullback of prior 2004/2011 upmove, at 2860. The rising support line nearby has also helped provide support. Now see the Daily chart.

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DAILY CHART – Sep-11:

The break through the 23.6% recovery level was the initial positive sign, after support was found near the 76.4% pullback.

Now important resistance from the channel top projection (now at 3225) is under pressure. A clear breach of this would provide a boost to the bulls and turn focus initially to the 3350 area, where 29-Apr high and 61.8% recovery coincide. There should, though, be the strength to push on towards higher 3462 76.4% level where a Fibo projection lies close by.

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