

WEEK 46 13<sup>th</sup> NOV - 19<sup>th</sup> NOV 2007

# THE *COMMODITY* TRADER'S GUIDE TO MAJOR MARKETS

PHILIP J ALLWRIGHT



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06 [NATURAL GAS](#) Stay **SQUARE** s/t action volatile, 7.92-56 key supt (Jan-08)  
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### SEVEN DAYS AHEAD

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## 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.

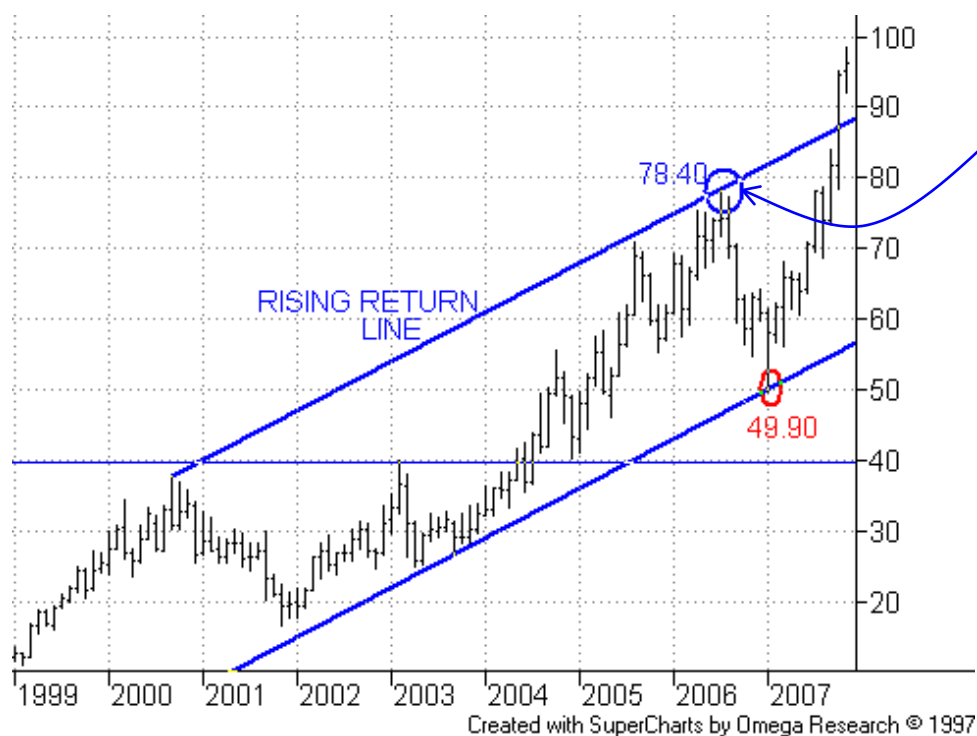
At UBS Futures & Options Ltd he developed his skills as a financial futures broker and analyst of intraday movements and latterly became a director.

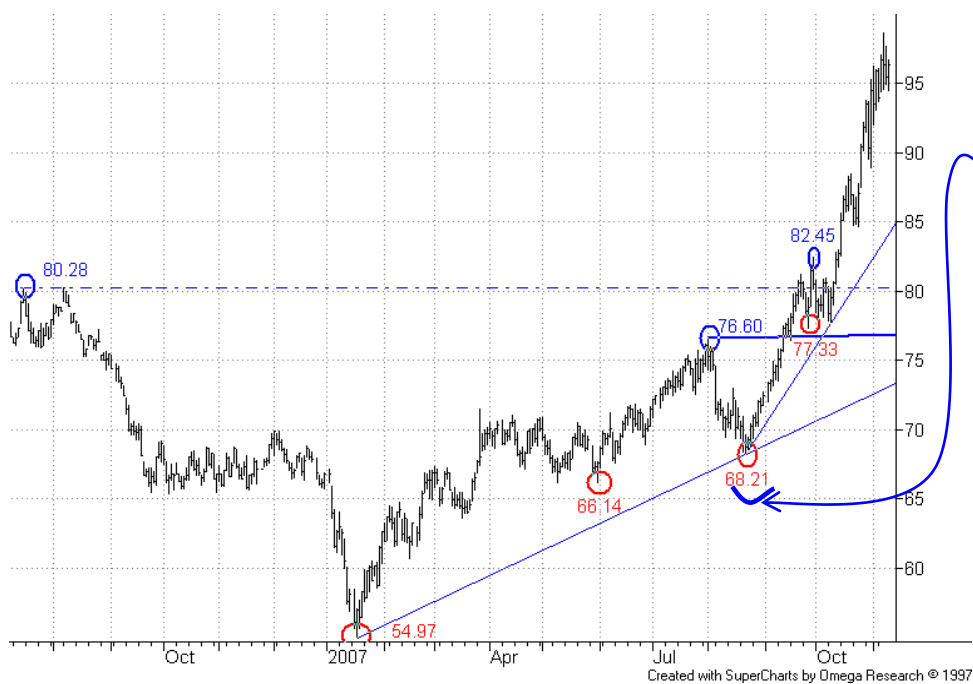
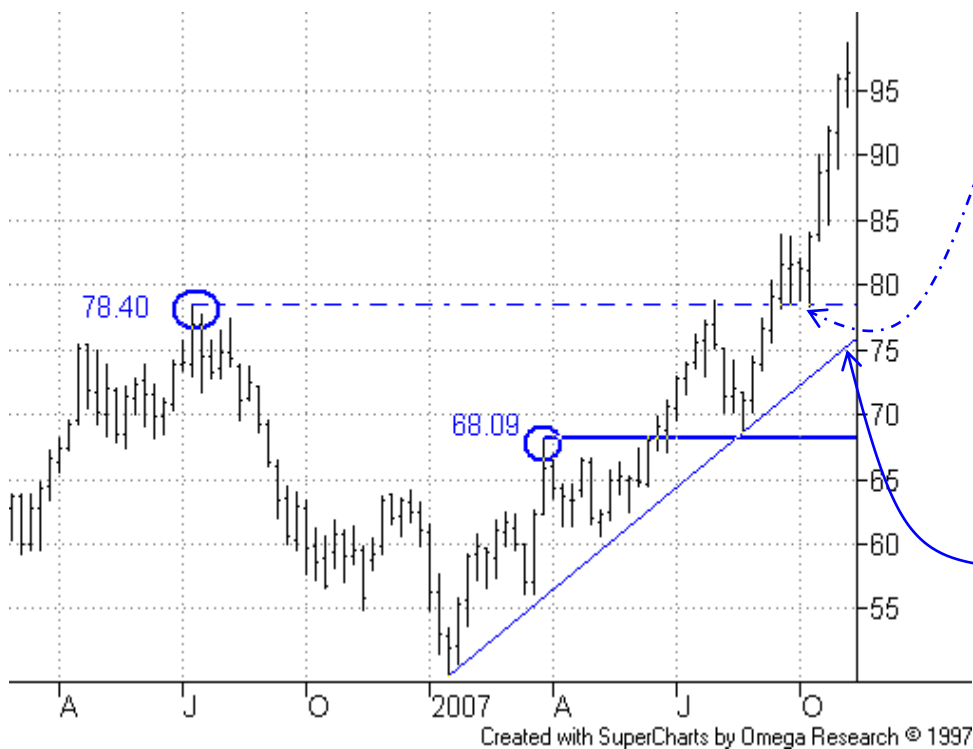
He then worked at (Standard & Poors) MMS as senior foreign exchange technical analyst, and most recently has continued the foreign exchange analysis as a consultant to the web-based G7FOREX.

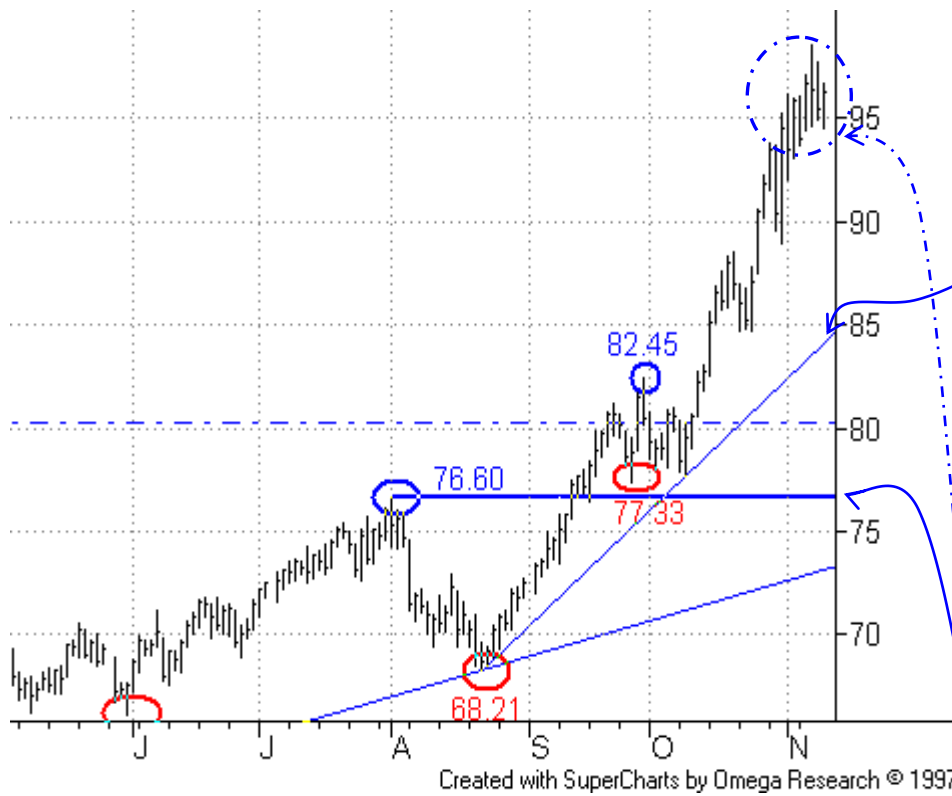
# Energy

The bullish trends in **Crude Oil** and **Heating Oil** remain very strong, with just a small hint of s/term bull fatigue. **Natural Gas** has continued to be quite volatile, almost reaching an earlier bullish target before sharply slipping back.

## *Light Crude Oil (NYMEX)*







DAILY CHART -  
DEC-07:

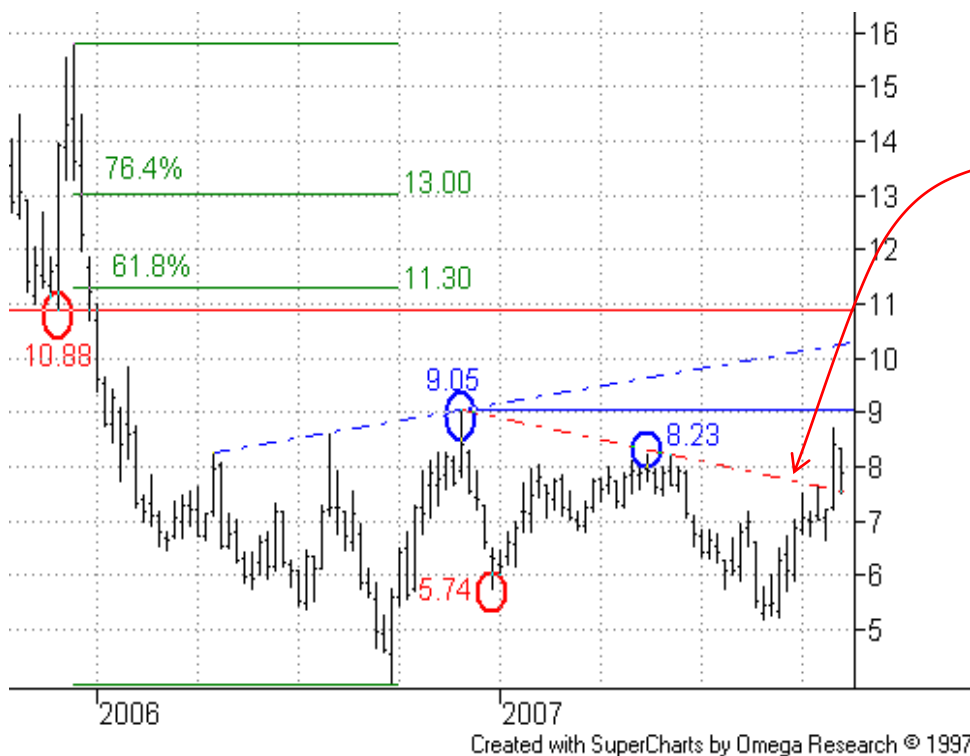
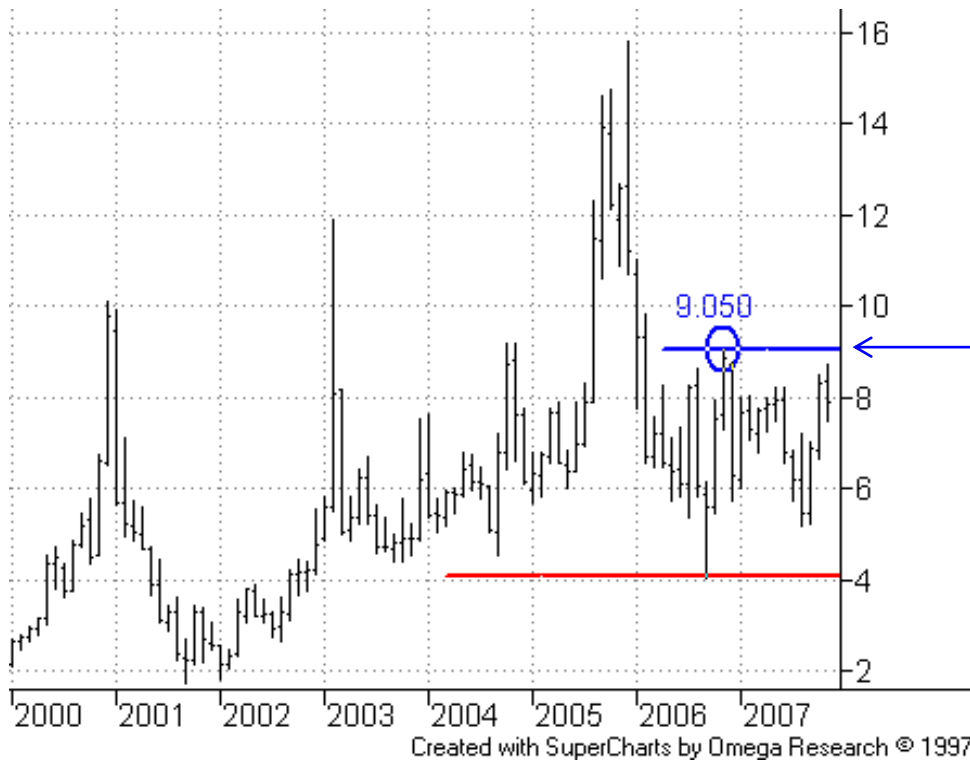
The first main area of support comes from the s/term rising support line around 85.00.

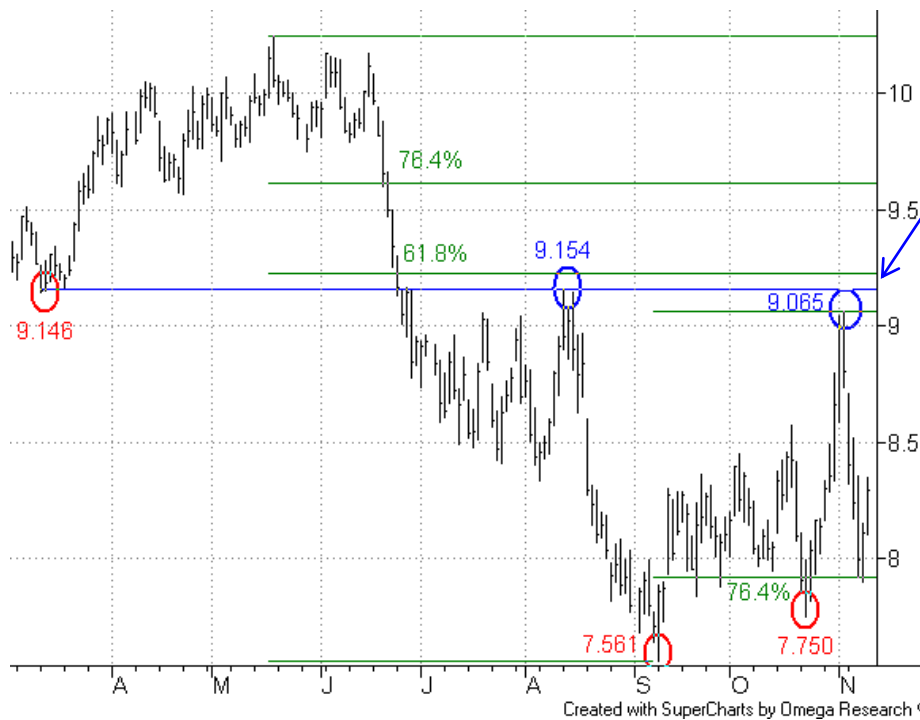
The only thing in the current chart structure to suggest small bull fatigue is the relatively sluggish action over the last few days.

The 76.60 Aug high, added to the 78.40 continuation chart support, offers a later key support area.

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## Natural Gas (NYMEX)





DAILY CHART -  
JAN-08:

Our 9.15 target area was quickly neared - this neatly coincides with the 61.8% level.

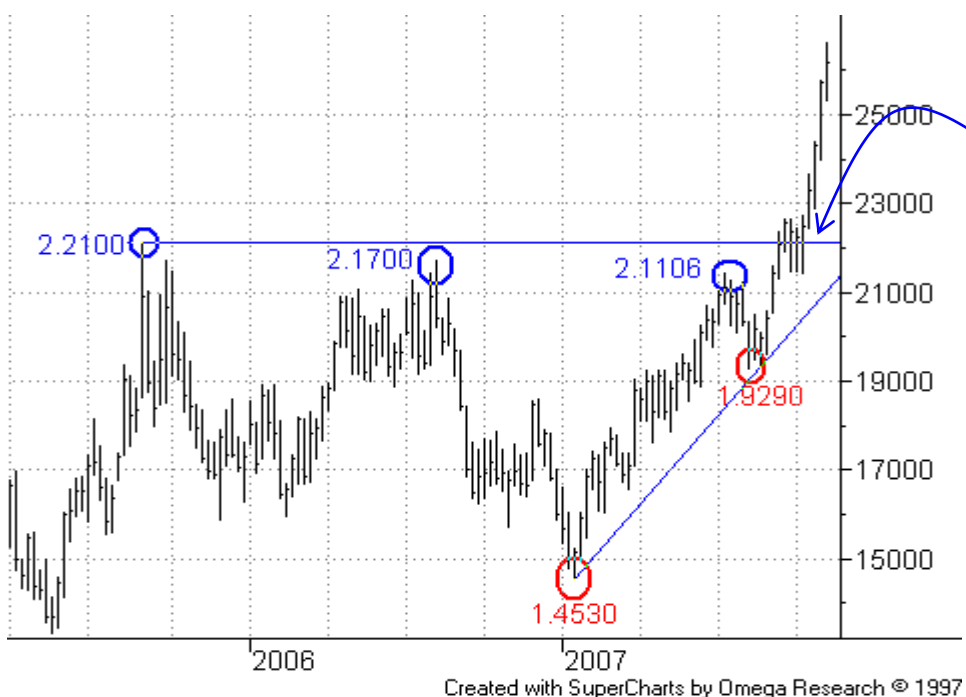
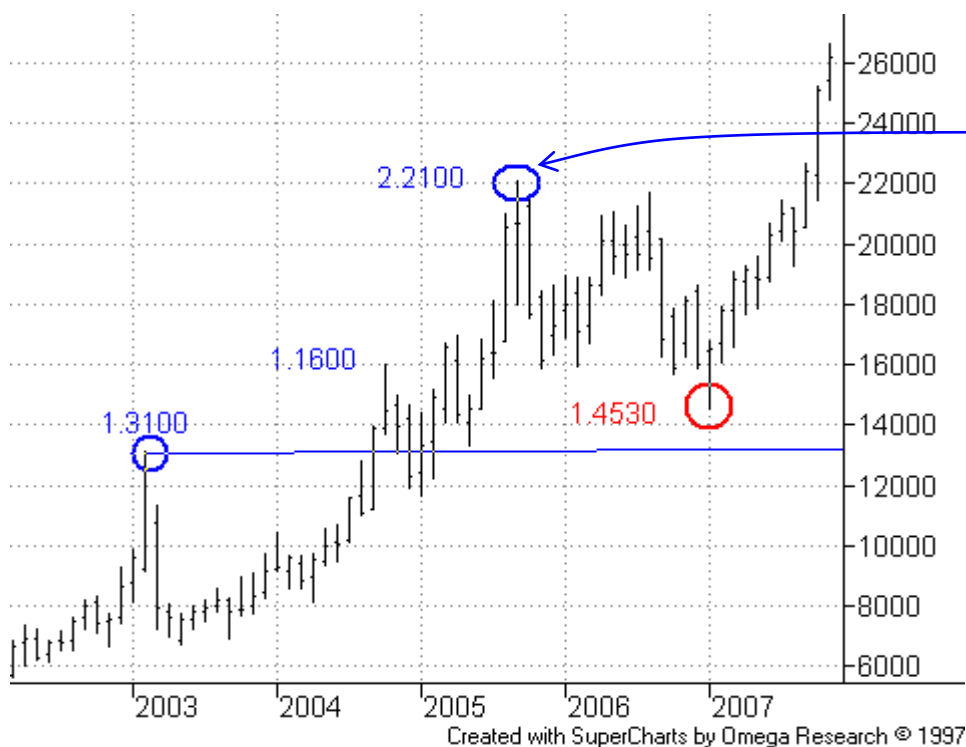
We were right to expect a s/term struggle to continue higher.

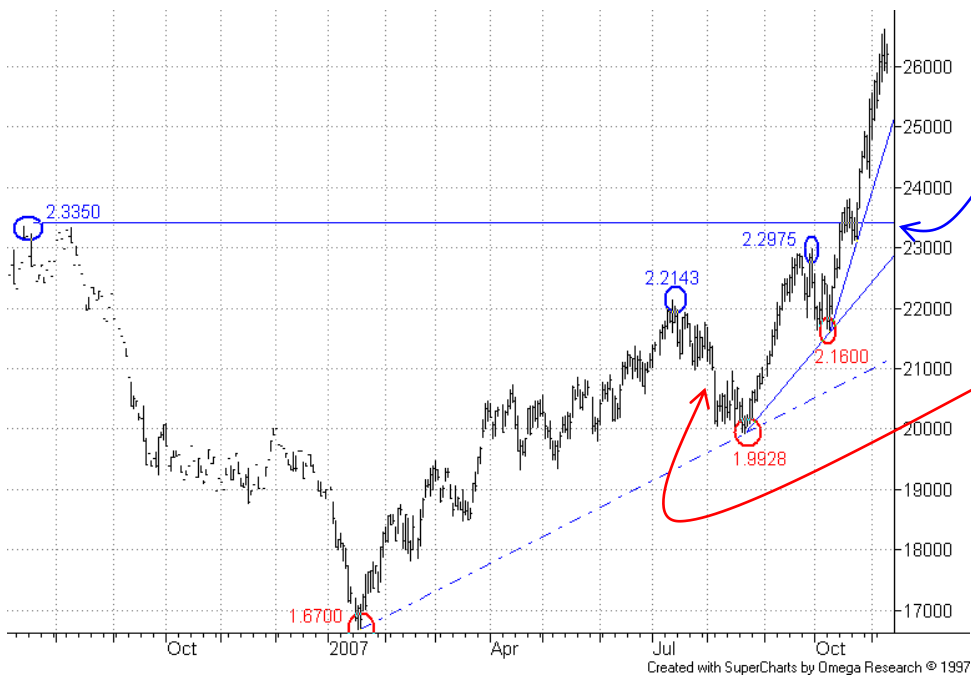
Continuing volatility is a challenge to s/term analysis, but s/term focus is on the 76.4% support around 7.92.

The whole 7.92-7.56 area offers a clear risk area to any bulls now.

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## Heating Oil (CBOT)

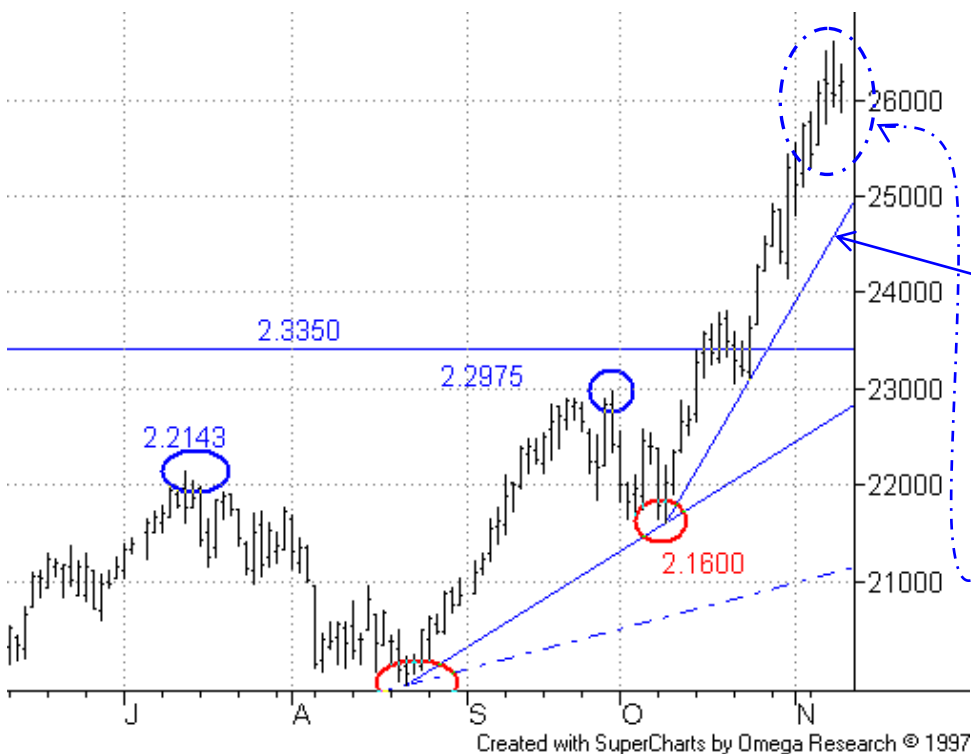




DAILY CHART -  
DEC-07:  
On the daily  
chart the 2.3350  
2006 high remains  
a support point  
now.

The impulsive  
2.618 swing  
projection off  
prior 2.2143-  
1.9928 pullback  
at 2.5730 was  
surpassed last  
week.

Beyond here note  
a Fibo projection  
at 2.7000 (2.7400  
basis Jan-08).



DAILY CHART -  
DEC-07:  
Latest momentum  
continues to be  
defined by the  
rising support  
line.

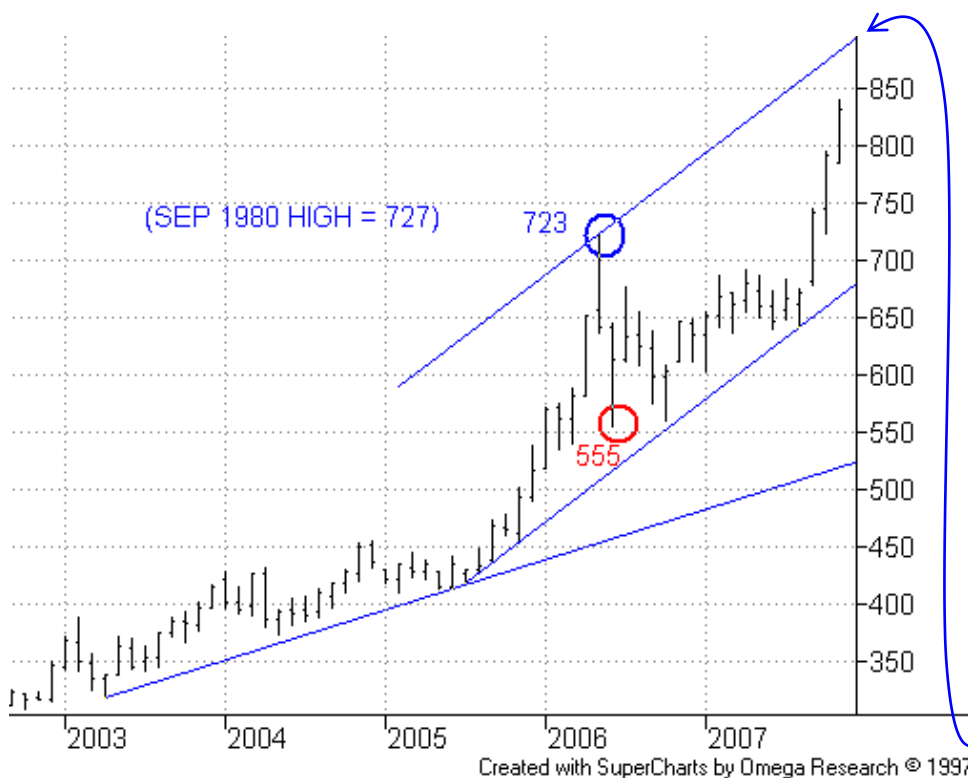
The structure of  
the s/term chart  
remains strong  
and, as with  
Crude Oil, the  
last few days'  
slower ascent  
might just be  
hinting at modest  
s/term bull  
fatigue.

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# Metals

**Gold** and **Silver** have remained strong, the latter notable for its surge last week - in both, s/term Fibonacci projections having been touched. **Copper** has slipped to the base of its range now, raising the spectre of a top formation once more.

## Gold (COMEX)

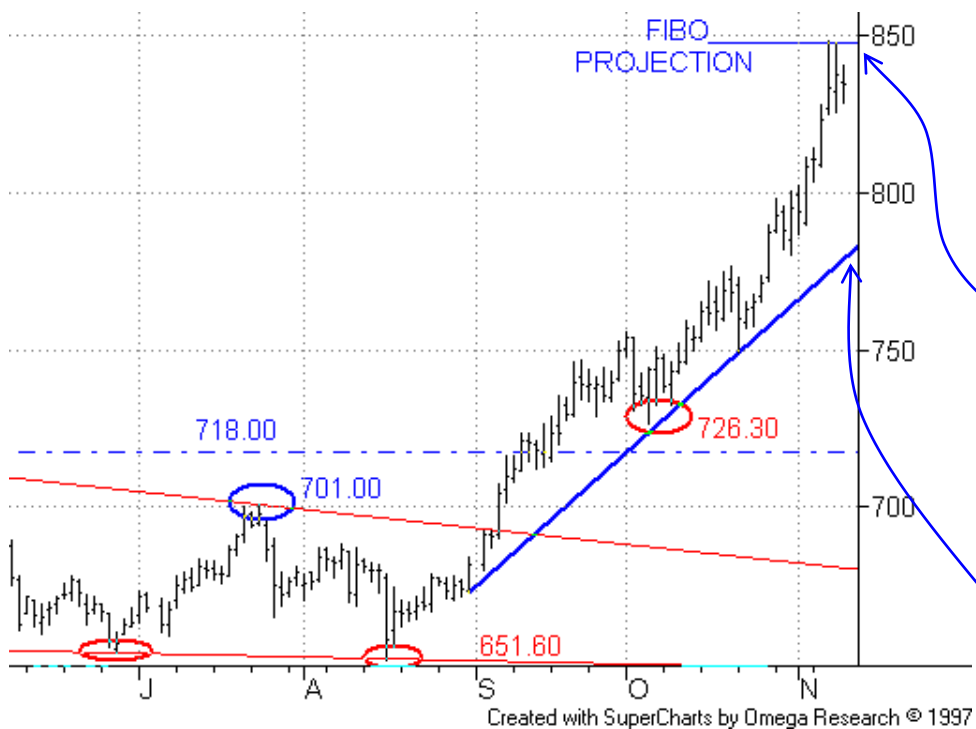
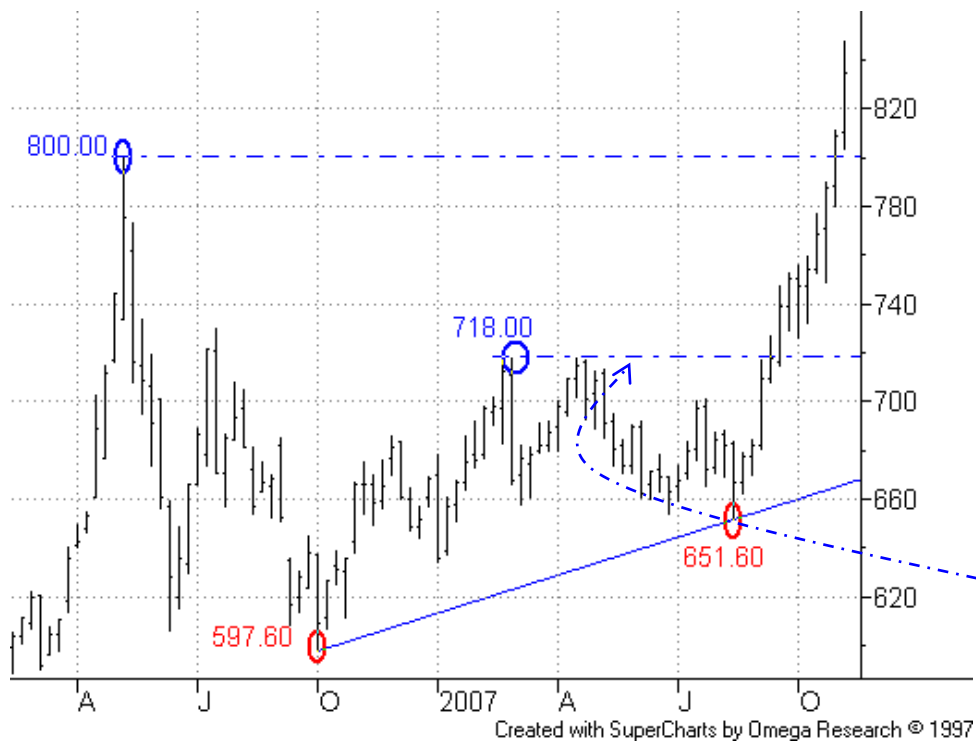


MONTHLY CHART -  
CONTINUATION:

After breaking  
above the major  
723-727 highs,  
subsequent HOLD  
above these has  
been further  
bullish.

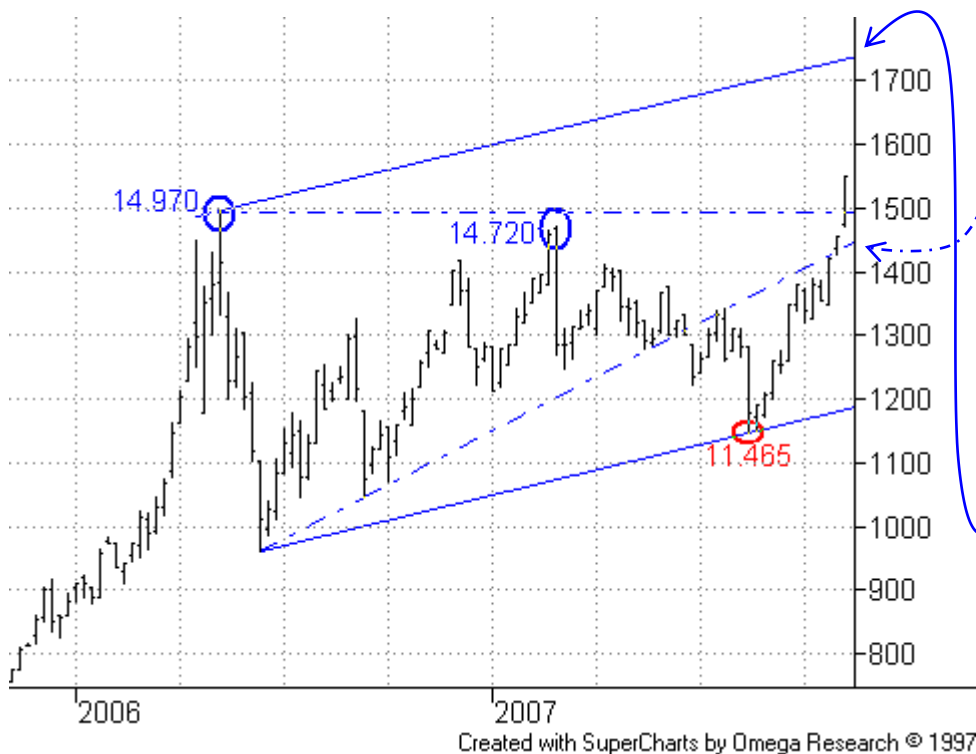
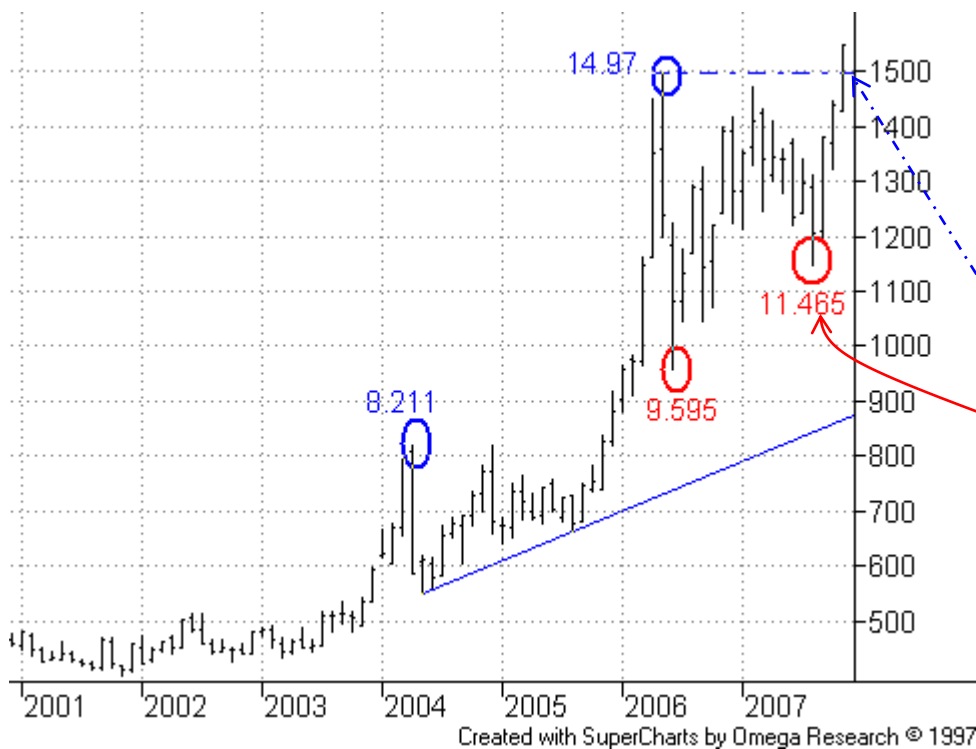
The major 875 Jan  
1980 spike high  
draws nearer...

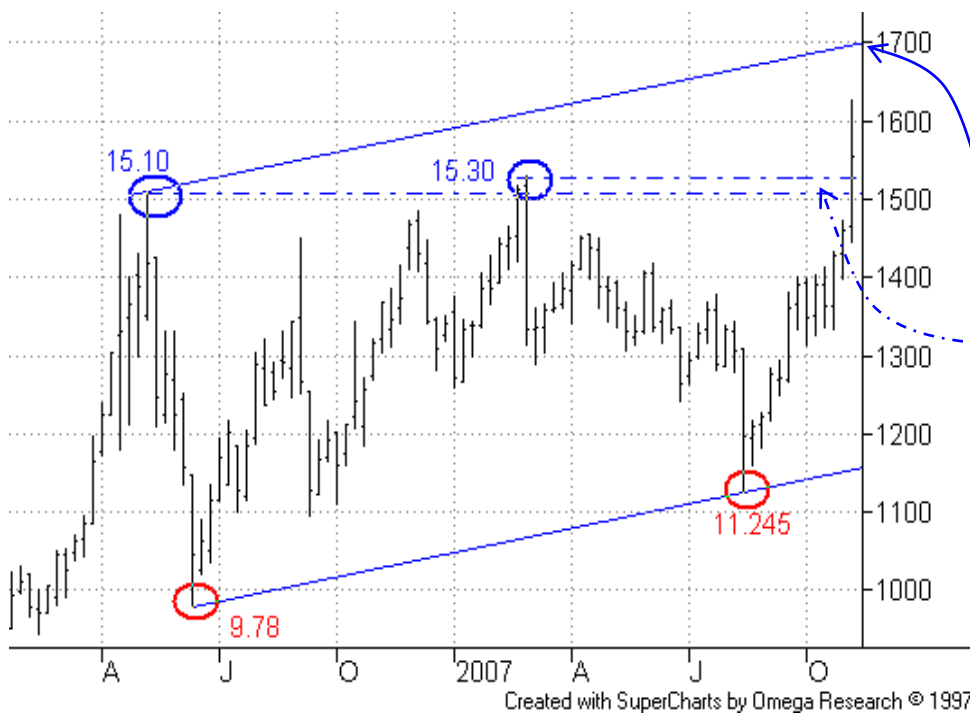
...and then the  
top of a long  
term bull channel  
projection near  
900 beckons.



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# Silver (COMEX)

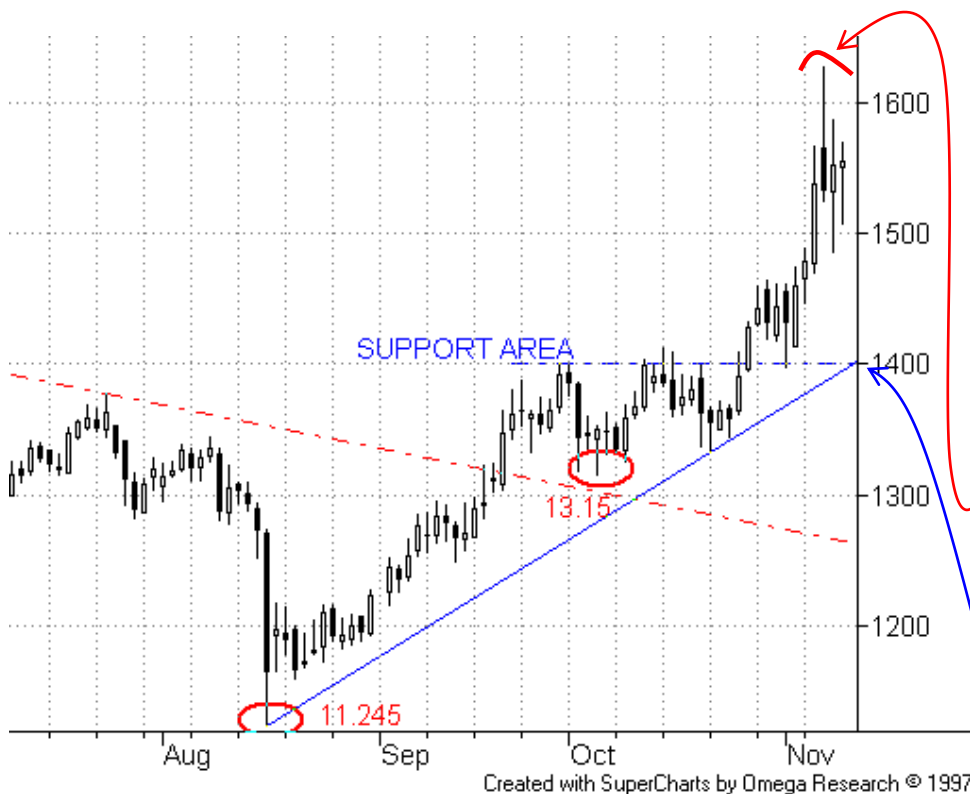




WEEKLY CHART -  
DEC-07:  
On the weekly  
chart of the  
front month this  
channel top lies  
closer to 17.00.

It is the 15.30-  
10 area that in  
the end needs to  
be held above  
here.

Just ahead of  
17.00 is the  
'9.78-15.30'  
equality target  
from 11.245 low,  
at 16.76 -  
further s/term  
resistance?



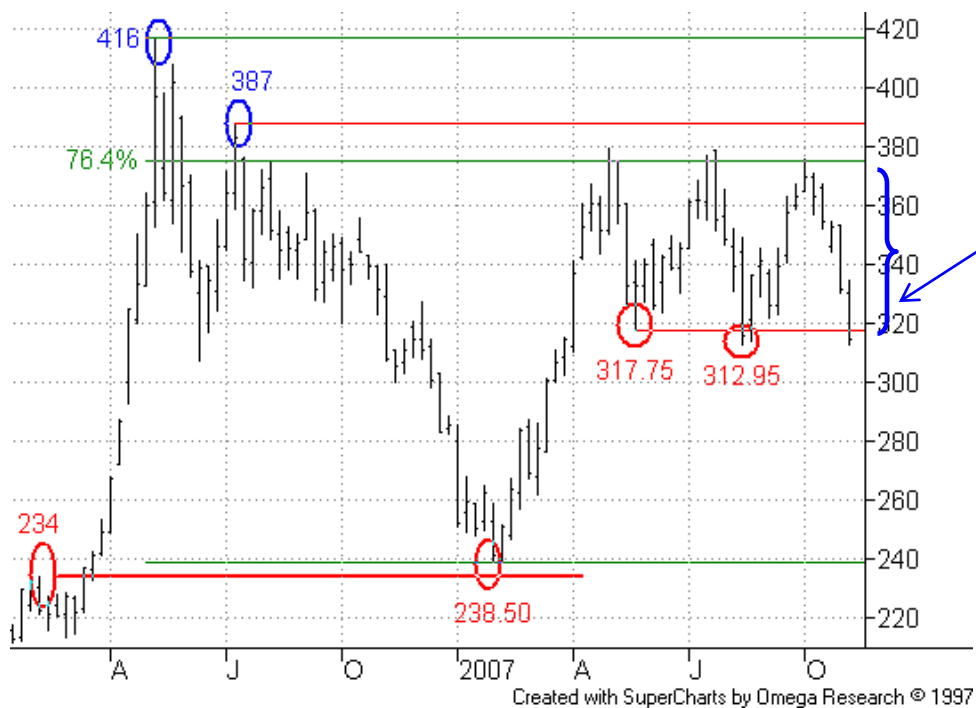
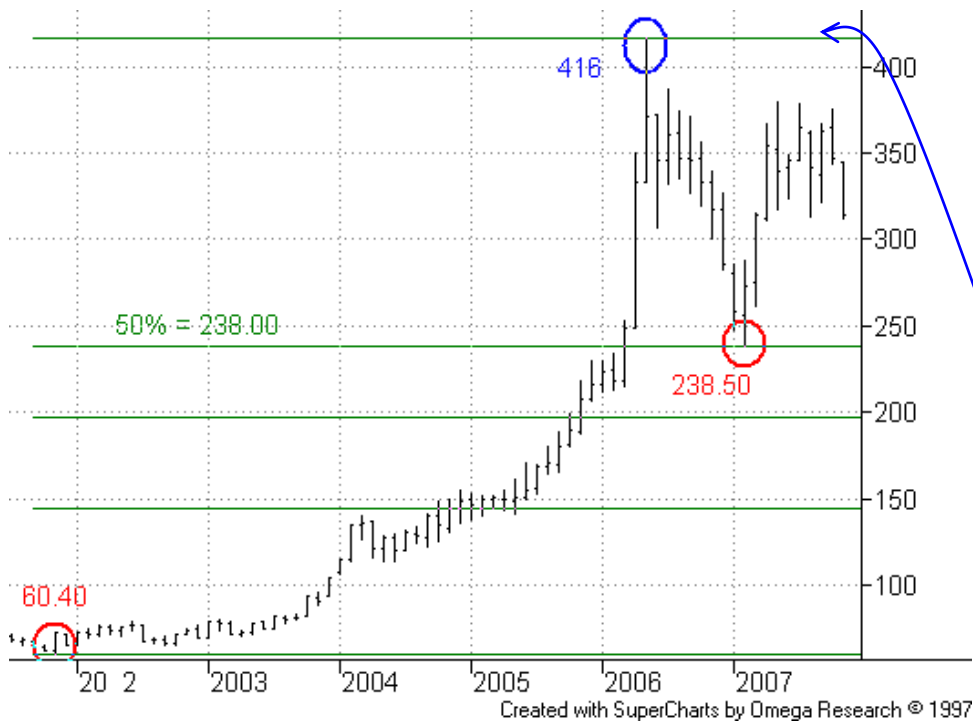
DAILY CHART -  
DEC-07:  
A Fibo projection  
at 16.23 (1.618  
of the 11.245-  
13.15 distance)  
was just exceeded  
last week.

The candle stick  
chart illuminates  
high price  
rejection on that  
day.

If this heralds a  
s/term corrective  
phase then the  
14.00 region  
becomes very key  
support now, a  
clear risk level  
for bull  
positions.

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## High Grade Copper (COMEX)





DAILY CHART -  
DEC-07:

We said last week that the s/t bear structure looked incomplete, inviting pressure on key 76.4% support.

This happened, it failed, and the falling support line around 295 is now in s/term bear's sights.

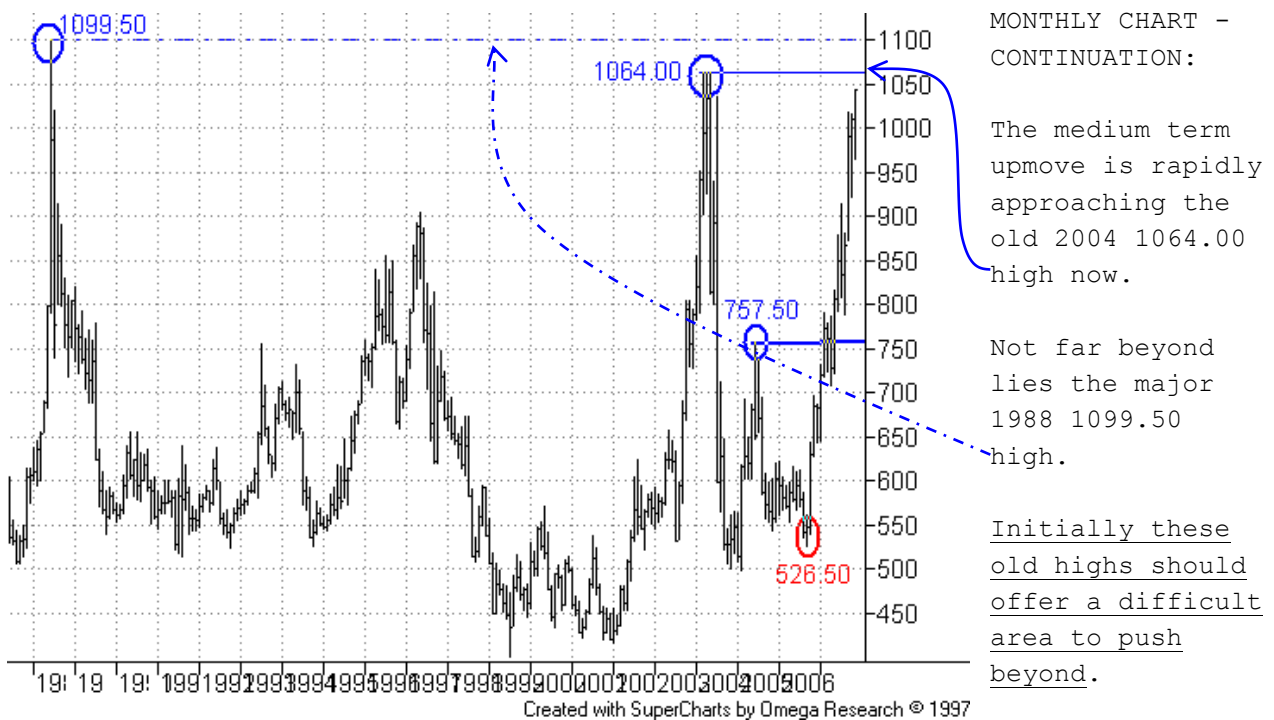
A break below this confirms a triple top formation has completed.

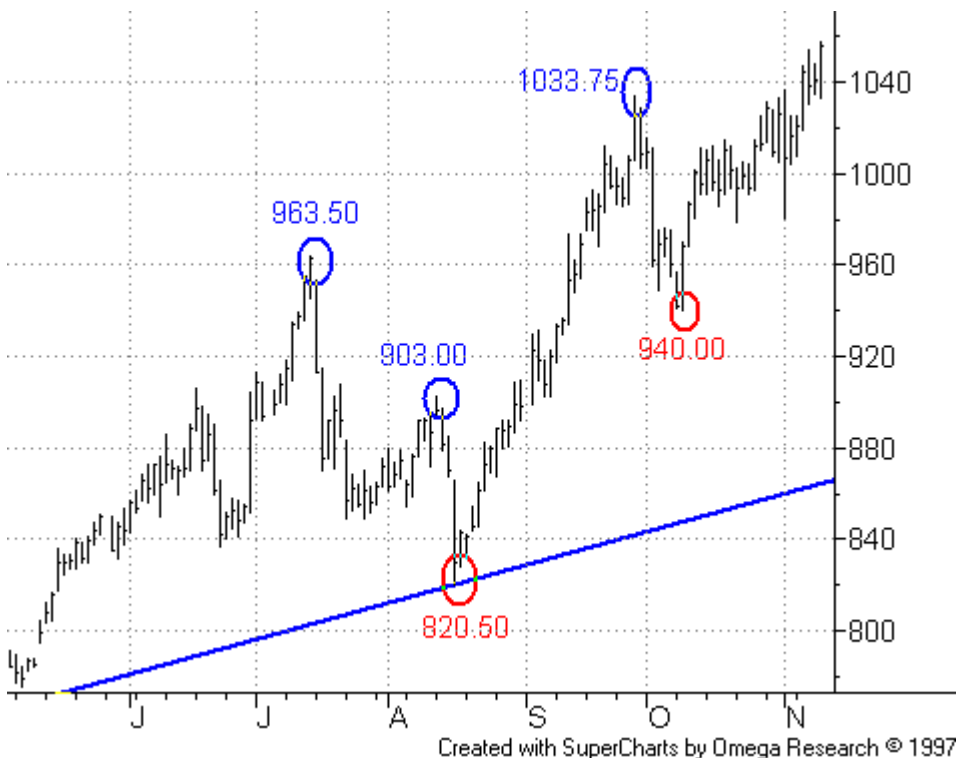
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## Grains and Softs

**Soybeans** remain in a strong position, while **Wheat** is undergoing s/term reversal after a strong rise. **Cocoa** essentially remains consolidative but cannot shake off lingering bear risk, while **Coffee** has neared key support and may tempt speculative bulls. The **Cotton** chart structure is unclear but certain clues hint at bear risk.

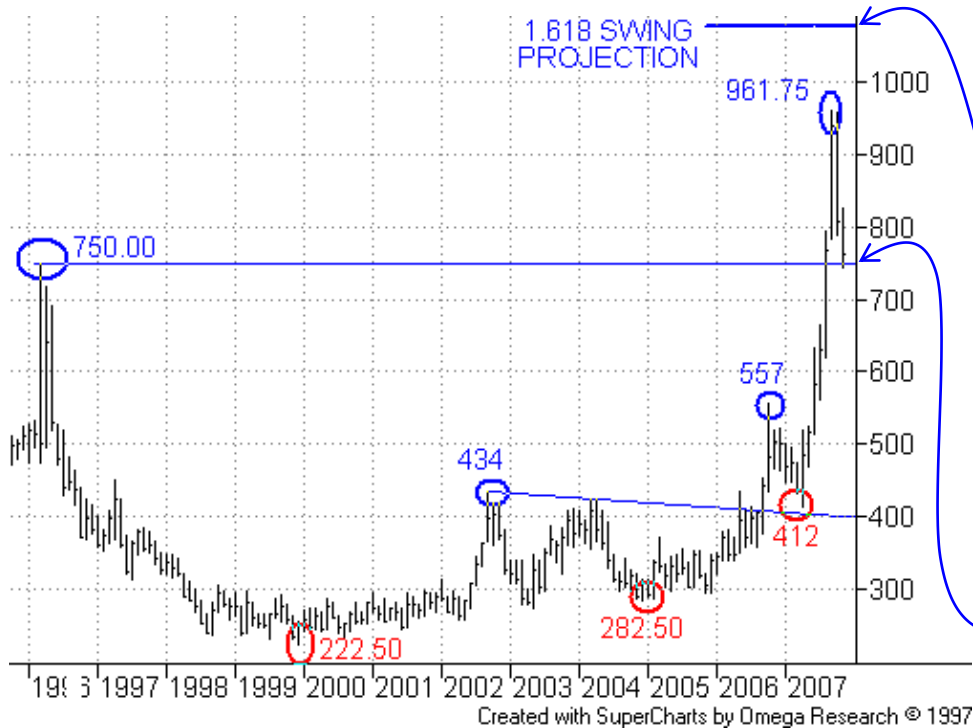
### *Soybeans (CBOT)*





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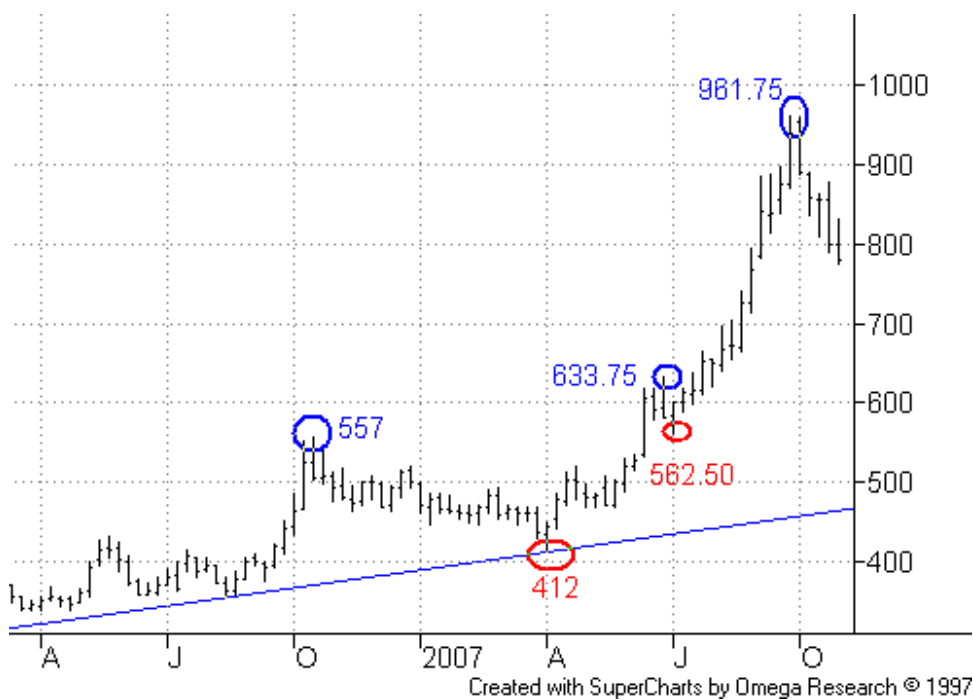
## Wheat (CBOT)



MONTHLY CHART -  
CONTINUATION:

Higher targets, such as the 1076.00 1.618 swing projection of the long term 750.00-222.50 1996-99 downmove, are postponed for now.

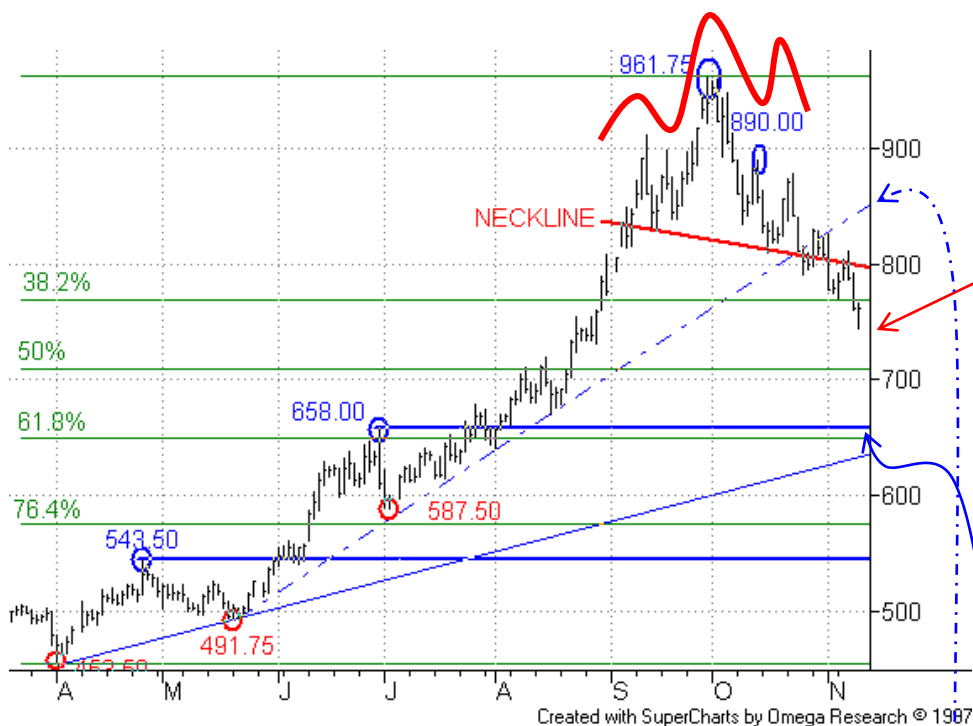
The old 750.00 and 557.00 highs are now support points, the first of these now under pressure.



WEEKLY CHART -  
CONTINUATION:

After a very impulsive upmove from 412.00 the pullback from 961.75 keeps bulls sidelined.

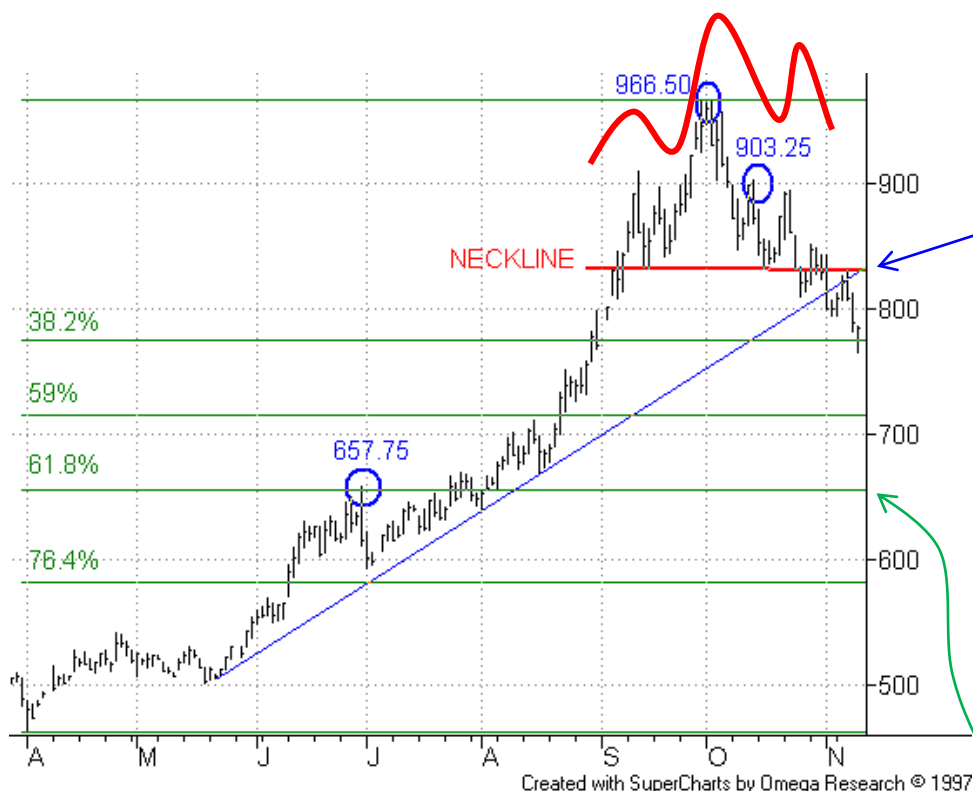
The interest is in the daily chart at the moment.



DAILY CHART -  
DEC-07:  
After completion  
of a nice Head  
and Shoulders our  
initial 750.00  
target has been  
reached (old 1996  
high - see  
monthly chart).

We also keep in  
mind a Fibo  
projection that  
coincides with  
the 658.00 29-Jun  
high, close to  
the 61.8% level  
too.

First interesting  
resistance comes  
from the old  
support/return  
line around  
850.00 currently.



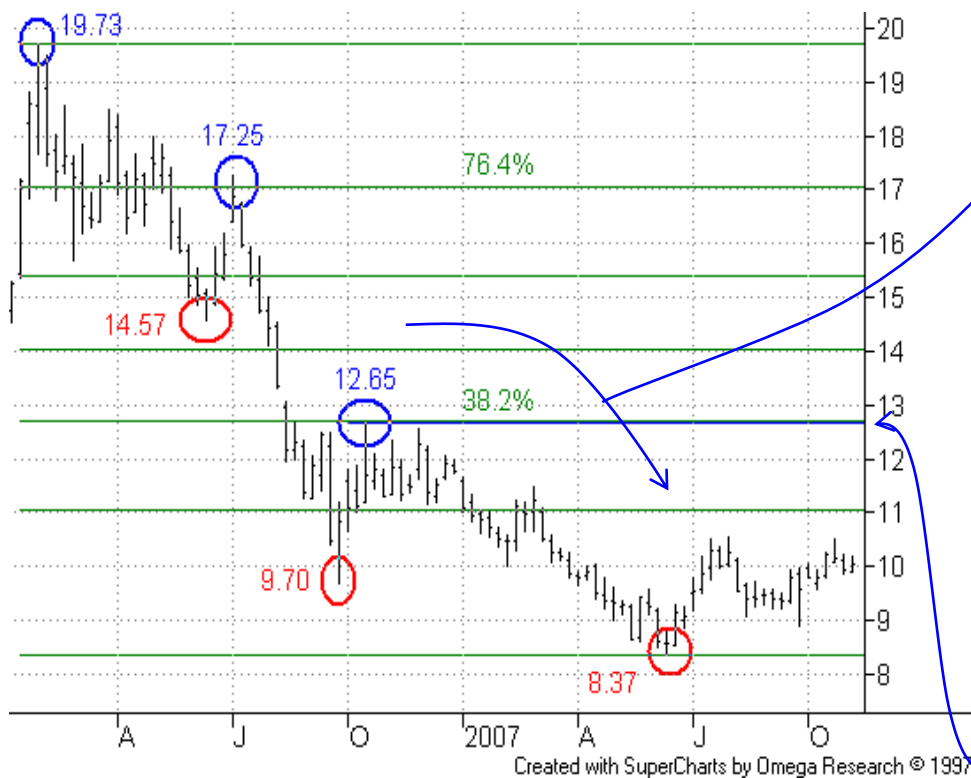
DAILY CHART -  
MAR-08:  
On the Mar-08  
chart that 'old'  
support line has  
only recently  
been breached.

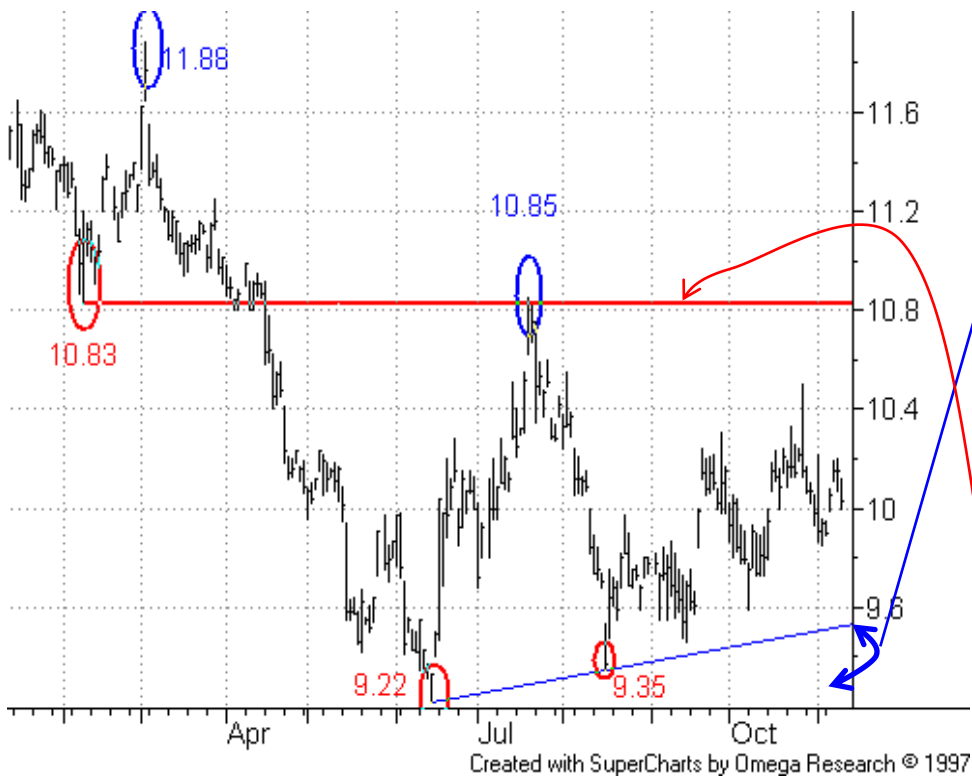
At 830.00 it  
coincides with  
the neckline and  
offers resistance  
now.

Lower levels to  
look out for  
include a Fibo  
projection at  
700.00, then the  
61.8% area.

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# Sugar 11 (NYBOT)





DAILY CHART -  
MAR-08:

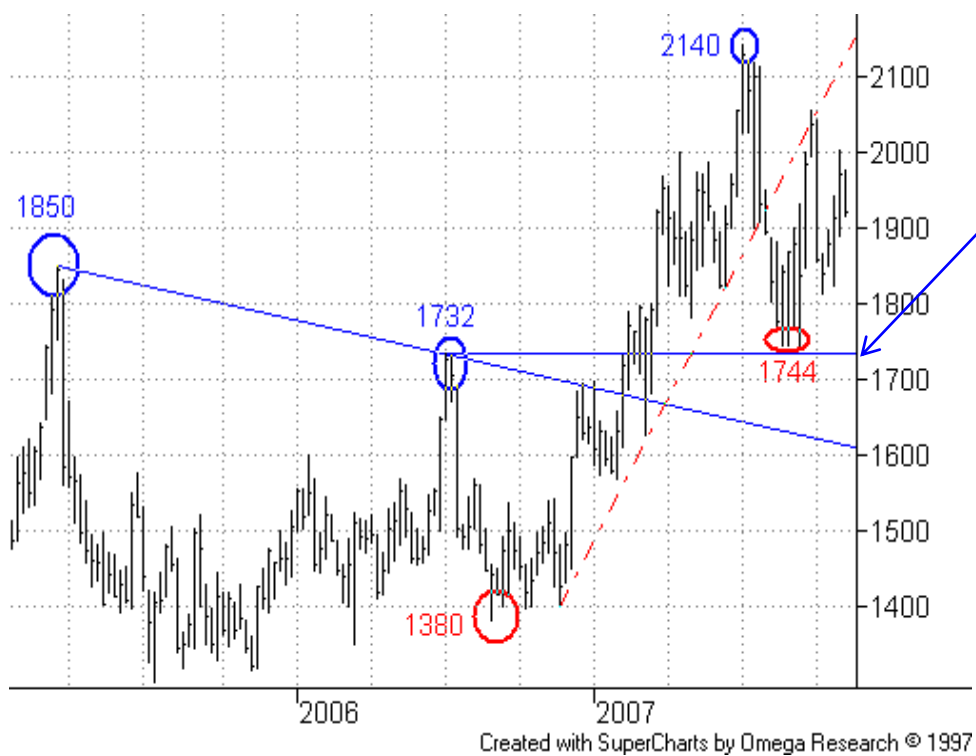
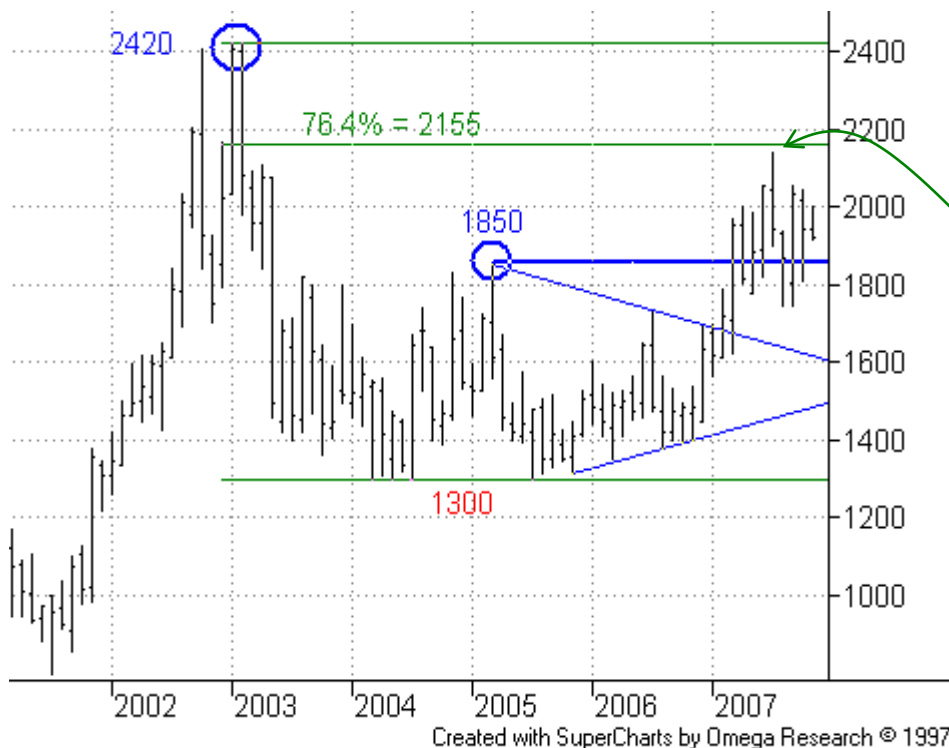
Price action continues to consolidate above key support at 9.50-22.

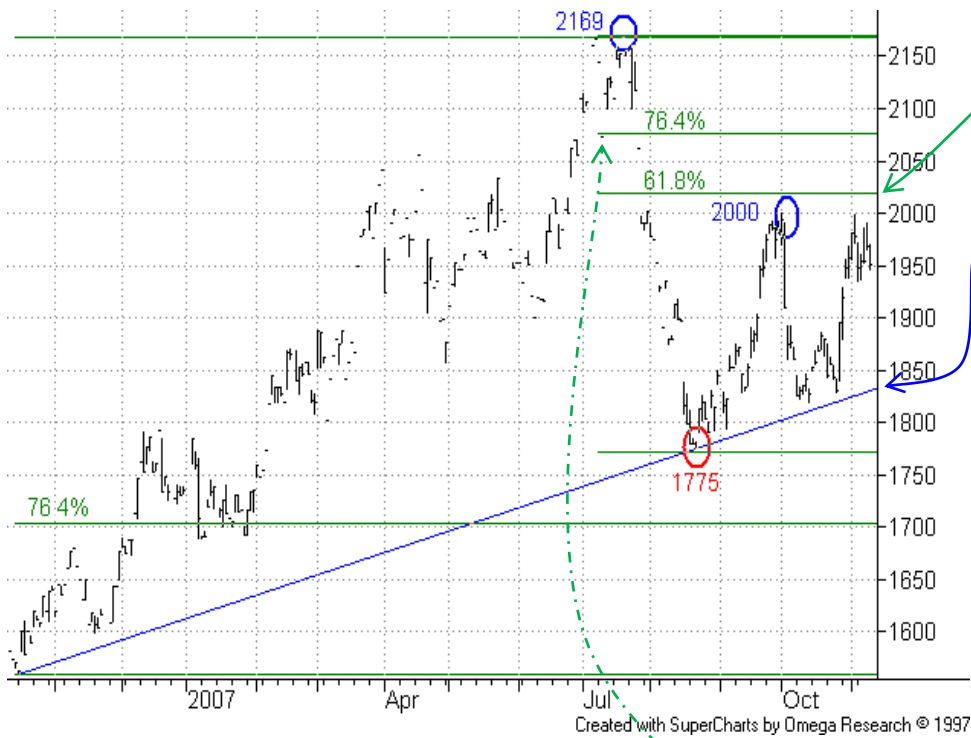
Another upside attempt stays in prospect, but is not certain.

The 10.83-85 area remains the key resistance, a breach of which is needed to suggest a medium term recovery phase is underway.

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## Cocoa (NYBOT)





DAILY CHART -  
MAR-08:

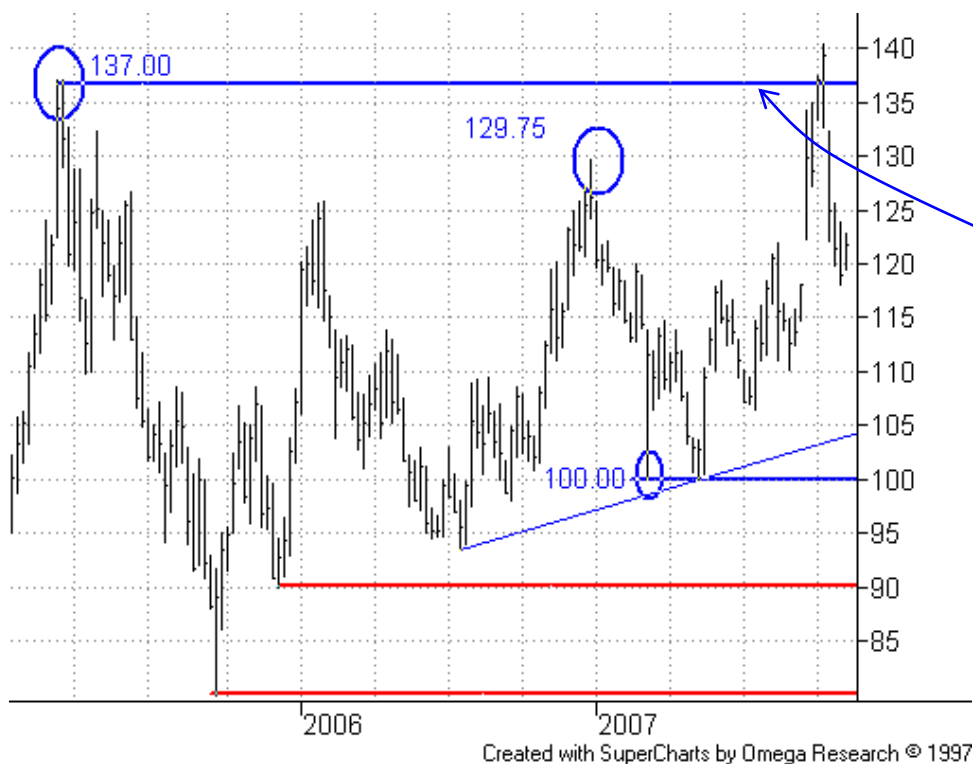
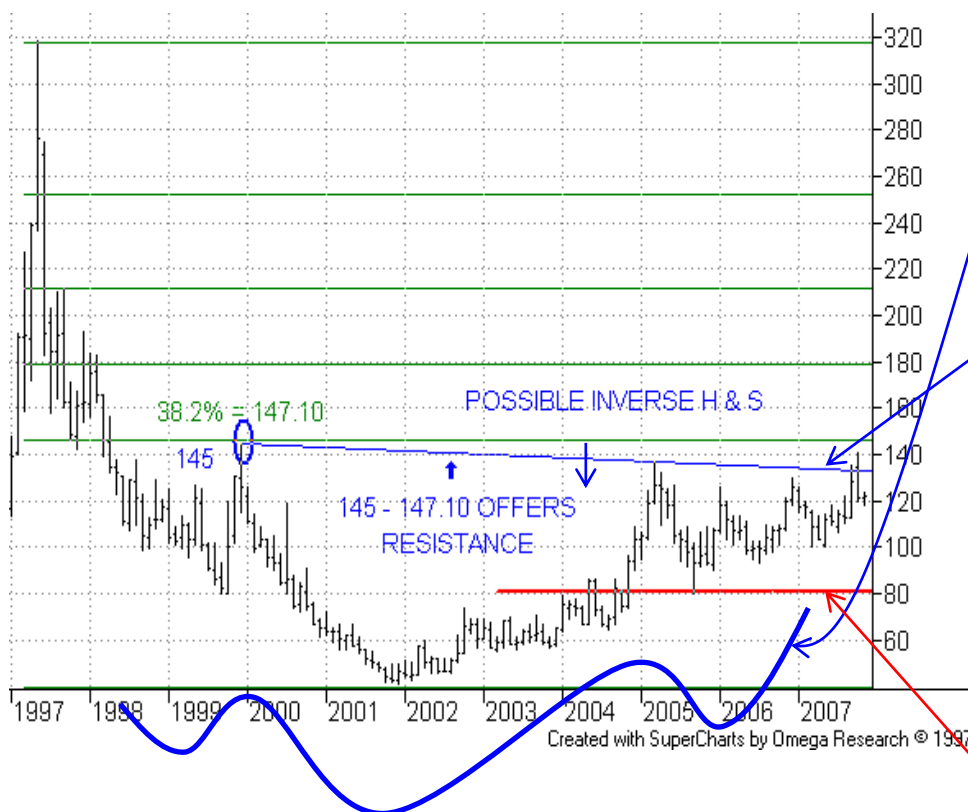
The 61.8% level continues to resist, while the medium term support line (probably more important than the 1775 Aug low) has kept bears in check.

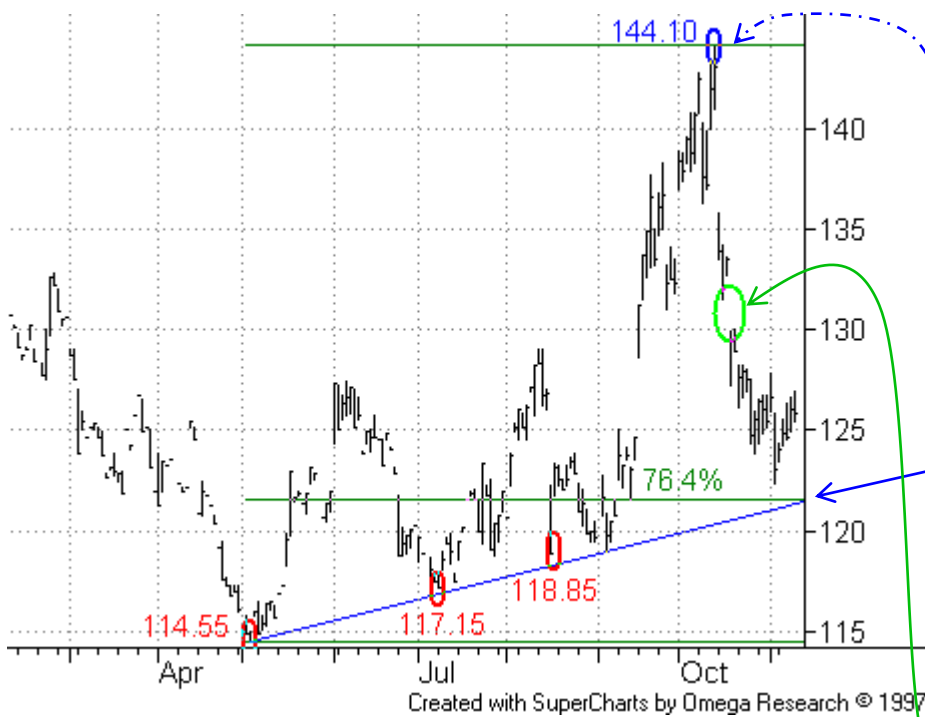
The picture may yet favour s/term bulls, but there is a risk that the current consolidation is a prelude to a second down wave.

This would look less likely on a break above the 76.4% 2076.00 rebound level.

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# Coffee (NYBOT)





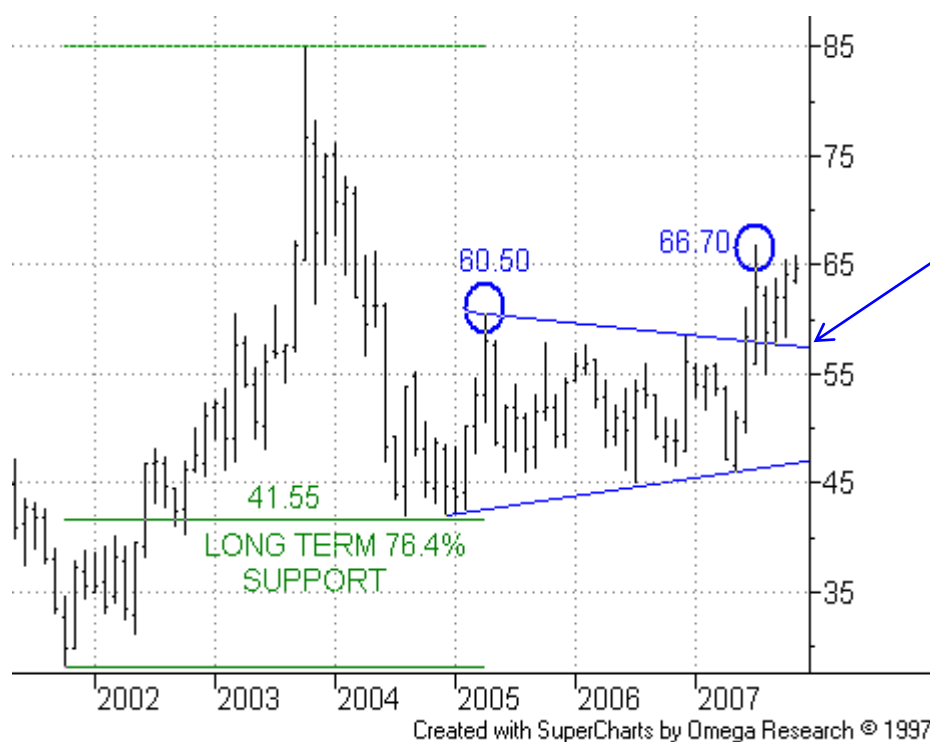
DAILY CHART -  
MAR-08:  
The sharp drop  
back from the  
144.10 high has  
implied serious  
momentum loss.

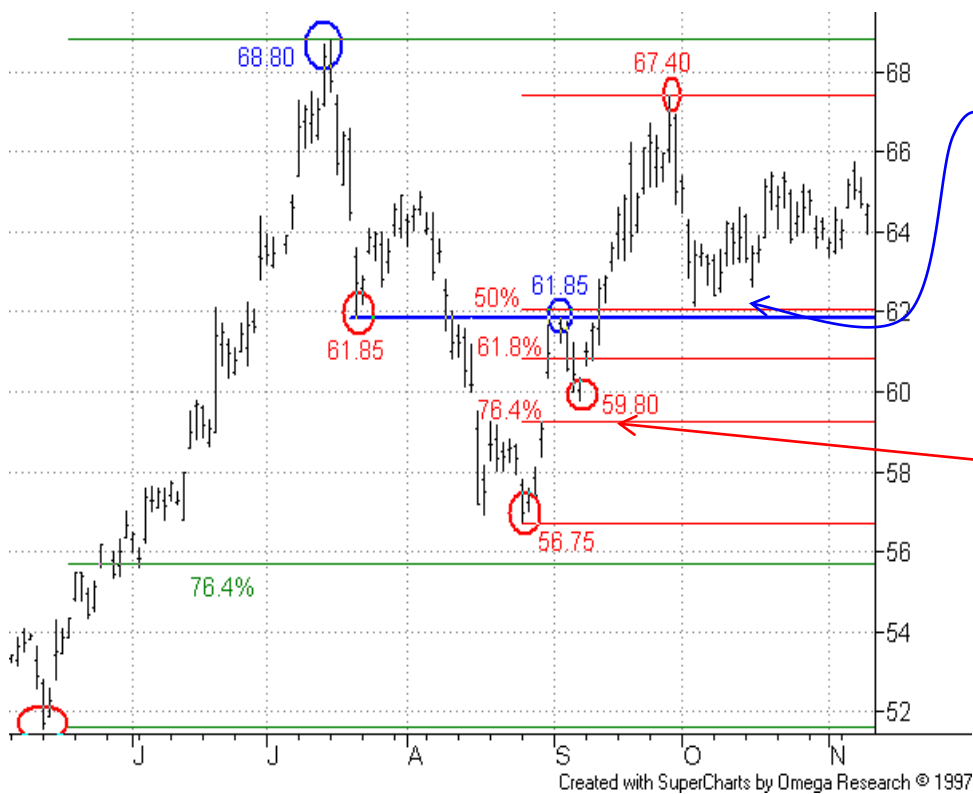
Focus is on both  
the rising  
support line from  
early May AND the  
76.4% level  
around 121.50,  
currently very  
key support, and  
a clear risk  
level for s/term  
bulls now.

Note resistance  
from the 130.00-  
131.50 gap - a  
recovery back  
through here is  
1st confirmation  
of fresh bull  
energy.

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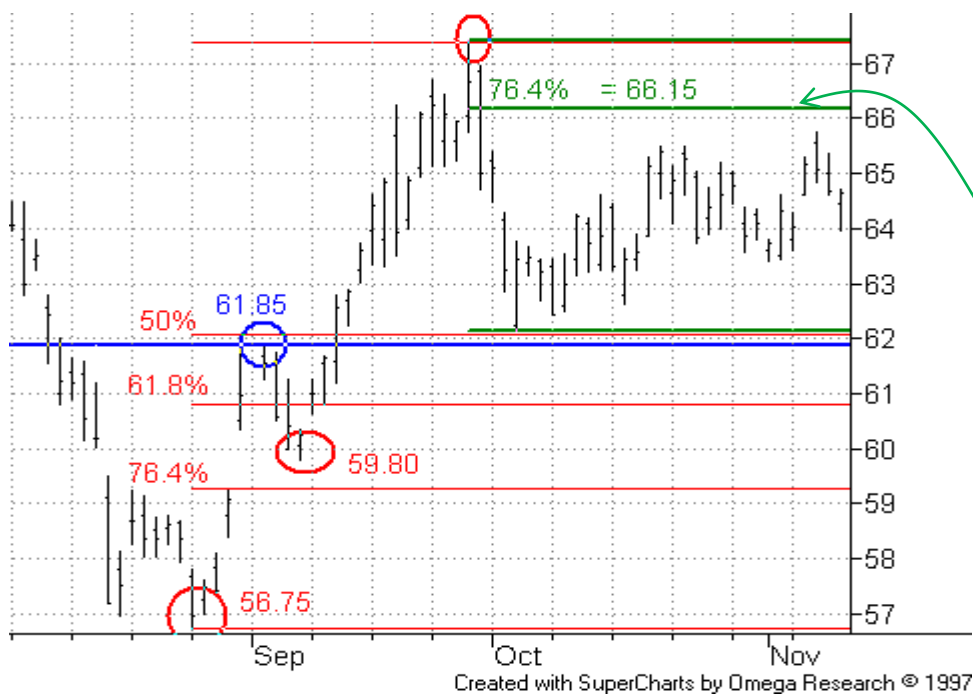
## Cotton No.2 (NYSE)





DAILY CHART -  
DEC-07:  
Price action  
above our first  
key support at  
61.85 remains  
subdued and non-  
impulsive.

There is thus  
still risk that  
the lower, &  
crucial, key  
support area  
around 59.80-  
59.25 (includes  
76.4% pullback  
level) may be  
tested.



DAILY CHART -  
DEC-07:  
In addition,  
another s/term  
downleg is  
possible while  
the small 76.4%  
recovery level  
holds.

We continue to  
note that the  
whole structure  
of the 56.75-  
67.40 Aug-Sep  
upleg did not  
look typically  
impulsive.

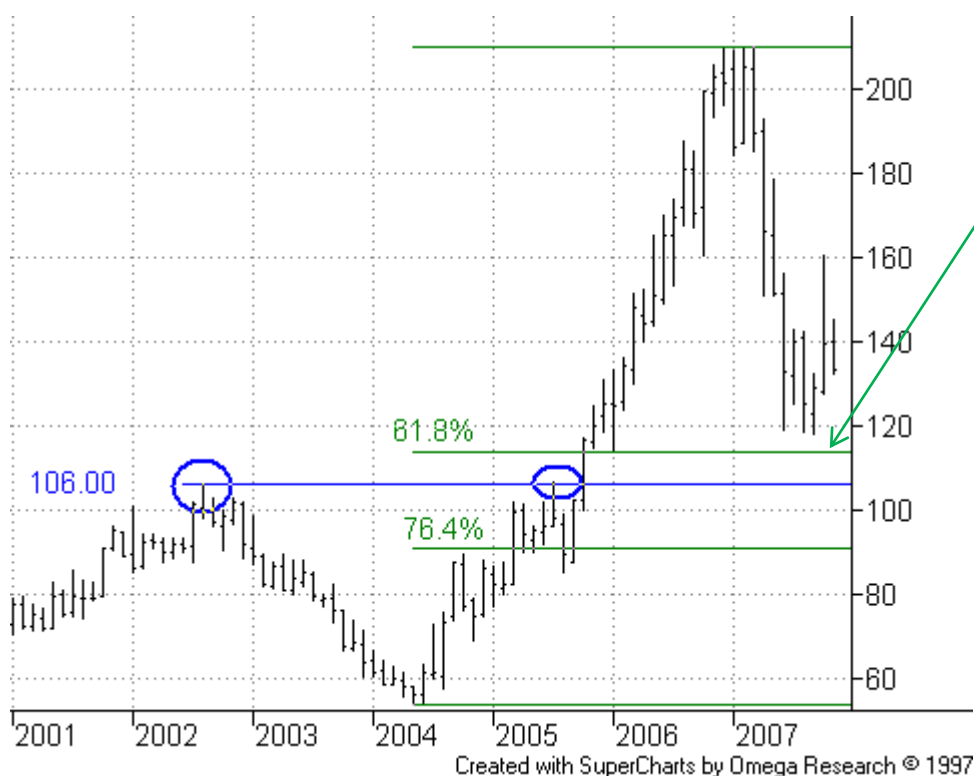
We switch to the  
Mar-08 contract  
next time.

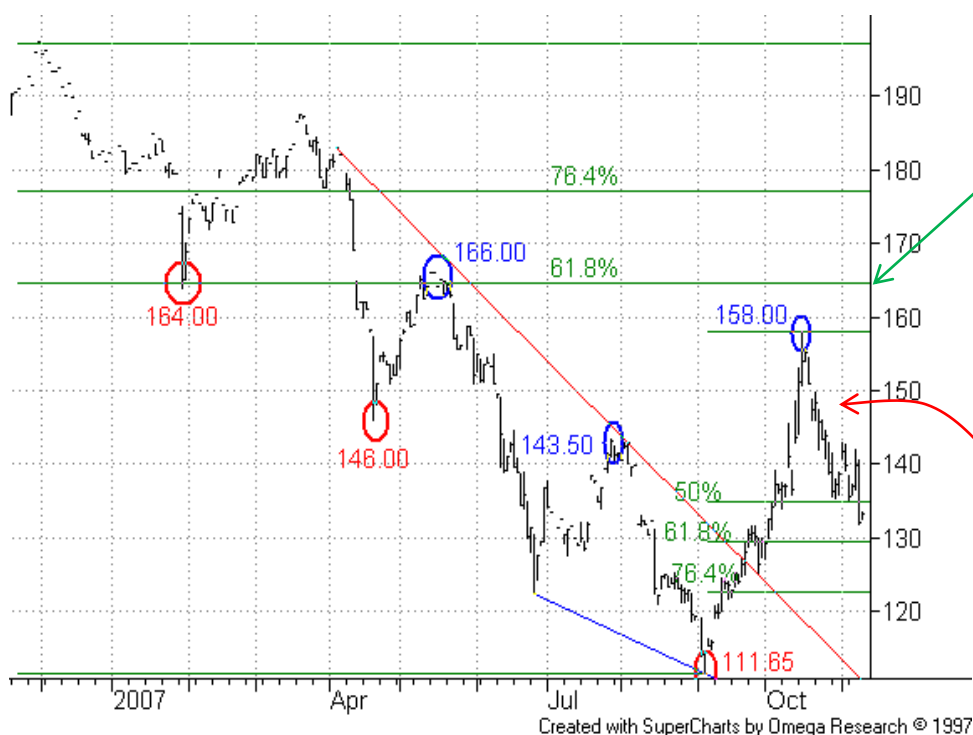
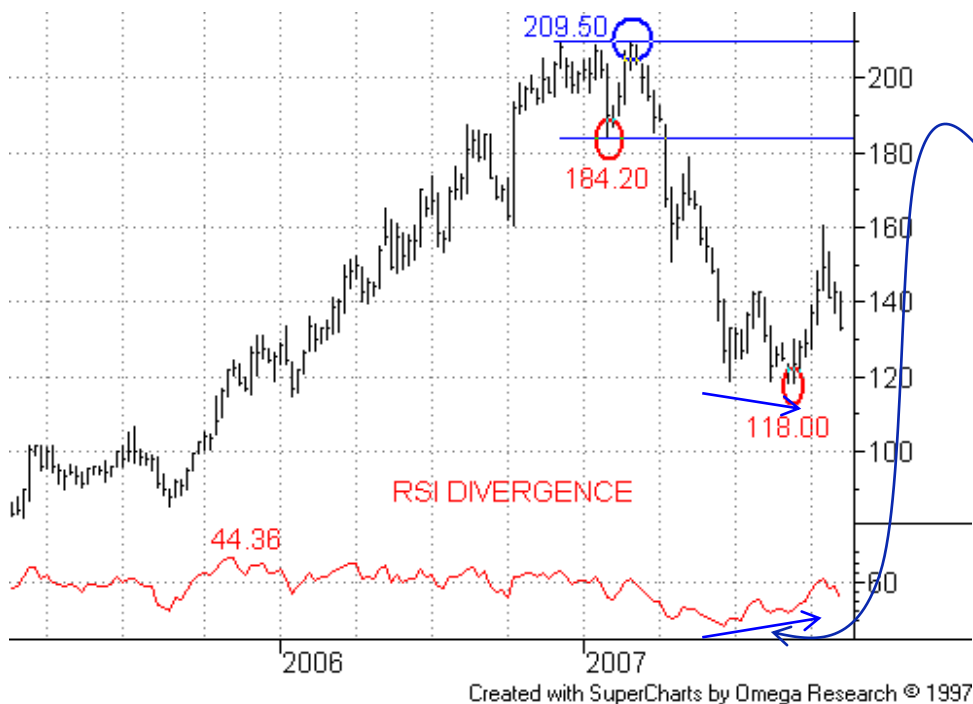
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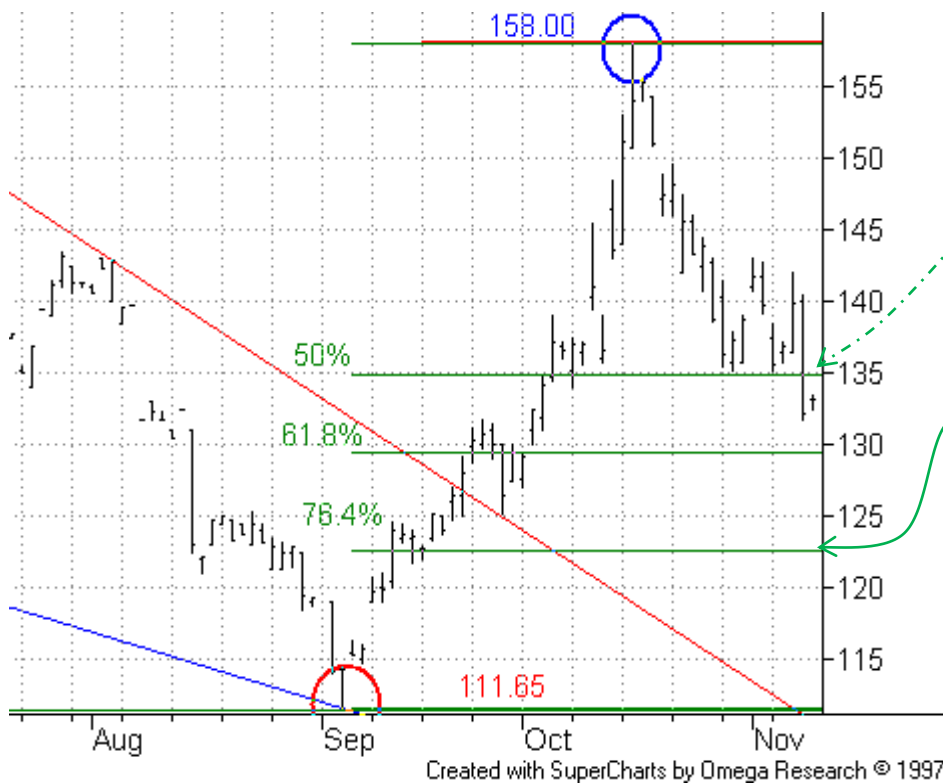
## Other (these may vary occasionally)

Following an impressive recovery in **Orange Juice** a deeper corrective pullback is now unfolding. The shorter term chart of the **CRB index** remains bullish, and the major 2006 high is in sight.

## Orange Juice (NYBOT)







DAILY CHART -  
JAN-08:  
Price now in  
pullback mode,  
the temporary 50%  
support has been  
breached.

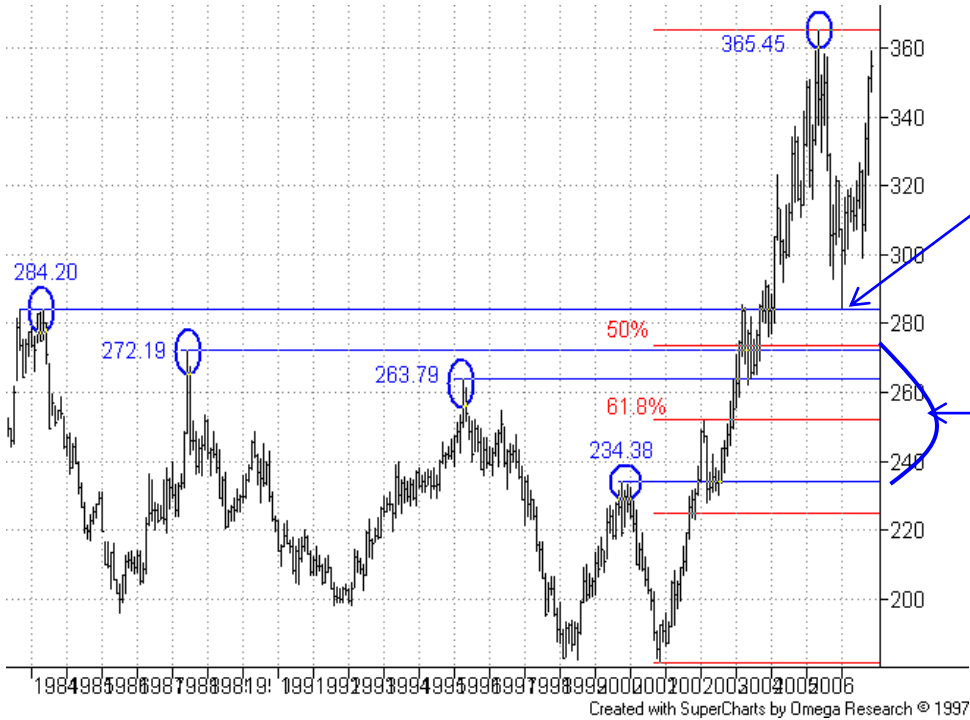
A drop back as  
far as 122.50  
(76.4%) can be  
tolerated, and we  
now note a fresh  
Fibo projection  
that even allows  
for 118.00.

Initially we  
await reaction at  
these lower  
levels, if  
tested.

S/term weakness  
is currently  
deemed corrective  
only, ahead of  
another upside  
attempt.

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# CRB Index (CBOT)

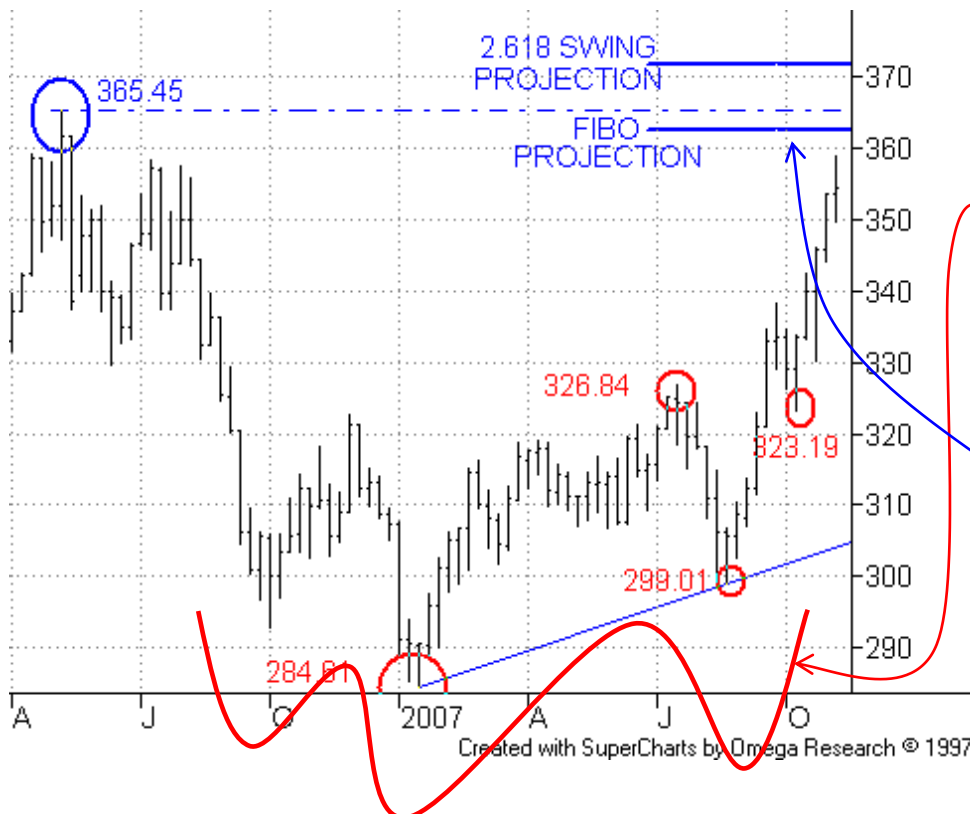


## MONTHLY CHART:

The pullback from 365.45 found good support from the first of four old major highs.

Recovery has postponed any tests of the lower ones.

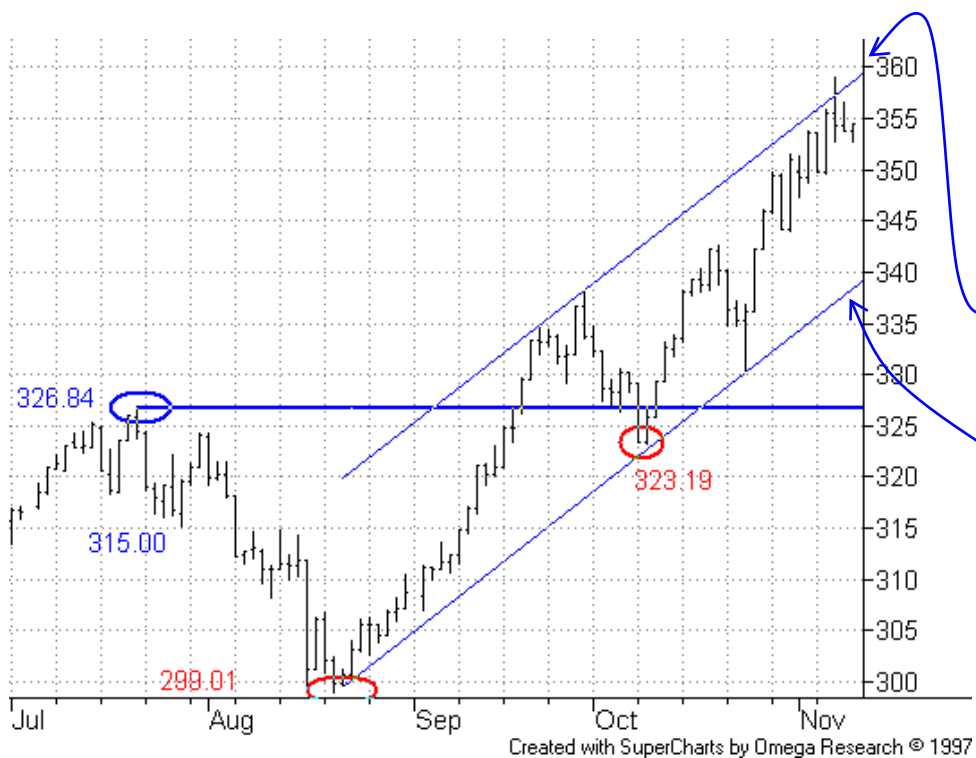
The 2006 365.45 high has come back into sharp focus.



## WEEKLY CHART:

The somewhat unsymmetrical inverse Head & Shoulders can support a return to the major 2006 365.45 high.

Ahead of here note a minor Fibo projection at 362.30.



DAILY CHART:

Note how price appears to be struggling near the s/term bull channel top projection.

At this stage a break below the base of this would provide a negative signal.

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