# THE COMMODITY TRADER'S GUIDE TO MAJOR MARKETS

#### PHILIP J ALLWRIGHT



#### ENERGY

03	LIGHT CRUDE OIL	Stay	after	breach	of	77.40	(Nov-07)

06 NATURAL GAS Stay BEARISH while below 7.50 (Nov-07)

O8 HEATING OIL Stay BULLISH for 2.3000-2.3300 target (Nov-07)

#### **METALS**

10 GOLD GO BULLISH	for later 752.00-772.00 target (Dec-07)
--------------------	---

13 SILVER Stay BEARTSH below 13.78 (Dec-07)

.5 HIGH GRADE COPPER Stay BEARISH while below 350.00 area (Dec-07)

#### GRAINS AND SOFTS

17 SOYBEANS Go BULLISH after move above 888.25 (Nov-	17	SOYBEANS	Go	BULLISH after	move	above	888.25	(Nov-	0.	7)
--	----	----------	----	---------------	------	-------	--------	-------	----	----

19 WHEAT Stay BULLISH especially while above 658.00 (Dec-07)

21 SUGAR 11 Stay BULLISH while above 9.14-18 (Oct-07)

23 <u>COCOA</u> Stay <u>BEARISH</u> below 2035, 1<sup>st</sup> target 1780-70 met (Dec-07)

Stay BULLISH above 113.00, 126.00-128.00 1st tgt (Dec-07)

7 <u>COTTON NO.2</u> Stay SQUARI

#### OTHER

29 LUMBER Go SQUARE after break below 247.00 (Nov-07)

31 CRB INDEX Go SQUARE after break above 315.00

#### 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 WEB SITE SEVENDAYSAHEAD.COM

This information memorandum has been prepared solely for informational purposes for customers of SevendaysAhead and is based on publicly available information from sources believed to be reliable. It is not an offer, recommendation or solicitation to buy or sell, nor is it an official confirmation of terms. No representation is made as to the completeness or accuracy of any statements of forecasts contained herein and no responsibility or liability is accepted for losses arising from transactions undertaken or investments purchased, sold or held on its recommendation. Consequently, any persons acting on information contained herein do so entirely at their own risk. Although the opinions contained herein were considered valid at the time of release, financial markets are subject to rapid and unexpected movements. Seven Days Ahead, its associated companies, their directors, employees, other customers or connected persons may from time to time undertake transactions or deal in investments mentioned in this information memorandum or have a material interest, relationship or arrangement in relation to them

#### ABOUT SEVEN DAYS AHEAD

Seven Days Ahead publishes a variety of trading guides suitable for experienced market operators.

#### ABOUT THIS GUIDE

Philip Allwright has developed his analytical style over 22 years, initially looking at stocks and commodities, followed by financial futures and then foreign exchange. Together with classical bar chart analysis to identify time-tested patterns, he is a great believer in the natural growth and contraction (retracement) of markets, with the help of Fibonacci-related tools. The over-riding principal is to keep things as simple as they can be, however, in order not to lose sight of the wood for the trees.

Each market is analyzed over several time periods. With this multi-layered approach, market moves can be anticipated over the next few days, the next few weeks and the next few months.

The Commodity Trader's Guide helps traders take advantage of money-making opportunities and avoid loss-making traps in a concise and readable report.

#### ABOUT PHILIP ALLWRIGHT

Philip Allwright has worked in the financial markets as a technical analyst for 20 years, developing a hobby into a successful career.

Initially he analyzed indices and stocks, particularly Japanese, at Cresvale Limited in London.

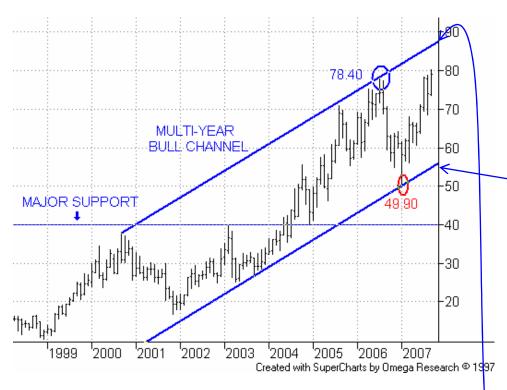
At UBS Futures & Options Ltd he developed his skills as a financial futures broker and analyst of intraday movements and latterly became a director.

He then worked at (Standard & Poors) MMS as senior foreign exchange technical analyst, and most recently has continued the foreign exchange analysis as a consultant to the web-based G7FOREX.

# Energy

This year's bullish trends in **Crude Oil** and **Heating Oil** have now gained a second wind, shaking off earlier negative signs. **Natural Gas** has seen at least a temporary halt in its bearish trend, but current gains are viewed as corrective only for now.

# Light Crude Oil (NYMEX)

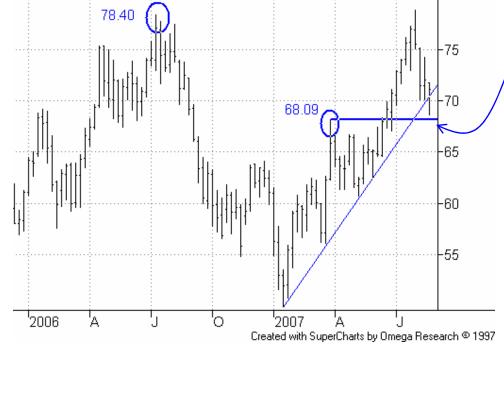


MONTHLY CHART - CONTINUATION:
Overall price action contained within a long term bull channel.

The base of this at 56.00 plus the 49.90 Jan low offer key support now.

Recent erosion of the 78.40 2006 high (although 80.38 is the high on the front month Nov) sets focus on the channel top around 88.00.

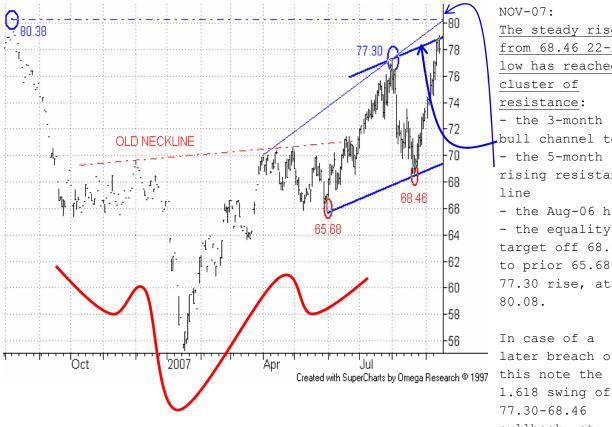
But price may initially struggle to HOLD above this high.



# WEEKLY CHART - CONTINUATION:

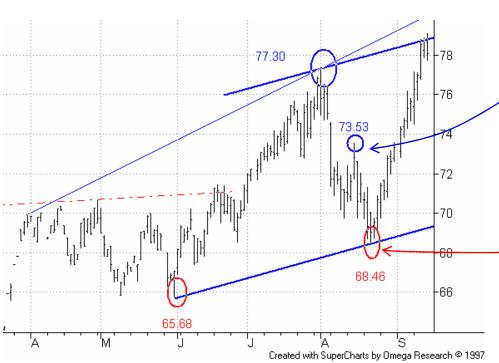
The 68.09 Mar high has acted as excellent support, helping to preserve upside momentum.

We do, however, note that the summer pullback was the largest so far this year - perhaps an early sign that bears are getting bolder.



DAILY CHART -NOV-07:The steady rise from 68.46 22-Aug low has reached a cluster of resistance: - the 3-month bull channel top - the 5-month rising resistance line - the Aug-06 high - the equality target off 68.46, to prior 65.68-

In case of a later breach of this note the 1.618 swing off 77.30-68.46 pullback, at 82.75, as a later target.

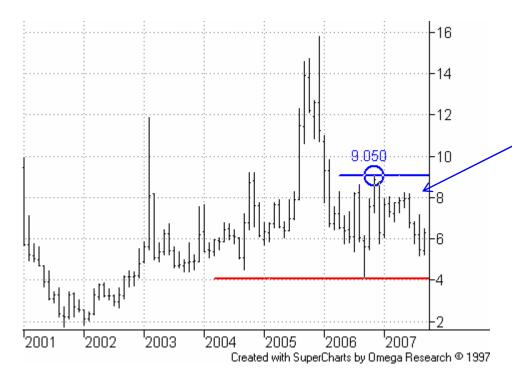


DAILY CHART -NOV-07:

With bulls having regained control the 73.53 15-Aug high should support, in order to maintain s/term momentum.

Ultimately the rising support line and 68.46 22-Aug low need to hold now, for the bulls.

## Natural Gas (NYMEX)



MONTHLY CHART - CONTINUATION:

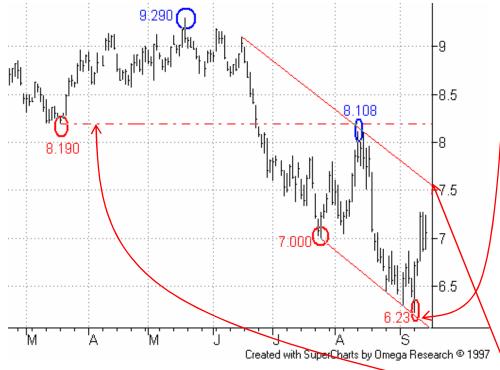
Price remains broadly consolidative above the 4.00 2006 spike low and below the 9.05 Nov-06 high.

It is <u>still</u>
<u>possible that a</u>
<u>long term base is</u>
forming.



WEEKLY CHART CONTINUATION:
The 2006-07
basing attempt
has at least been
prolonged after
the recent breach
of 5.74 -

We have sketched in possible bear channel support, running through 4.50 currently.



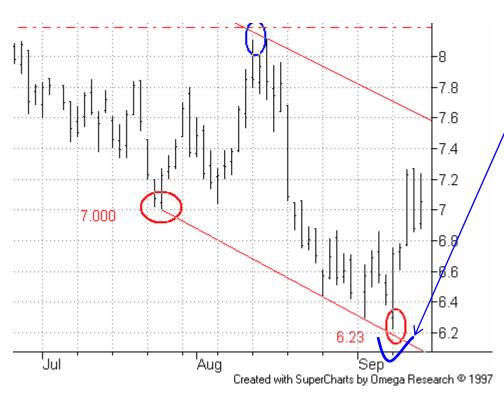
DAILY CHART - NOV-07:

Note the area of the bear channel base has provided interesting support.

This was not far from the 1.618 swing off the 7.000-8.108 rally, at 6.315.

Bears currently remain favoured and, ideally, falling resistance at 7.500 will hold.

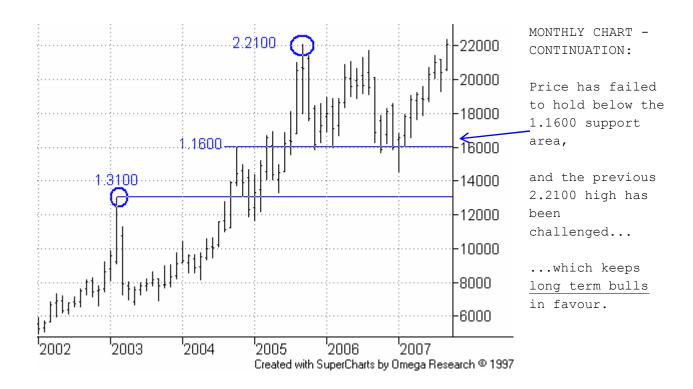
The 8.190 May low is probably more important, however.

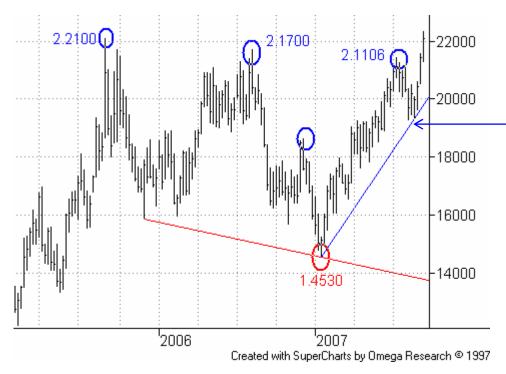


DAILY CHART - NOV-07:

Note one bullish clue comes from the key reversal day last Mon, 10-Sep. This also resulted in a key reversal week...

# Heating Oil (CBOT)





WEEKLY CHART - CONTINUATION:

Retracement from the 2.1106 Jul high proved short-lived.

The 2.2100 2005 high has now been challenged.

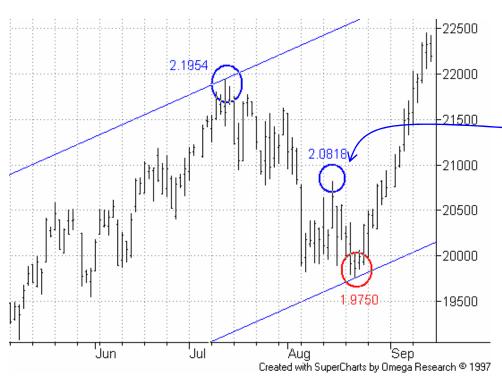
A HOLD above this would provide fresh impetus to the medium/long term uptrend.



DAILY CHART - NOV-07:
On the front month chart price has yet to reach the 2006 high, at 2.3100.

A bull channel top projection lies close to this, implying potential s/term resistance at least.

Not much beyond is the 1.618 swing target of the 2.1954-1.9750 pullback at 2.3300.



DAILY CHART - NOV-07:

Natural support to any s/term pullback is offered by the 2.0818 15-Aug high.

Bulls are
favoured but the
5-wave
(impulsive)
appearance of the
prior 2.19541.9750 decline
warrants a degree
of caution.

## Metals

Gold is making a bullish break from previous consolidation after bears failed to follow up on earlier negative signs, while the recent Silver downtrend has temporarily halted. Copper bears must remain patient, with the chance still that a double top could form.

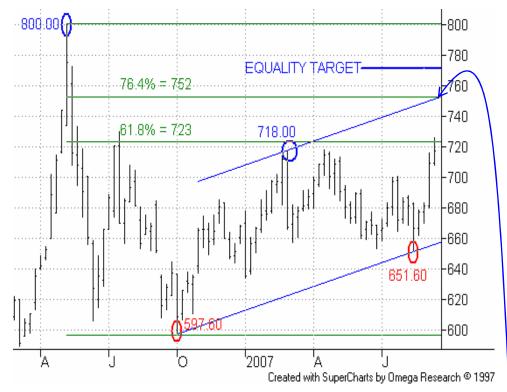
## Gold (COMEX)



MONTHLY CHART - CONTINUATION:

The 2005-07 uptrend line has, while recently coming under pressure, remained intact on a closing basis.

The major 723-727 highs are now close at hand - a break/HOLD above these will be further bullish, bringing into focus the 1.618 swing of prior 723-555 2006 drop, at 827.



WEEKLY CHART DEC-07:
After the
sideways
consolidation of
the summer the
earlier negative
outlook has been
shaken off.

A successful breach of the 61.8% 723.00 area (note how that coincides with the old highs on the monthly continuation chart) would turn focus on the 76.4% mark, at 752.00, which currently coincides with the medium term bull channel top projection.

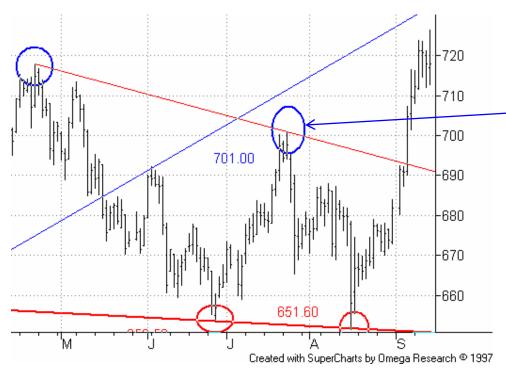
In fact there is a cluster of resistances, including the higher 760.00 (1.618 swing of 718.00-651.60) and 772.00 (equality target off 651.60, to prior 597.60-718.00 upmove).



DAILY CHART - DEC-07:

On the daily chart note possible resistance implied by the rising return line (former support), around 732.00, which coincides with the 1.618 swing of the 701.00-651.60 Jul-Aug pullback.

This counsels against chasing the market at current levels.



DAILY CHART - DEC-07:

First support is offered by the -701.00 Jul high and falling former resistance line near 690.00 just now.

The smart recovery, after the 3-wave corrective move from 701.00-651.60, provides a fresh bullish outlook.

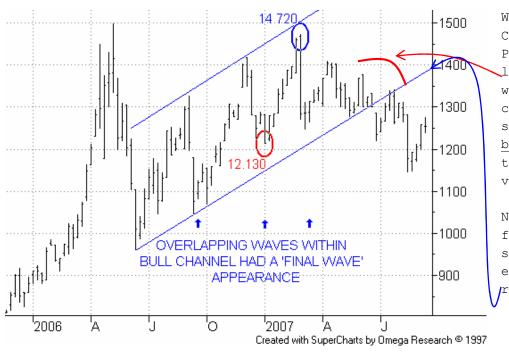
# Silver (COMEX)



MONTHLY CHART - CONTINUATION:

The long term support line was decisively breached - deeper retracement scope remains, 38.2% at 10.80 the next target.

The choppy recovery since the 9.595 Apr-06 low, clearer on the weekly chart below, had in any case introduced uncertainty for longer term bulls.



WEEKLY CHART CONTINUATION:
Previous
lackluster action
within the bull
channel was our
signal of growing
bear risk - and
this has been
validated now.

Note how the former rising support has been effective resistance.



DAILY CHART - DEC-07:

An effective falling resistance line from 15.30 Apr high proved the precursor to acceleration downward.

The 11.08 76.4% level (& 10.96 Sep-06 low) have provided underlying support - the current bounce is not a surprise.



DAILY CHART - DEC-07:

The 12.825 area still offers resistance but, in the end, only a move back above falling resistance (13.20) and 13.775 Jul high would completely negate the current bearish outlook.

Note how well the bear channel base has been in supporting the recent decline.

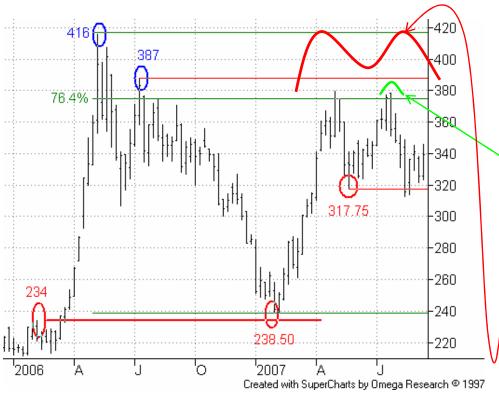
# High Grade Copper (COMEX)



MONTHLY CHART - CONTINUATION:

Key 238.00 50% support provided a springboard for a sharp recovery.

This has so far fallen short of the major 416 high.



WEEKLY CHART - CONTINUATION:

The continued failure to hold above 76.4%, plus the late Jul negative reversal /outside week provided an additional, valid bearish sign.

We must await a further move below the 317.75 May low to signal completion of a double top.

SEVEN DAYS AHEAD PAGE 15



DAILY CHART - DEC-07:

A deeper corrective phase is still a real possibility.

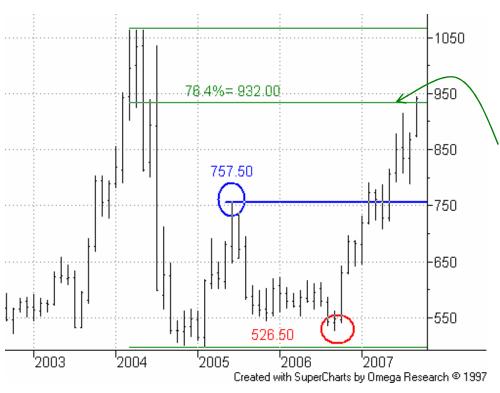
The 288.50-284.10 area (includes 61.8%) offers interesting lower support.

S/term rallies to be viewed as corrective only, and ideally the old neckline of the Jul Head & Shoulders will continue to prove effective natural resistance (above here would revert the s/term outlook to neutral).

### Grains and Softs

Soybean bulls have now regained control, and Wheat's current strong upleg has become a major feature. Sugar may yet be in the process of turning, probably having completed its medium/long term downmove. The Cocoa pullback has temporarily halted, while bounce prospects remain in Coffee. Cotton continues its bounce off interesting support after a deep slip back.

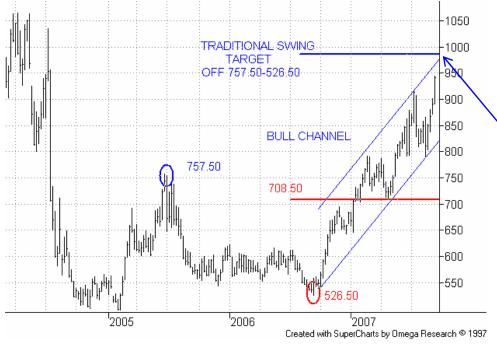
# Soybeans (CBOT)

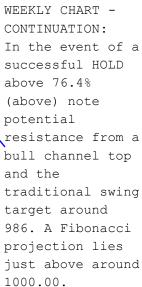


MONTHLY CHART - CONTINUATION:

The medium term upmove, after clearing the old 757.50 high, has now reached the 932 76.4% retracement level. It may prove an initial struggle to HOLD above this level.







The <u>medium term</u> <u>upmove remains</u> impulsive.

DAILY CHART - NOV-07:
The fall from 950.00 Jul high was 3-wave corrective.

We said that a push above the 888.25 13-Aug high (right hand shoulder of an old Head & Shoulders formation, and now a support level) would predict a bullish move above the 950.00 Jul high.

This has now happened and the scales have tilted back in the bulls' favour.



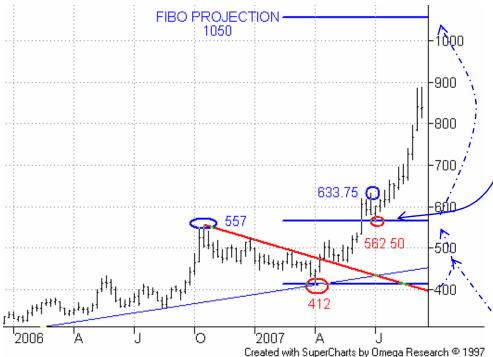
## Wheat (CBOT)



MONTHLY CHART - CONTINUATION:
Further gains call for higher projection levels, one being the 4.236 (Fibonacci-related) swing/growth target around 1026.00, off the prior 557.00-412.00 pullback.

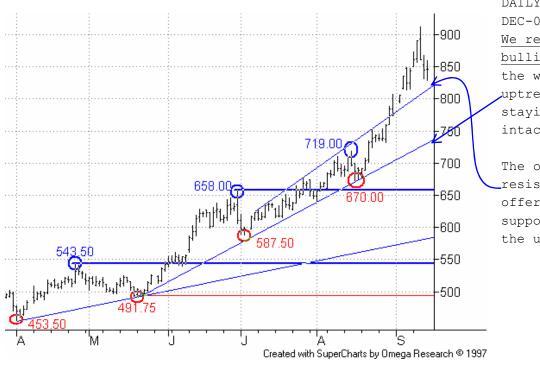
Also note the higher 1076.00 level, 1.618 swing of the long term 750.00-222.50 decline.

The old 750.00 and 557.00 highs now become future support points.



WEEKLY CHART CONTINUATION:
Our bullish
stance stays
valid. The rise
from 412.00 had,
and still has, a
5-wave impulsive
look - only now,
the presumed
from 562.50 has
extended notably.

A further Fibo projection lies at 1050.00, utilizing the 412.00 and 562.50 lows.



DAILY CHART DEC-07:
We retain our
bullish view, all
the while with
uptrend support
staying nicely
intact.

The old rising resistance line offers first support, ahead of the uptrend line.

# Sugar 11 (NYBOT)



MONTHLY CHART - CONTINUATION:
After testing the 76.4% level, as part of a possible final bear wave, we have been on the lookout for support signs.

We had previously suggested that price may struggle to hold below 76.4%.

However, the <u>long</u> term trend is still down, for now.



WEEKLY CHART CONTINUATION:
The presumed last
downleg, from
12.65, in which
momentum has not
been relatively
strong, may have
completed.

The 38.2% level sometimes coincides with a prior notable high and the start of the final leg, which differs in character. THIS HAS CURRENTLY HAPPENED HERE AFTER THE 12.65 HIGH.



DAILY CHART MAR-08:
The 10.83-85 area
remains key
resistance, a
breach of which
is needed to
suggest a medium
term recovery
phase is
underway.

10.00 is now the first resistance area that needs to be overcome.



DAILY CHART - OCT-07:

Note that on the former front-month Oct-07 contract the 9.18 02-Jul low and 9.14 76.4% pullback level (note how they coincide) continue to contain pullbacks.

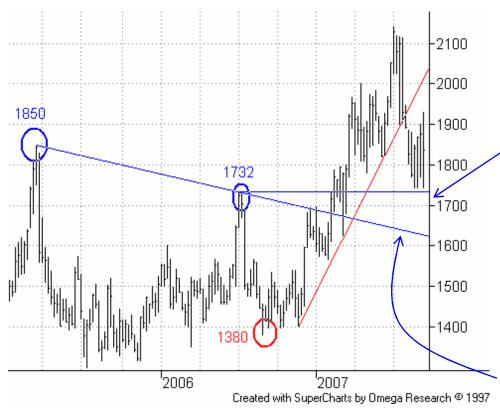
Also note that Jun proved to be a (albeit modest) reversal month.

## Cocoa (NYBOT)



MONTHLY CHART - CONTINUATION: The uptrend has faltered at the 76.4% level, subsequent slip back unable to hold above the 2005 1850 high.

Any test towards the major 2420 high is now postponed.



WEEKLY CHART CONTINUATION:
After breach of
the rising
support line,
support has so
far come from the
1732 2006 high,
holding for
several weeks
now.

This helps to preserve a bullish short/ medium term outlook.

But a break below would open up the 1620 falling support line.

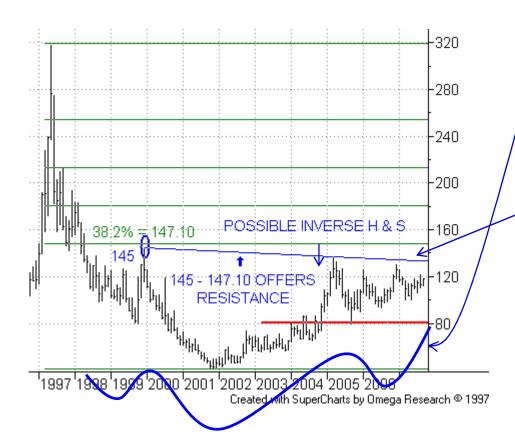


DAILY CHART DEC-07:
We have rightly
adopted an
increasingly
bearish posture,
the earlier
breach of uptrend
support,
following the
26/27-Jul down
gap, adding wind
to the bears'
sails.

61.8%, around the
1770 Dec-06 high,
offered next key
support and a
likely area to
prompt a rebound,
corrective or
otherwise (this
support proved
spot on in the
expired Sep
contract).

That 1990-2035 late Jul gap offers main resistance to recovery attempts now.

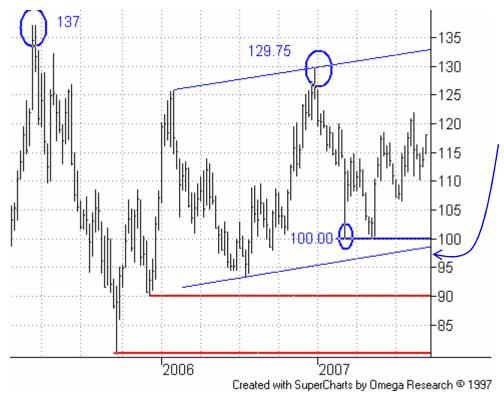
## Coffee (NYBOT)



MONTHLY CHART CONTINUATION:
A large <u>inverse</u>
head & shoulders
seems near to
completion.

Above the 133 neckline sees 145.00-147.10 as offering important future resistance.

The long term bias remains up, particularly while key 80.00 support area holds.



WEEKLY CHART CONTINUATION:
The 100.00 round
number support
has been
effective,
keeping lower
bull channel base
out of reach.

These levels protect against anything more serious on the downside.

The current consolidation keeps the medium term picture broadly neutral.



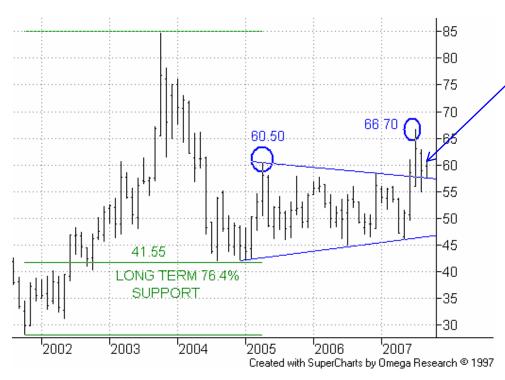
DAILY CHART DEC-07:
The old bull
channel base
Support has
worked nicely so
far, protecting
the 113.00 Jul
low. In between
these lies a
further channel
base projection
around 114.50.

These all keep the 110.00 01-May low out of reach, and allow for another s/term recovery.

Above the 126.00 high note the old bull channel top projection, now coinciding with the 61.8% retracement level.

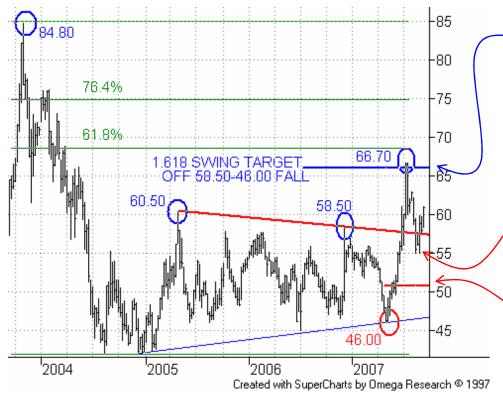
Shorter term bulls remain in favour for now.

# Cotton No. 2 (NYSE)



MONTHLY CHART CONTINUATION:
The bullish break
from the 2005-07
consolidation has
been temporarily
clouded by a move
back below the
Apr-05 60.50 high
and former
falling
resistance line although not on a
closing basis.

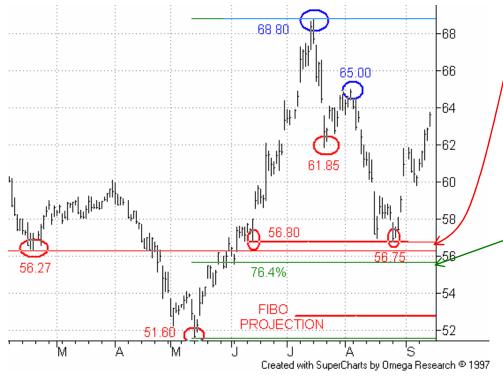
This will probably only slow recovery prospects rather than negate them.



WEEKLY CHART CONTINUATION:
Our 66.20 1.618
swing target (off
prior 58.50-46.00
decline) proved
very effective as
resistance.

The ensuing corrective downswing has so far found support from the 55.00 area.

For now, we'll keep in mind the 50.90 76.4% retracement which is somewhat lower than on the front month chart.



DAILY CHART DEC-07:
The deep Jul-Aug
pullback found
support from the
prior 13-Jun low
and take-off
point, and also
exactly from the
2.618 swing off
prior 61.85-65.00
rally.

The 56.27-55.65 (76.4%) area has therefore stayed out of reach.

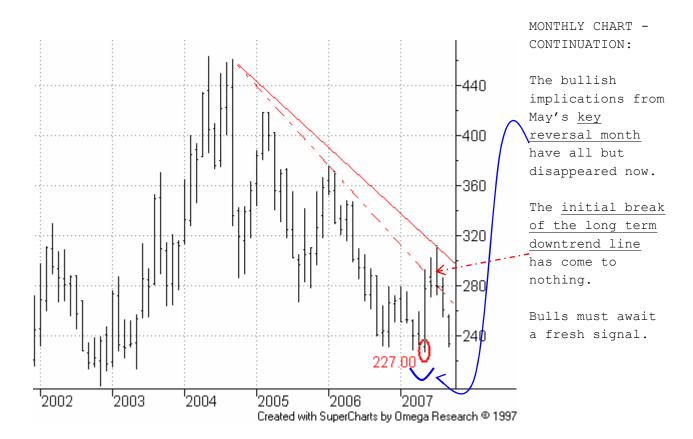
The 61.85-65.00 band which we previously noted has been entered, but remains potentially strong resistance, through which is needed to put the 68.80 Jul high at risk.

The s/term outlook remains neutral/bullish.

## Other (these may vary occasionally)

Potential base formation in **Lumber** is in severe doubt now. The short term chart of the **CRB index** has seen bears sideline as an unfaltering rebound has breached several resistance levels.

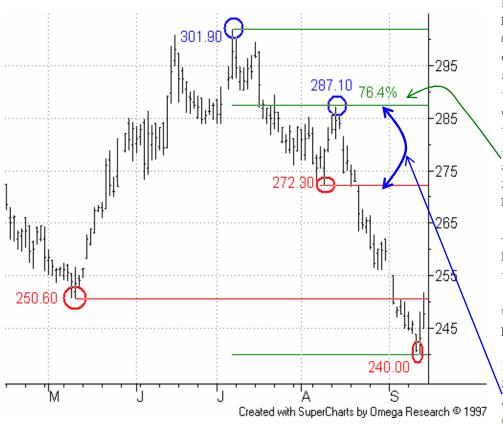
## Lumber (CME)





WEEKLY CHART CONTINUATION:
The pullback from
312.30 20-Jul
high has now
violated all
supports ahead of
the 227.00 May
low, which has
already been
violated on the
front month
chart.

A break below 227.00 only acts as the final confirming signal that that the medium term trend remains down.

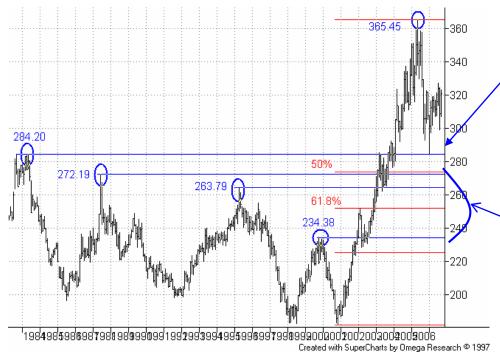


DAILY CHART - NOV-07:
One reason for expecting a s/term bounce is the current coincidence of the 76.4% rebound level with the significant 287.10 correction high of 14-Aug -

- sometimes this heralds an end to the current move (the idea can be used for Fibo projections too).

In any case, the 272.30-287.10 area is the band of resistance that must be overcome.

# CRB Index (CBOT)

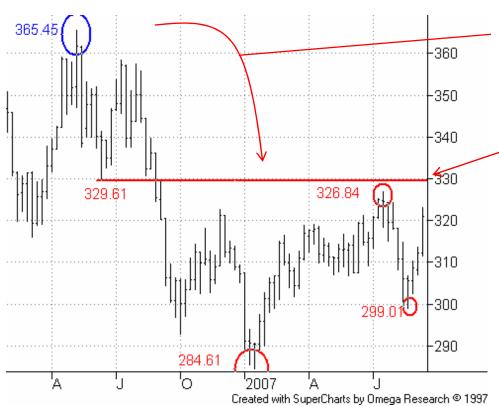


#### MONTHLY CHART:

The pullback from 365.45 has so far found support from the first of four old major highs.

Over the medium term, a break below this would put the lower ones at risk.

On balance the long term outlook is <u>bearish</u>, the current bounce corrective.



#### WEEKLY CHART:

The 365.45-284.61 decline displays a clear <u>5-wave</u>, <u>impulsive</u> structure.

Only above 330.00 would seriously question bears' resolve and we stay bearish while 330.00 resists.



There is currently <u>little</u> sign of s/term bull fatigue however.