

WEEK 49 4th DEC - 10th DEC 2007

THE *COMMODITY* TRADER'S GUIDE TO MAJOR MARKETS

PHILIP J ALLWRIGHT



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Go **BEARISH** while below 350.00-354.82, 330.00-326.84 tgt

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

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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.

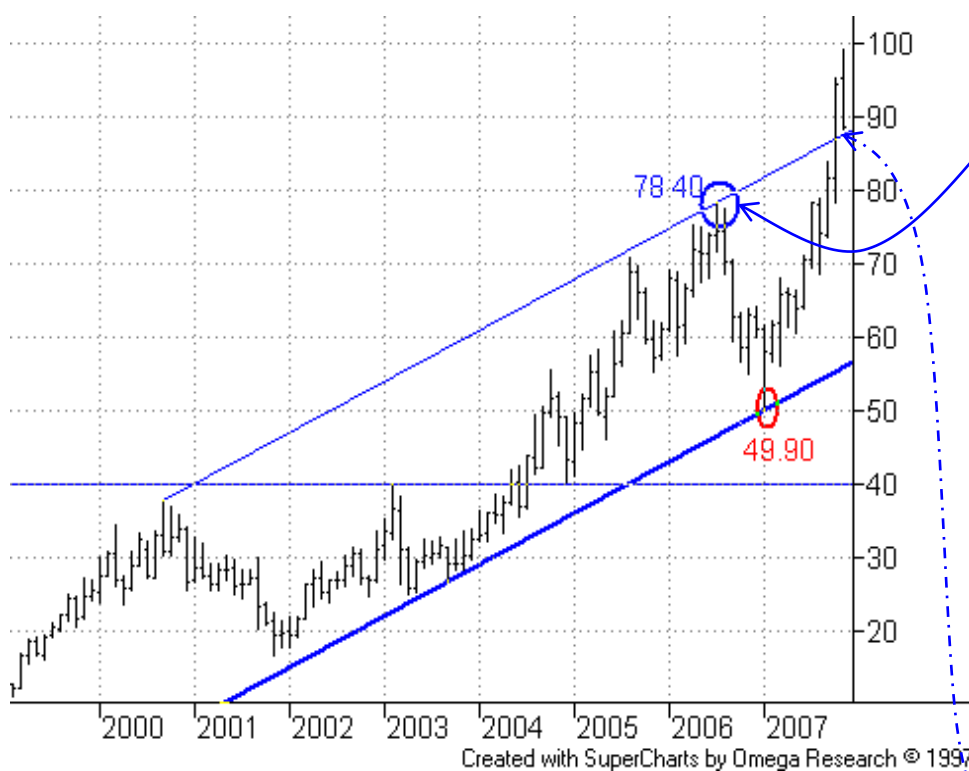
He then worked at (Standard & Poors) MMS as senior foreign exchange technical analyst, and most recently has continued the foreign exchange analysis as a consultant to the web-based G7FOREX.

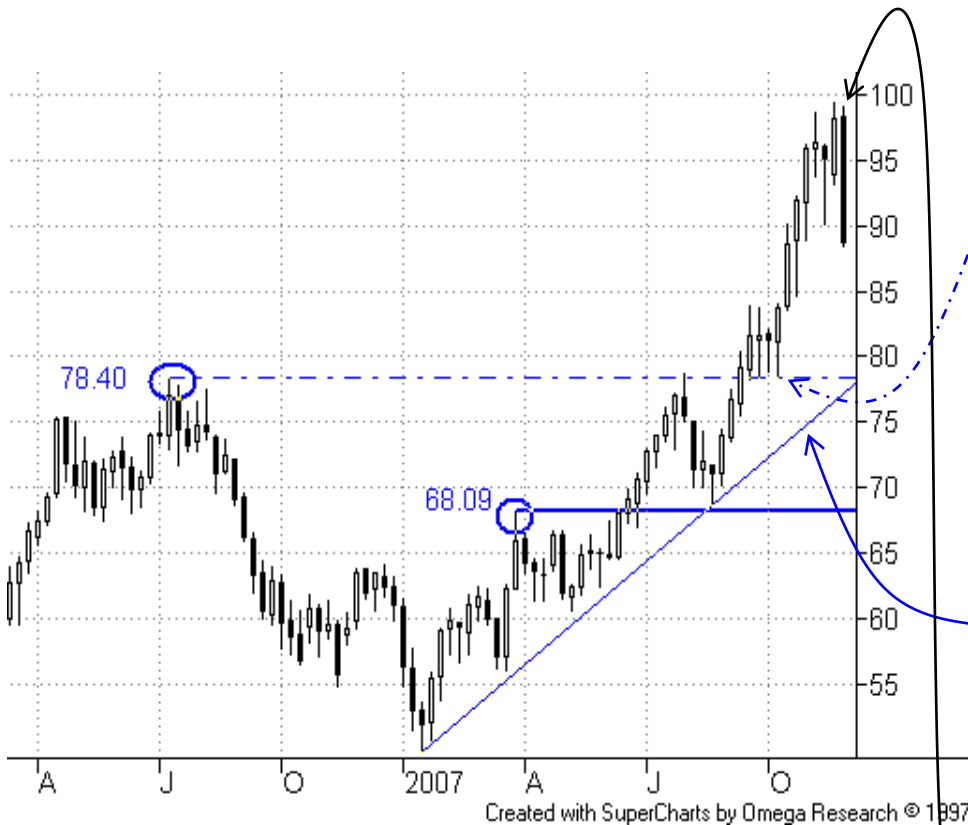
Energy

The bullish trends in **Crude Oil** and **Heating Oil** have been halted for now - reversal weeks are a key feature.

Natural Gas has breached key support and another downleg is under way.

Light Crude Oil (NYMEX)





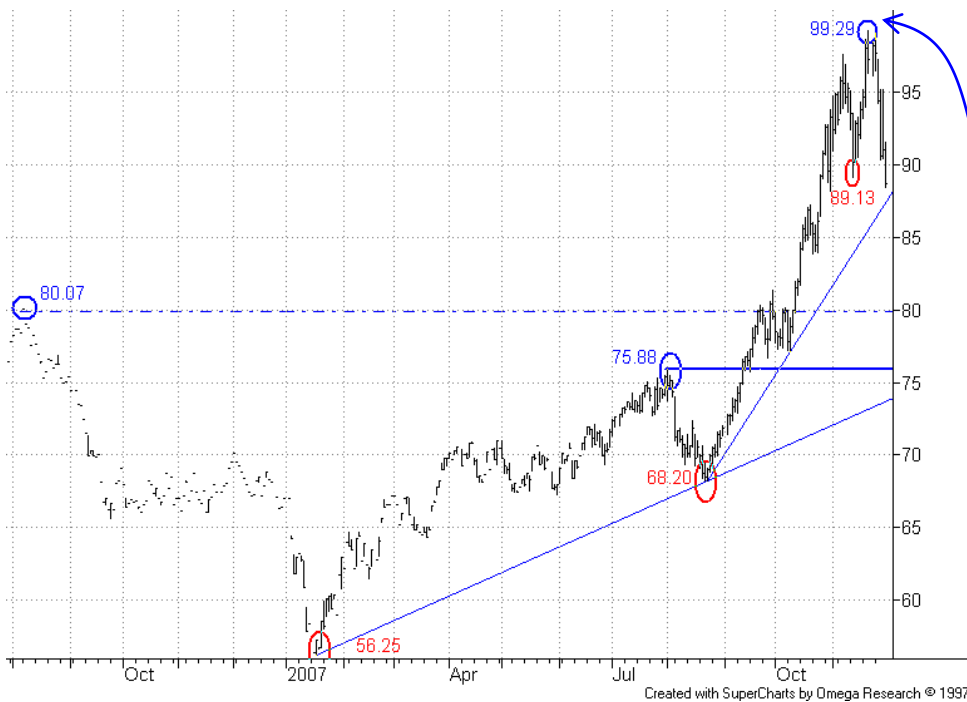
WEEKLY CHART - CONTINUATION:

That 78.40 high has already proved excellent support, and currently helps to preserve upside momentum, keeping the uptrend very strong.

The 2007 uptrend line is the second line of defense now.

S/term fatigue, emphasized by the candle chart, is shown by the down-week - the biggest weekly drop since Mar-03.

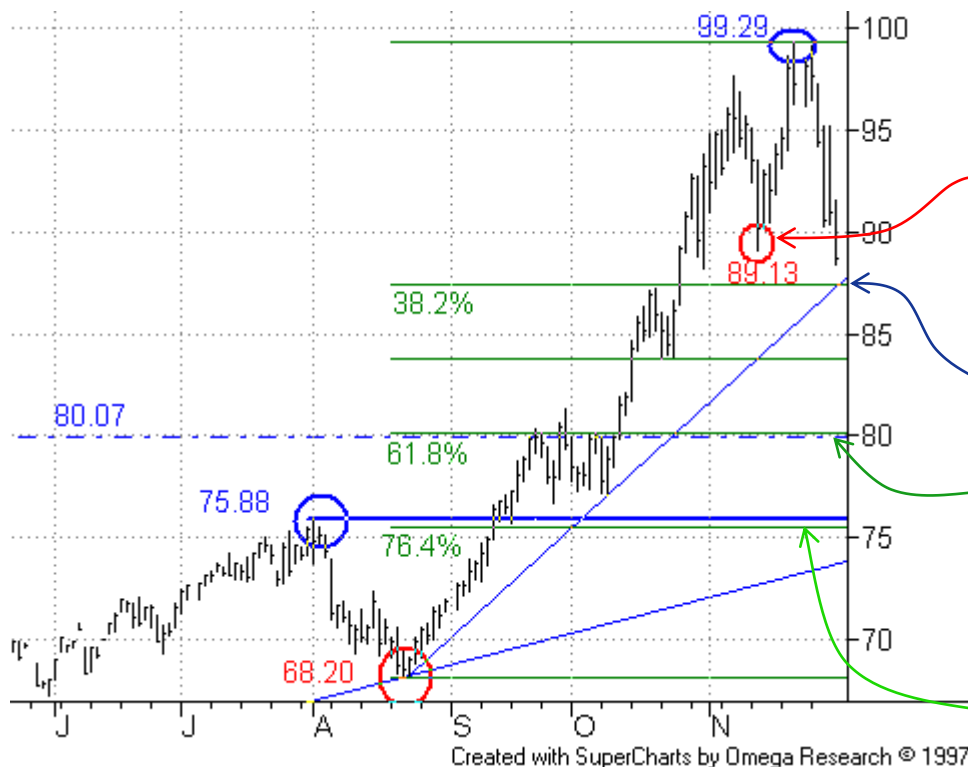
This is not strictly a reversal week but we are happy to bend the rules - there is a strong risk of short/medium term reversal.



DAILY CHART -
JAN-08:
The first of our
nearby Fibo
targets (99.96
and 100.75) was
almost reached.

This was 1.618 of
the 56.25-75.88
upleg, projected
from 68.20.

Our higher target
around 106.90,
matching the
swing target on
the monthly
chart, is delayed
now.

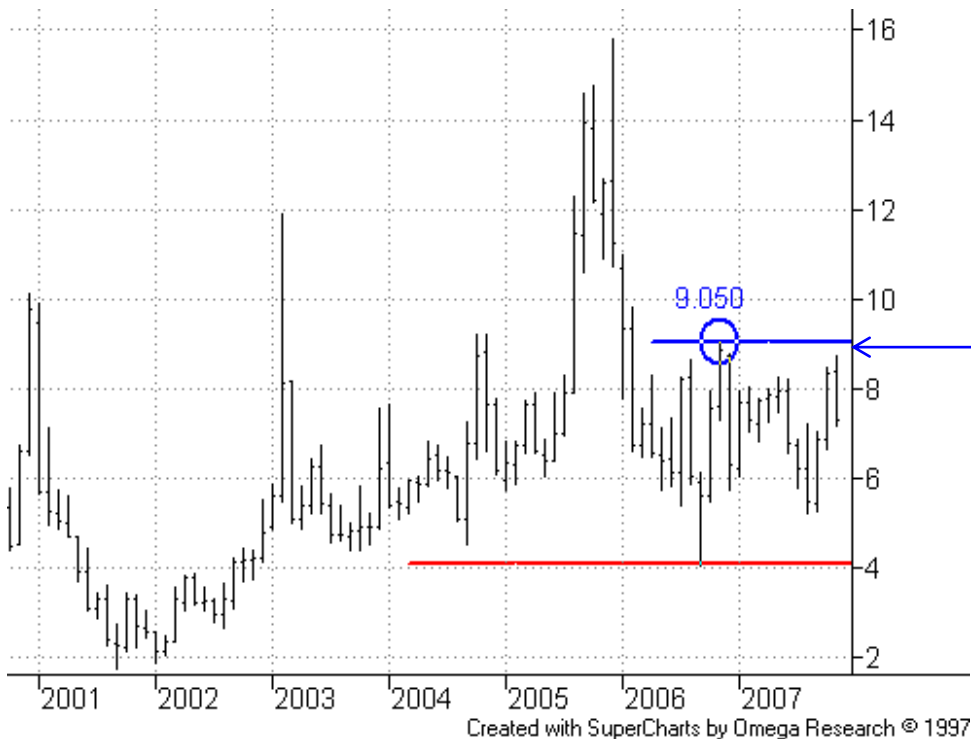


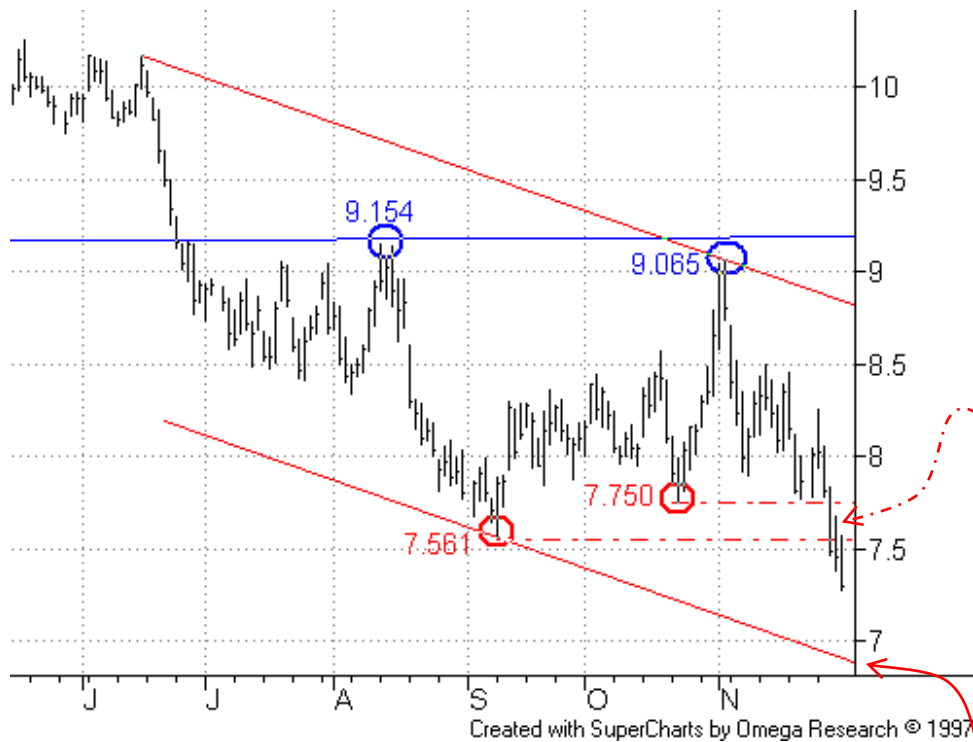
DAILY CHART -
JAN-08:
Several things to
note here:
- breach of 89.13
signals momentum
loss
- which is
strengthened by a
break of the dual
uptrend & 38.2%
support,
- then exposing
61.8% which
matches the old
80.70 Aug-06
high,
- equalled in
importance by the
75.88 Aug high
and 76.4% area.

The main trend is
up, but s/term
outlook bearish.

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Natural Gas (NYMEX)





DAILY CHART -
JAN-08:

Last week we noted the risk of a fresh test of the 7.56 10-Sep low - this has now happened.

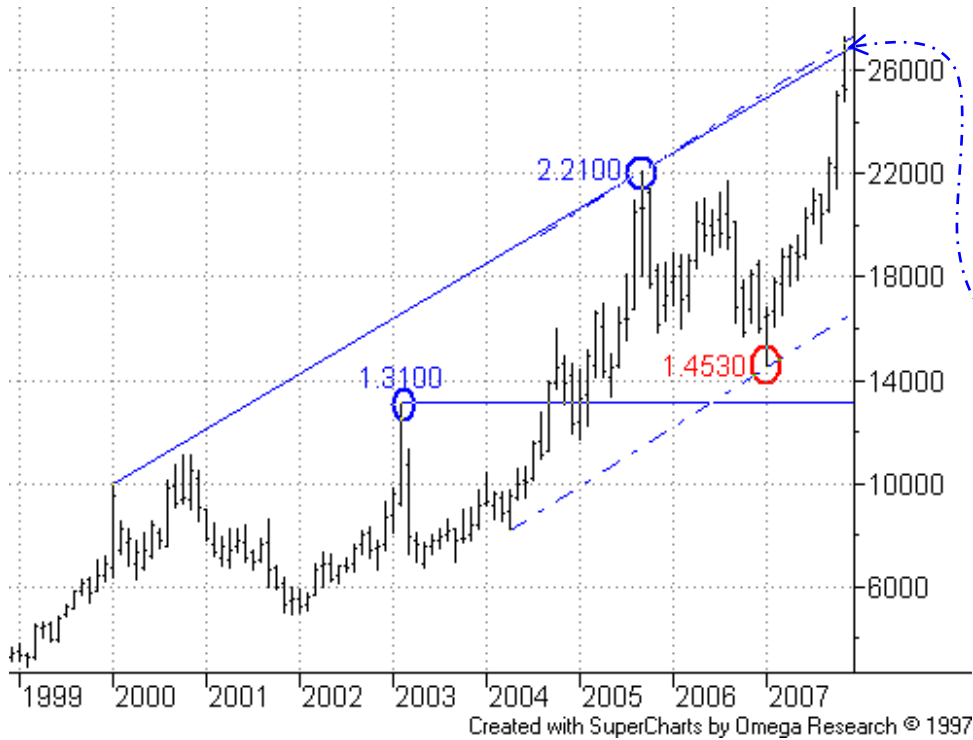
This plus the 7.75 23-Oct low offer first resistance.

With bears again in the ascendant the initial target is the channel base projection in the 6.80s.

Also keep in mind two Fibo projections at 6.67-63 if this channel fails.

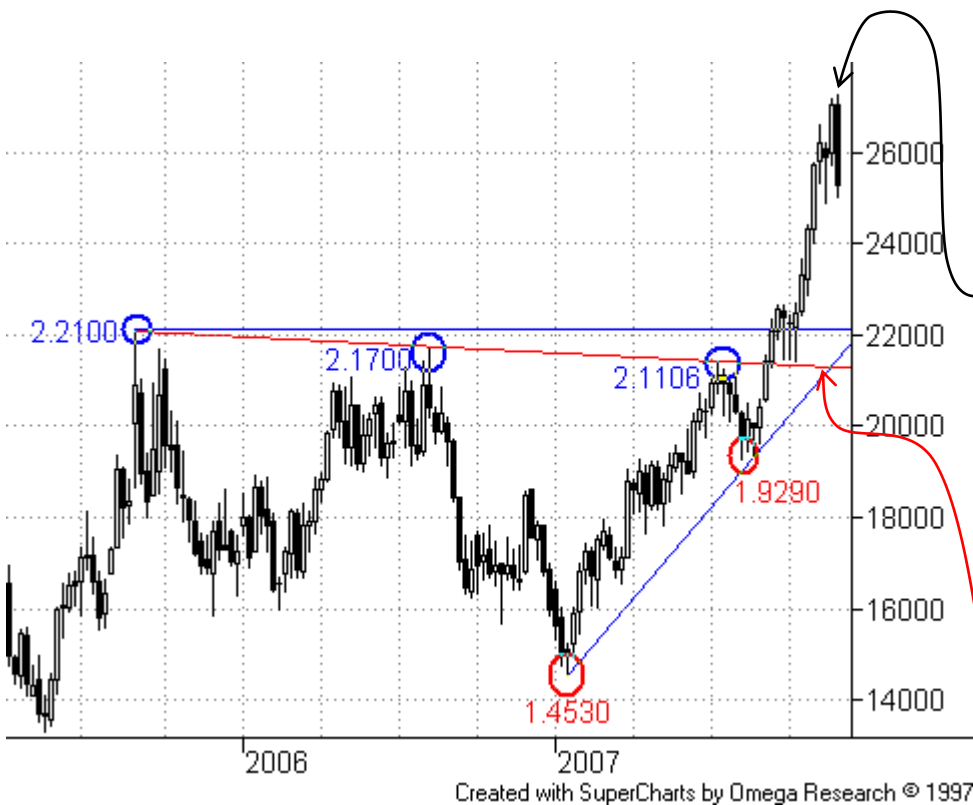
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Heating Oil (CBOT)



MONTHLY CHART -
CONTINUATION:
The last two or three weeks we have noted the resistance offered by a) the rising line off the Jan-00 high and b) 3 ½-year bull channel top projection.

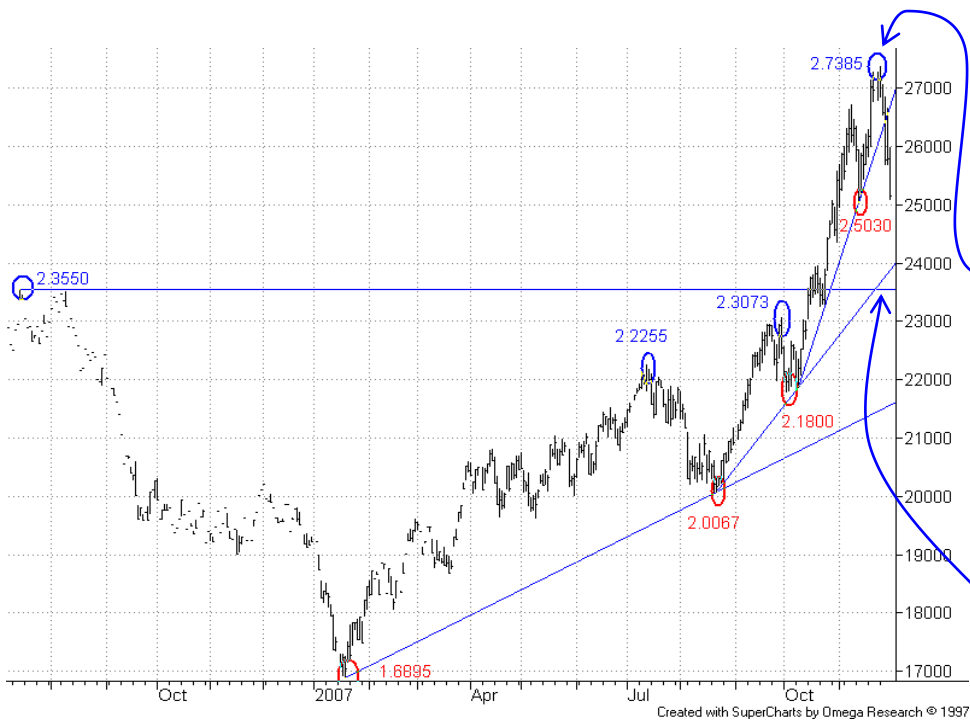
This is working now, and the weekly chart reveals more...



WEEKLY CHART -
CONTINUATION:
As with **Crude Oil**, the candle chart helps illuminate a reversal/outside week.

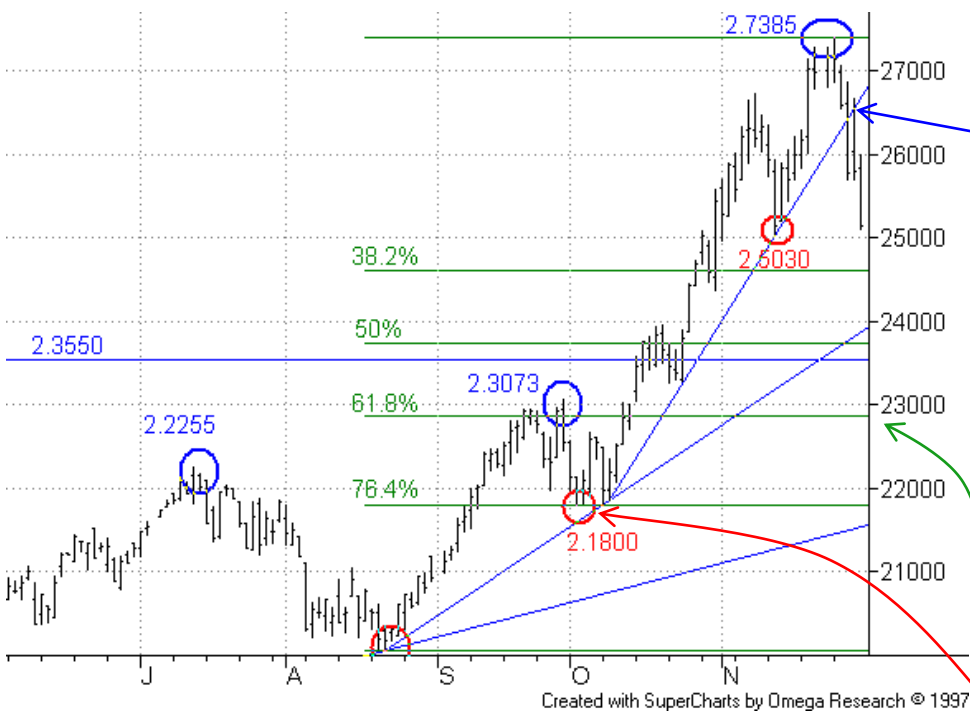
The 2.2100 2005 high remains the first main support area here.

However, more effective may be the falling old resistance/return line, if reached.



DAILY CHART -
JAN-08:
Weakness set in
after reaching
our Fibo
projection at
2.7400, which
added to the
resistance
cluster on the
monthly chart.

First significant
support comes
from the 2.3550
2006 high.



DAILY CHART -
JAN-08:
The s/term rising
support line was
breached - a loss
of momentum.

Below the 13-Nov
2.5030 low
confirms this.

Better clues as
to bear targets
should come
later, but note:

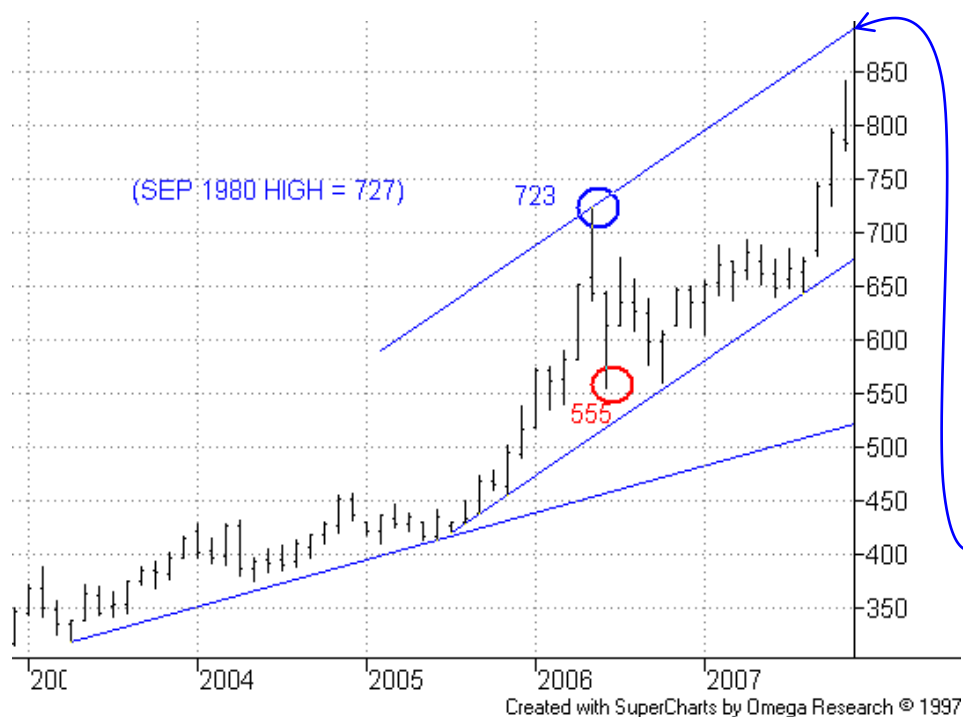
- 61.8% plus the
2.3073 28-Sep
high, and
- 76.4% & 2.1800
02-Oct low (our
2.74 projection,
above, assumed
these would
coincide).

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Metals

Gold and **Silver** remain subject to further s/term bear activity, after having both attained certain Fibonacci projections. In **Copper** a top formation has essentially been completed.

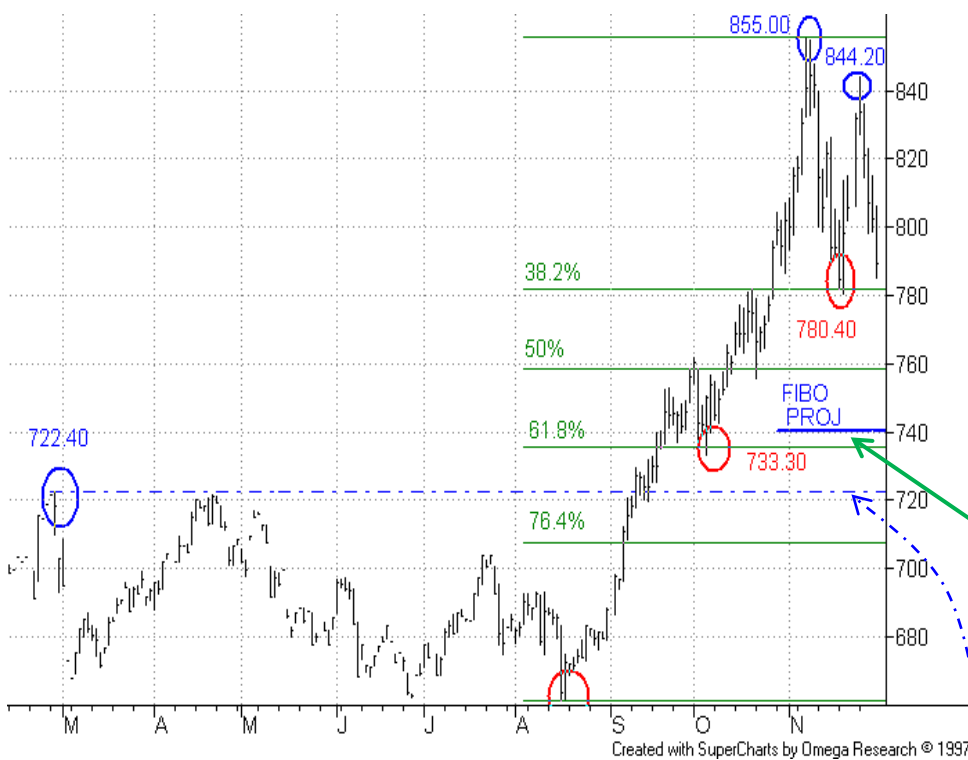
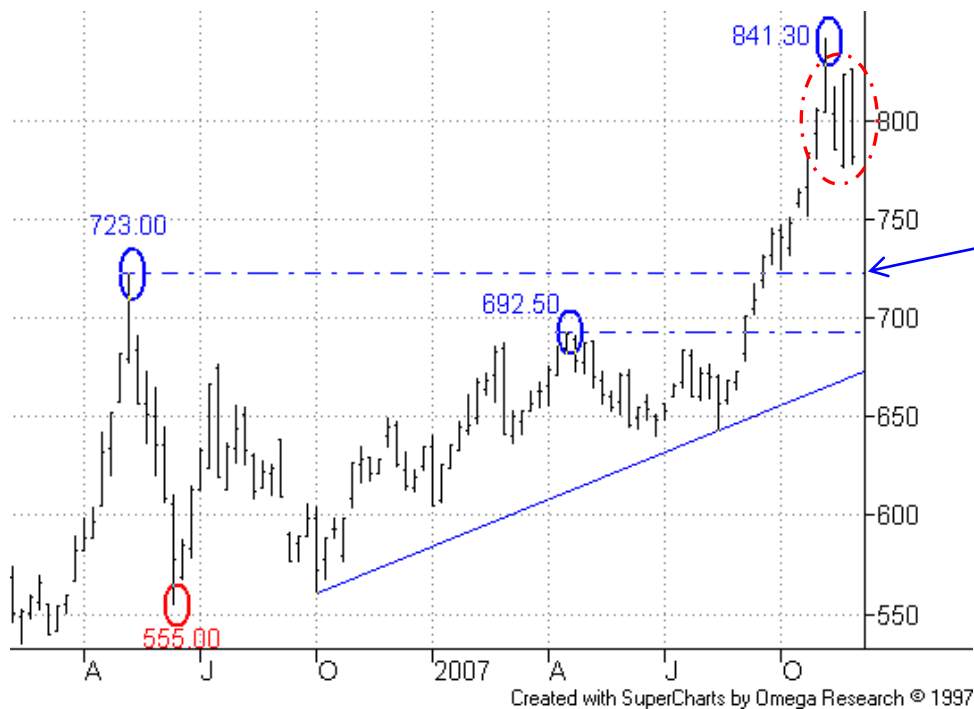
Gold (COMEX)



MONTHLY CHART -
CONTINUATION:

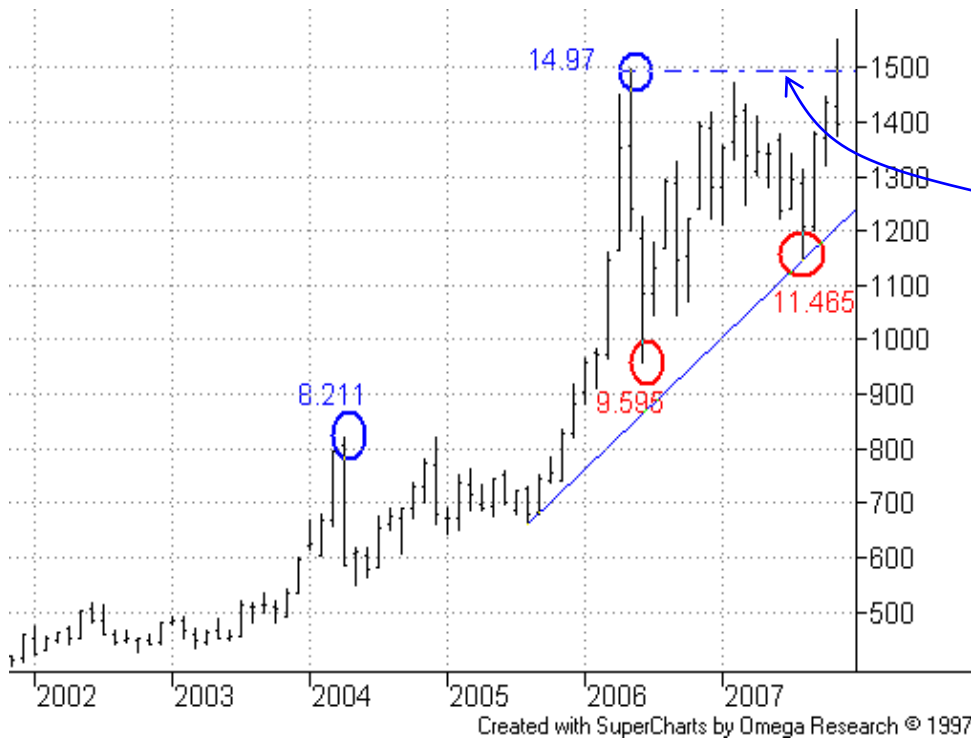
After breaking
above the major
723-727 highs,
the major 875 Jan
1980 spike high
draws nearer...

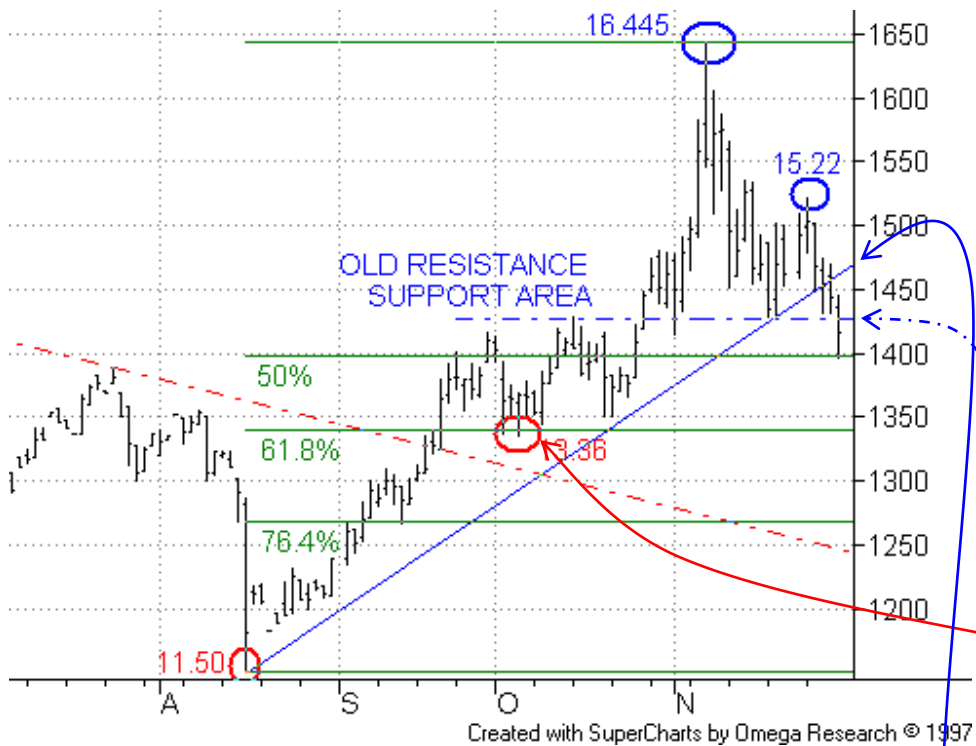
...and then the
top of a long
term bull channel
projection nearer
900 beckons.



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Silver (COMEX)





DAILY CHART -
MAR-08:

The pullback from near our Fibo projection at 16.40 on the Mar-08 contract has now breached the rising support line AND the 14.25 technical area.

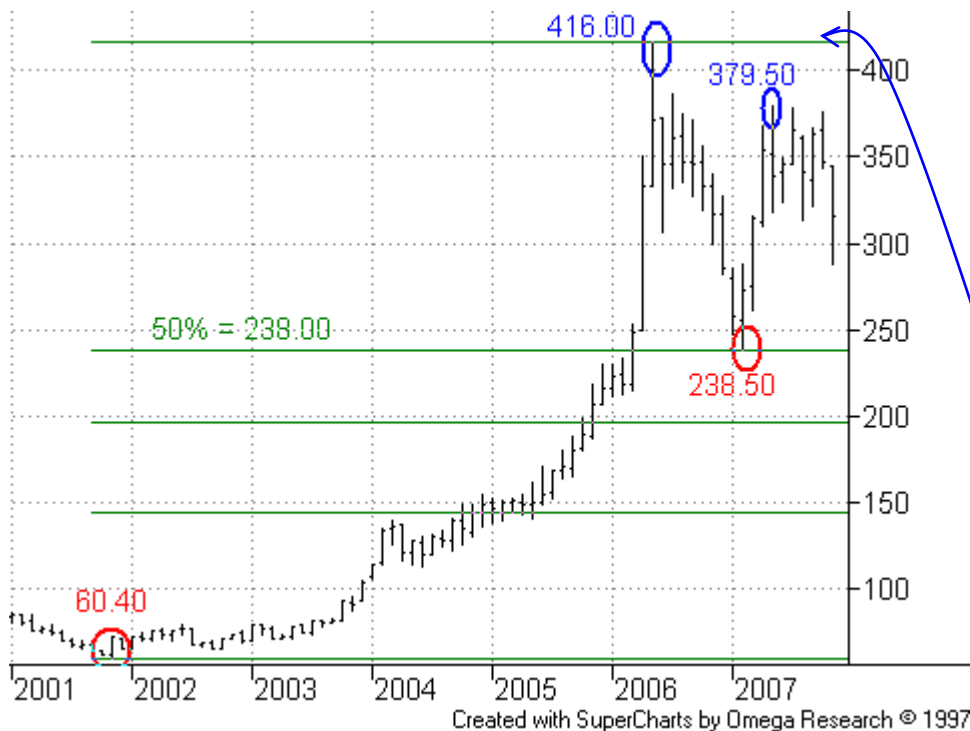
Bears remain in control and, as we said last week, the Oct low (13.36) and 61.8% may be targeted.

There should be strong support here.

The rising return line is first resistance now, but bears may use higher 15.22 26-Nov high as their risk level.

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High Grade Copper (COMEX)





DAILY CHART -
MAR-08:

The drop from 375.00 has seen only a brief erosion of the falling support line so far - a better break of this would confirm the picture to be both short AND medium term bearish, but we do expect this to happen.

The 76.4% 268.35 level becomes the next target - coincides with a Fibo projection too.

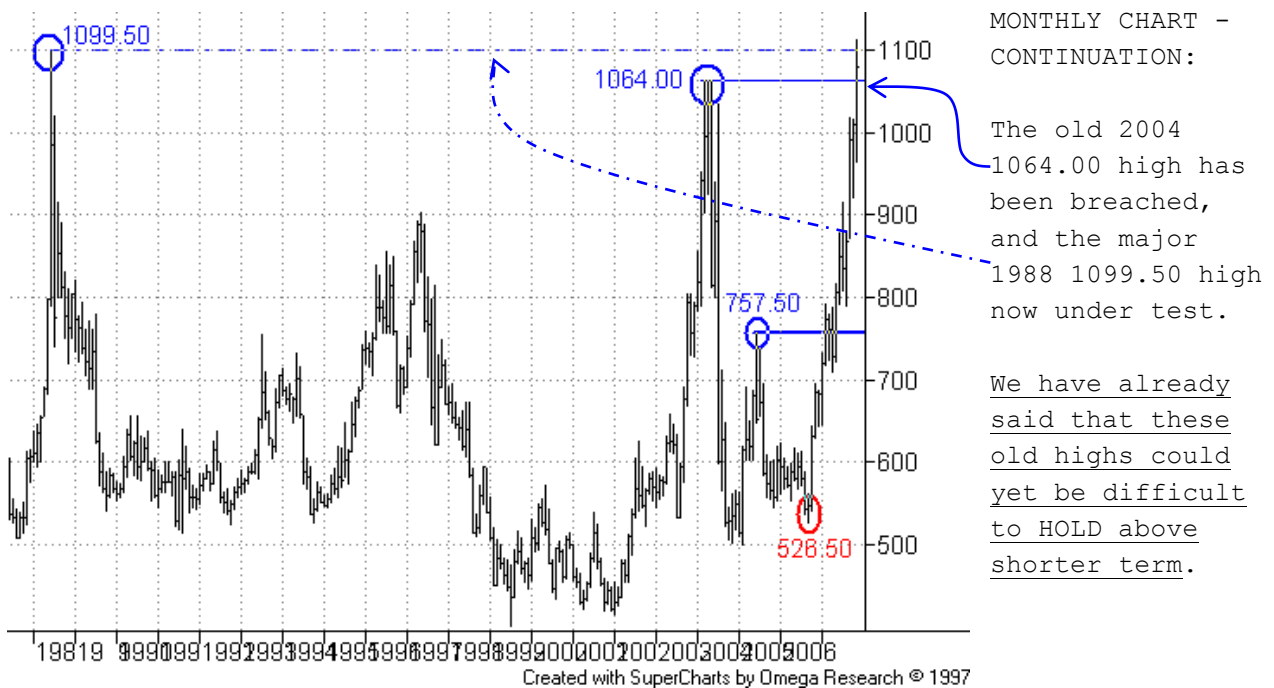
Also, note the lower 1.618 swing off prior 301.70-375.00 upleg, at 256.40, close to that approximate 250.00 target above.

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Grains and Softs

Soybeans remain firm, but upside could well be more limited now, while **Wheat**, after reaching our first s/term bear target, has seen a strong corrective bounce. **Cocoa** and **Coffee** essentially remain consolidative above key support areas. The daily **Cotton** chart has, as expected, become more bearish.

Soybeans (CBOT)



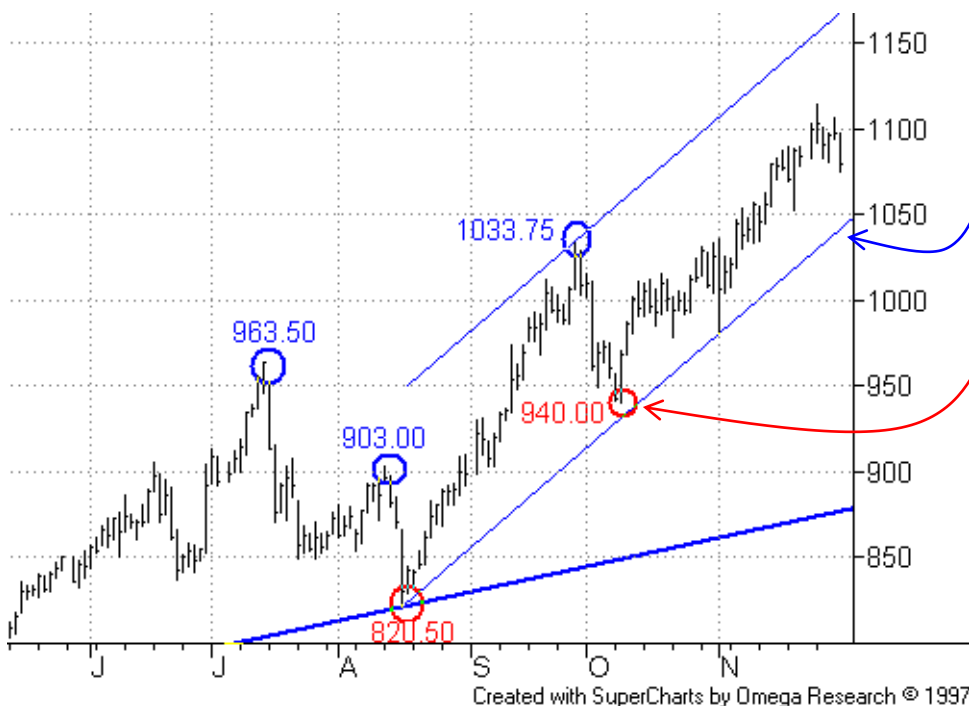


WEEKLY CHART -
CONTINUATION:

The medium term
upmove remains
impulsive,

and momentum is
strong, with
prior highs
proving to be
subsequent
support.

One higher area
to keep in mind,
just beyond the
1988 high, is
1131-33, where
two Fibo
projections are
situated.



DAILY CHART -
JAN-08:

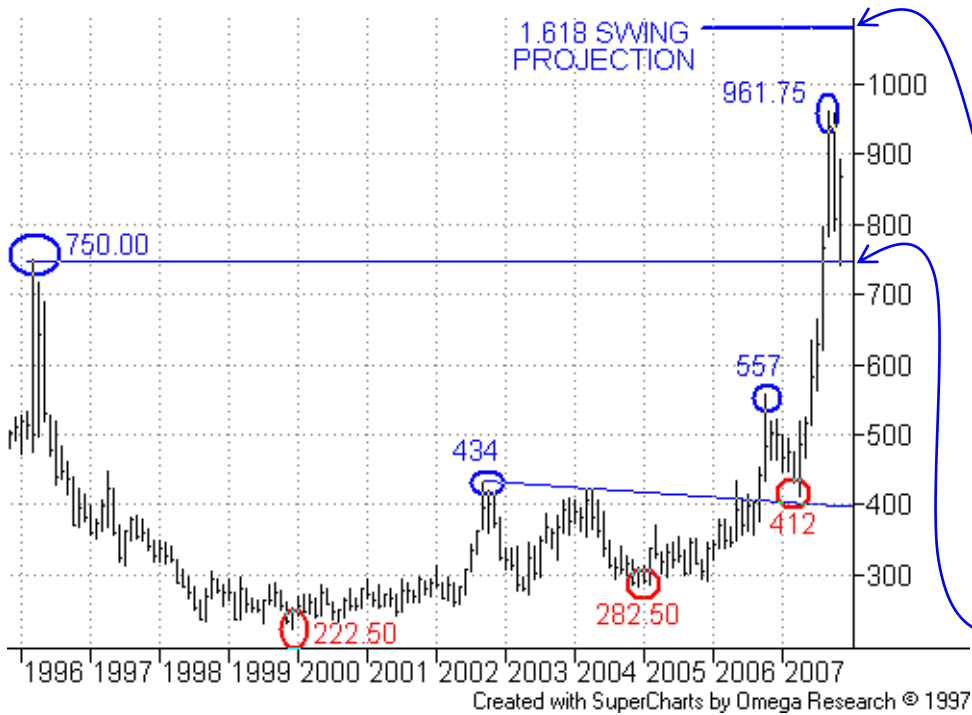
Current momentum
is preserved by
the uptrend line.

But note that the
nature of the
price action
since 940.00 low
suggests an
impending
pullback.

Upside remains
likely to be
restricted
s/term.

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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, remain a possibility.

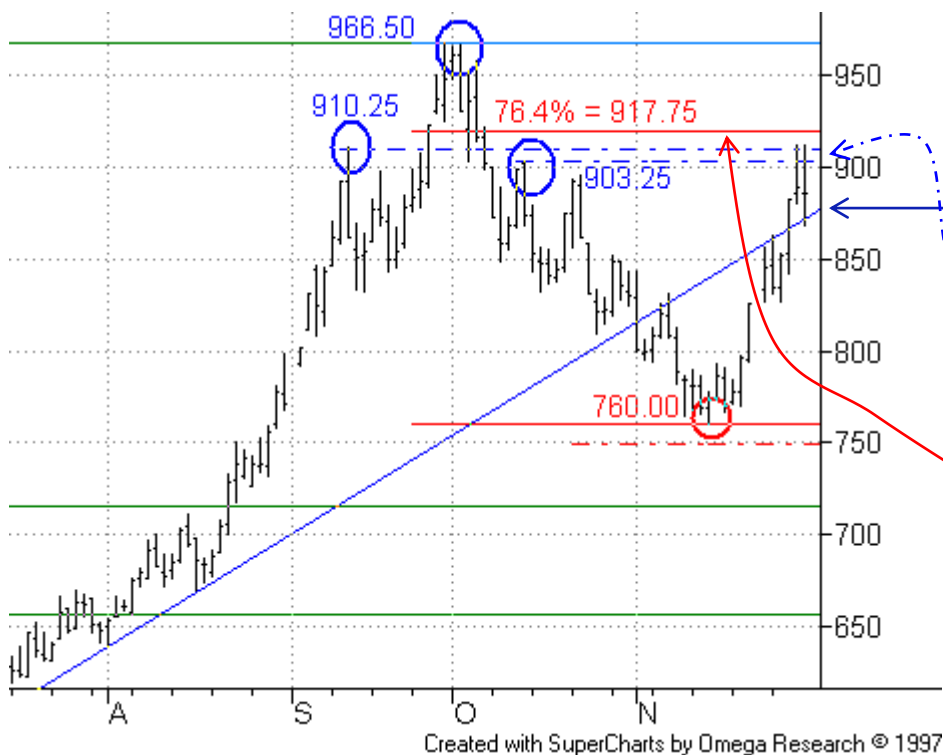
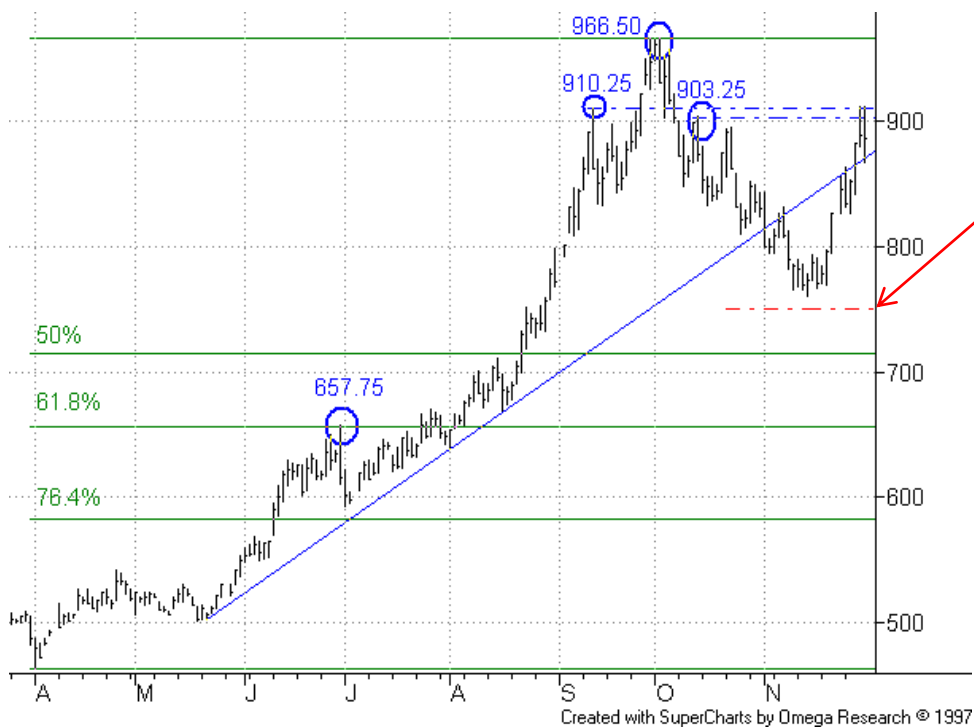
The old 750.00 and 557.00 highs are now support points, the first of these has been tested and held so far.



WEEKLY CHART -
CONTINUATION:

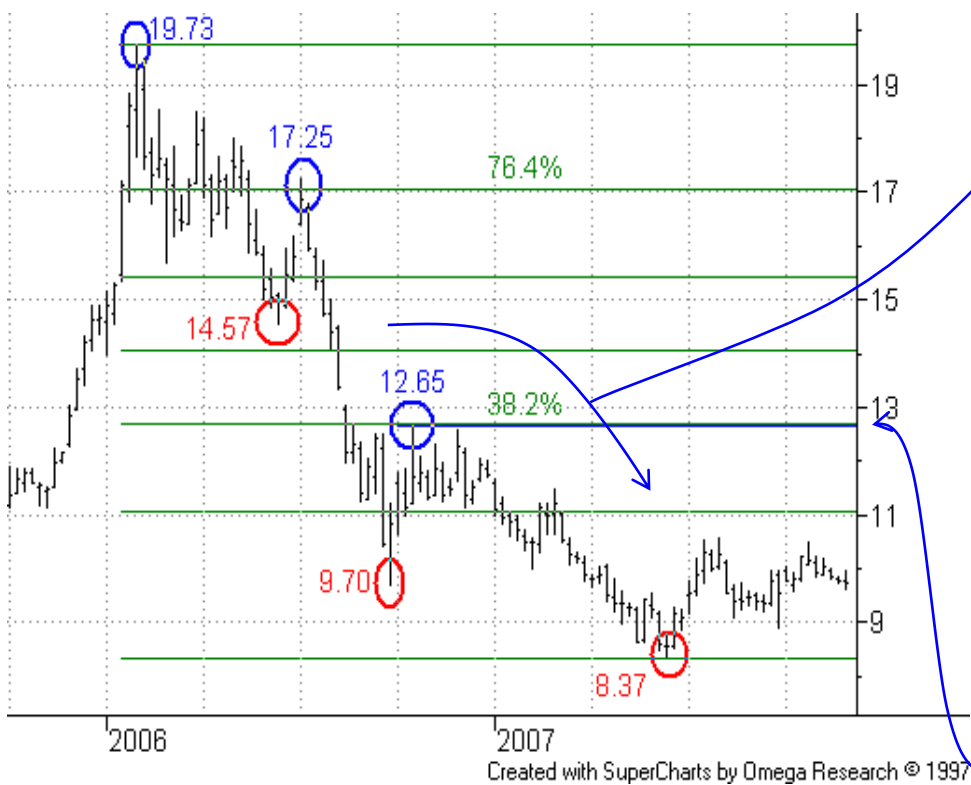
The pullback from 961.75 has completed its 'first' leg.

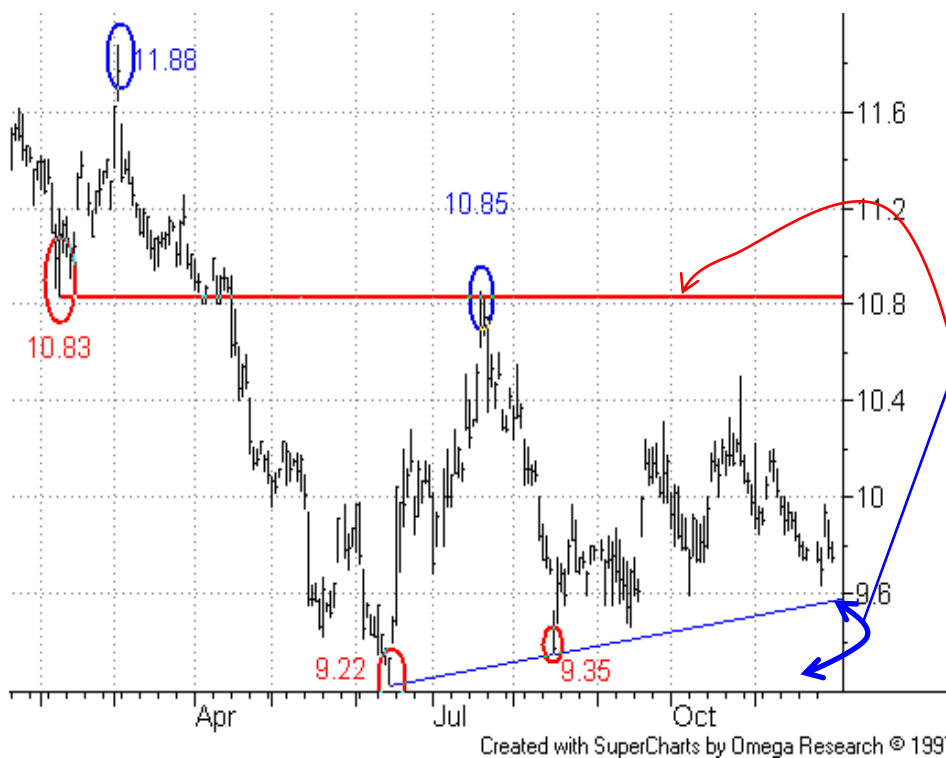
There remains potential for further bear action, and the daily chart is of most interest at the moment.



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Sugar 11 (NYBOT)





DAILY CHART -
MAR-08:

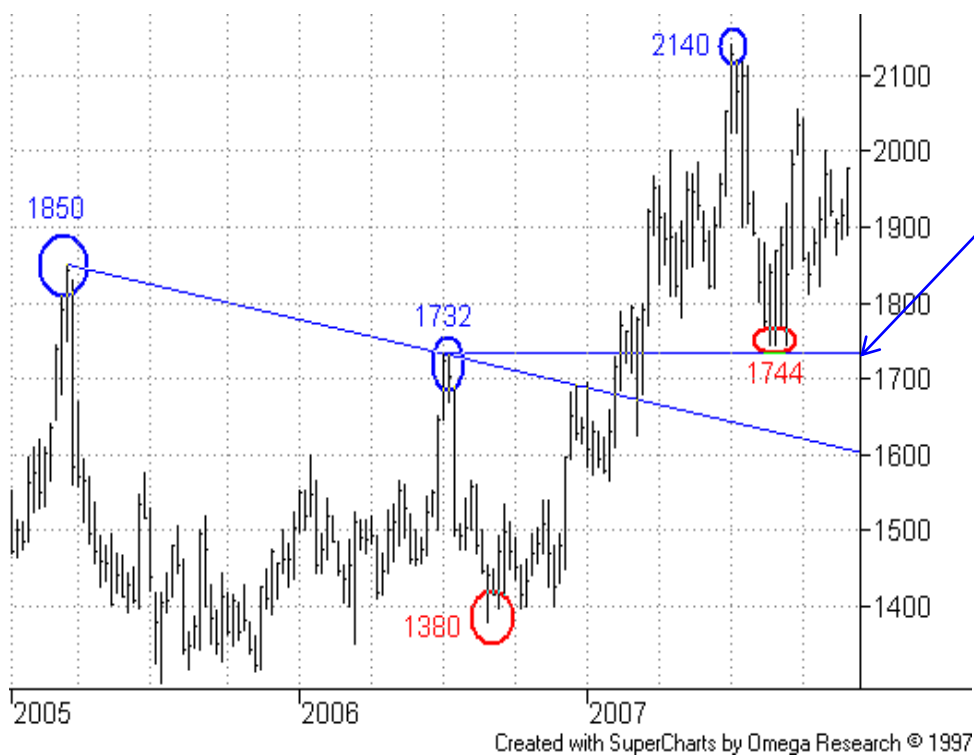
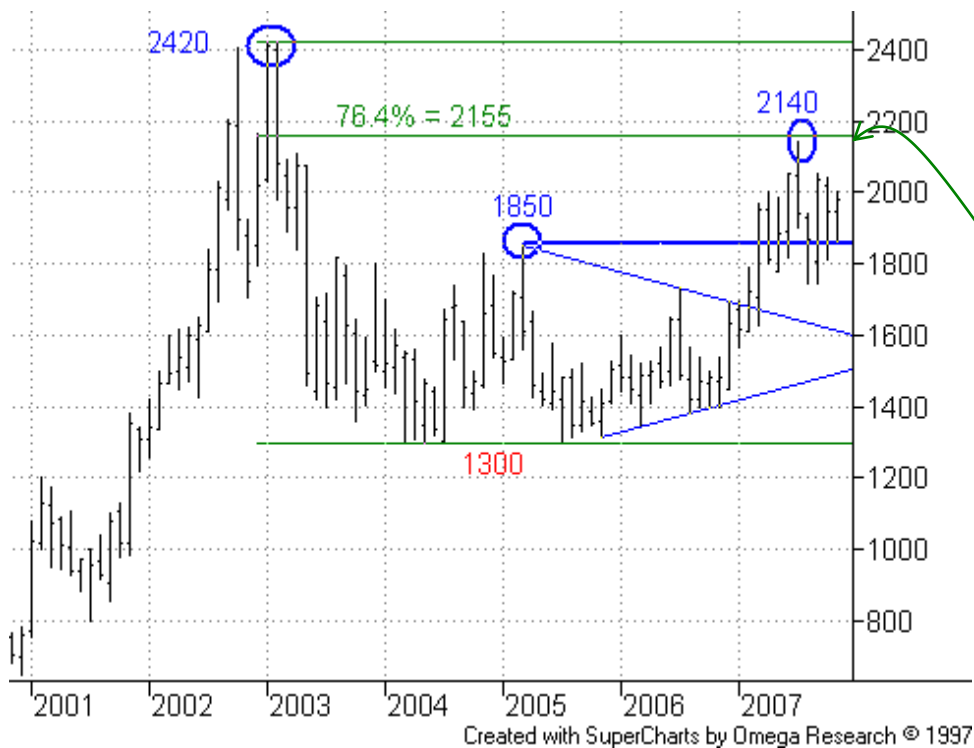
Price action continues to consolidate above key support at 9.55-22.

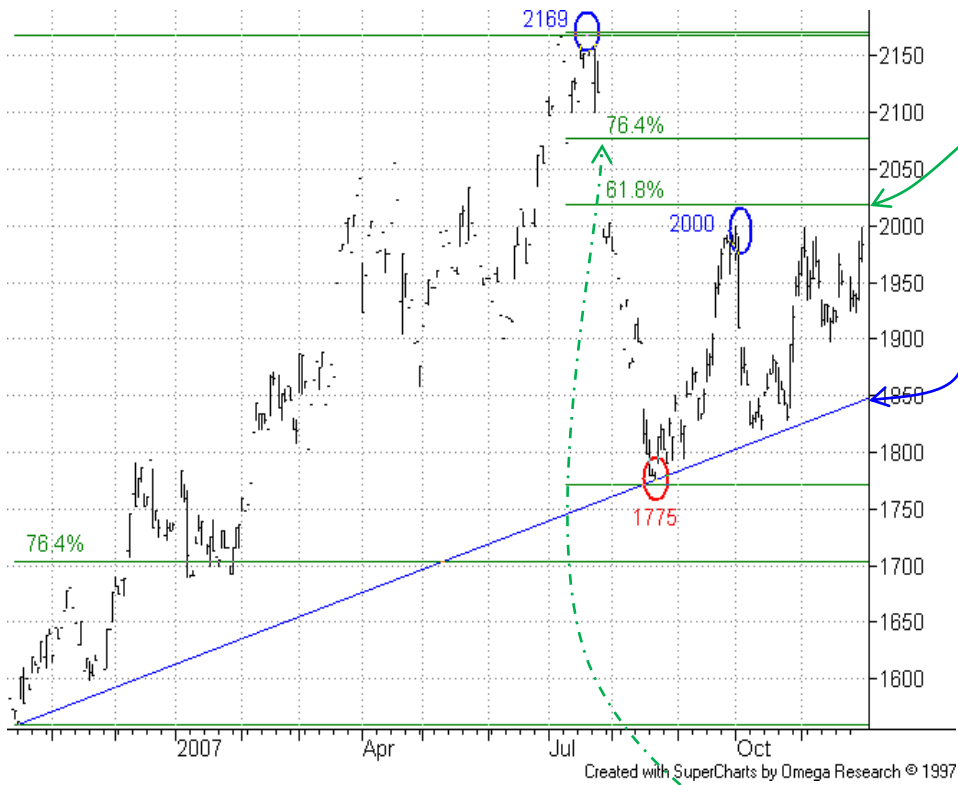
Another upside attempt stays in prospect, but is not certain.

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)





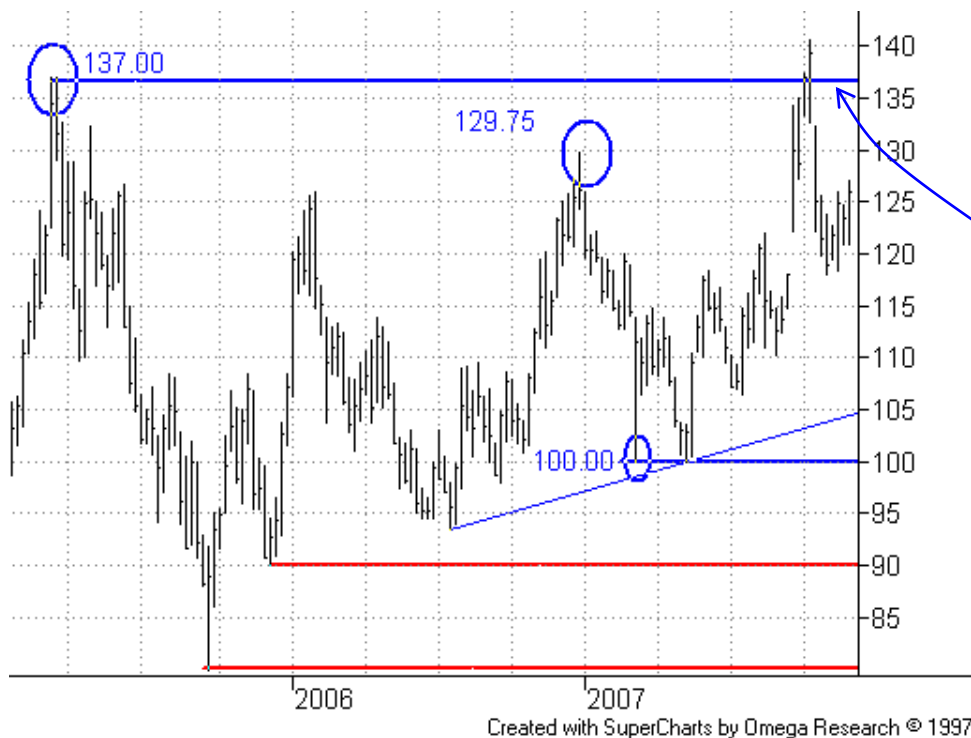
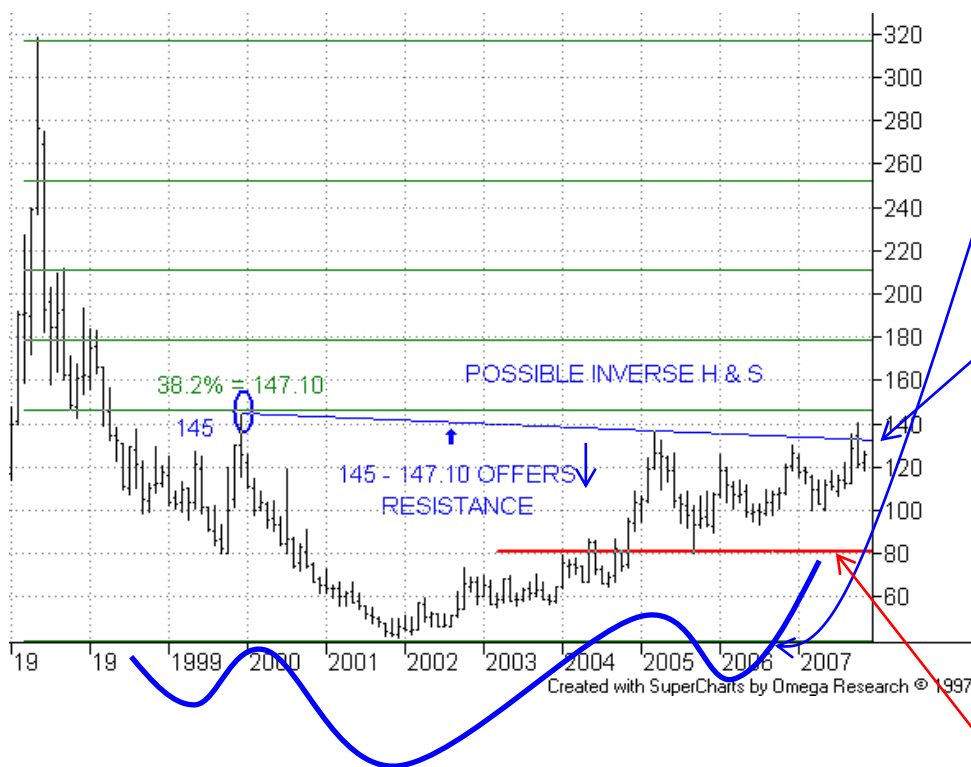
DAILY CHART -
MAR-08:
The 61.8% level continues to resist, while the medium term support line at 1850 now (and probably more important than the 1775 Aug low) keeps bears in check.

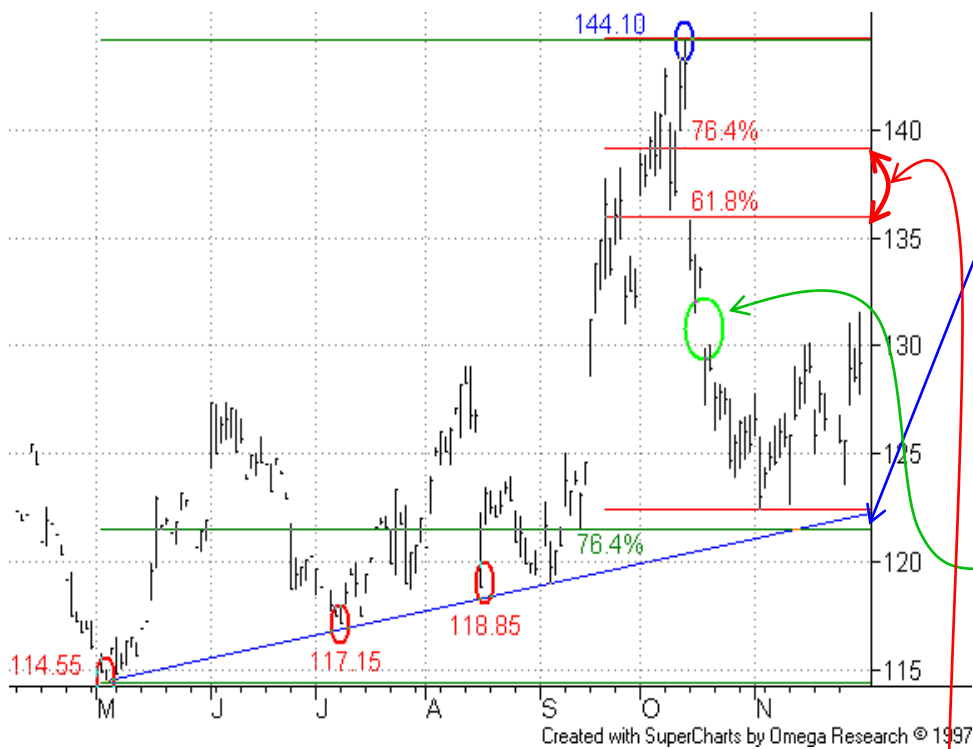
The picture may yet favour s/term bulls, but there is a risk that the current consolidation is a prelude to a second down wave.

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

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Coffee (NYBOT)





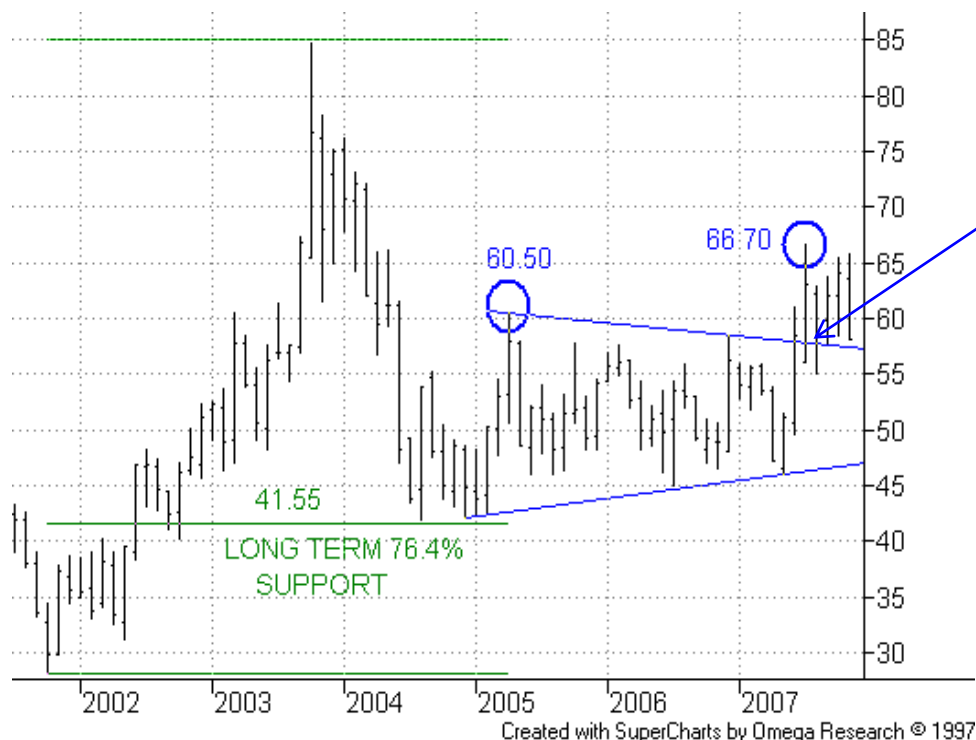
DAILY CHART -
MAR-08:
The rising
support line from
early May and
76.4% level
(122.50-121.50)
remain key
supports here,
and a clear risk
area for s/term
bulls.

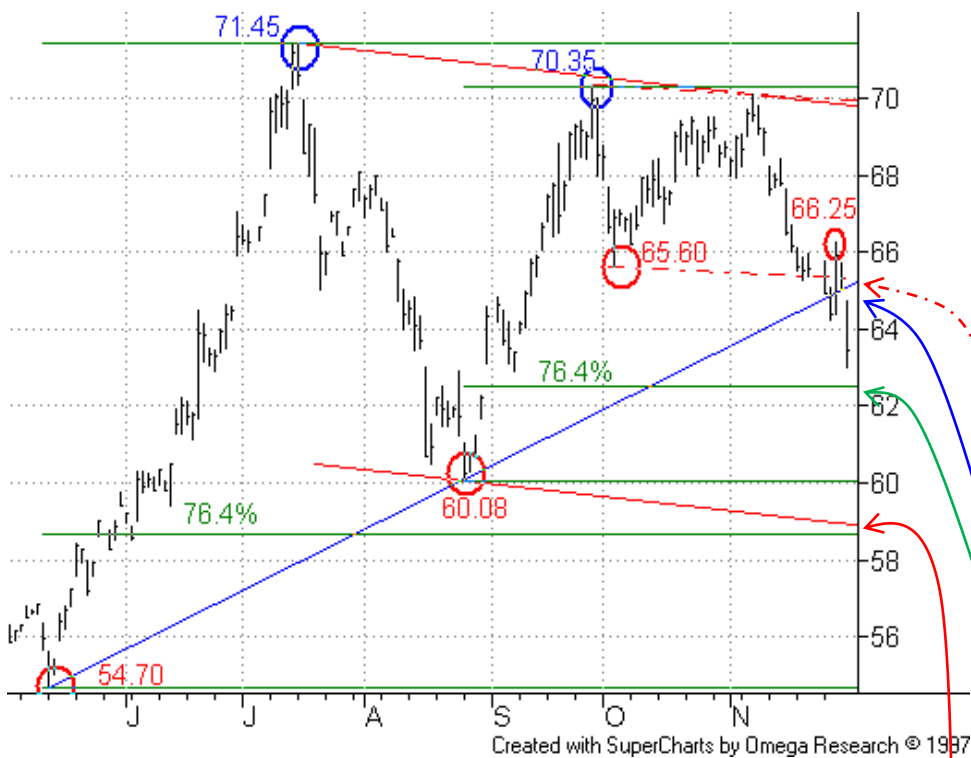
Resistance from
the 130.00-131.50
gap that we
previously
identified is now
under test - a
recovery back
through here is
1st confirmation
of fresh bull
energy.

Higher 61.8-76.4%
area would then
be our next
focus.

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Cotton No.2 (NYSE)





DAILY CHART -
MAR-08:

We have been on the side of the bears recently, and this was right - last week saw a break of the small channel base to confirm our view, then reinforced by the rising support line break.

The 62.50 76.4% level is of minor importance - the 60.08 27-Aug low beckons, this coinciding with a fresh Fibo projection now.

Also important are the bigger 76.4% level and bear channel base projection.

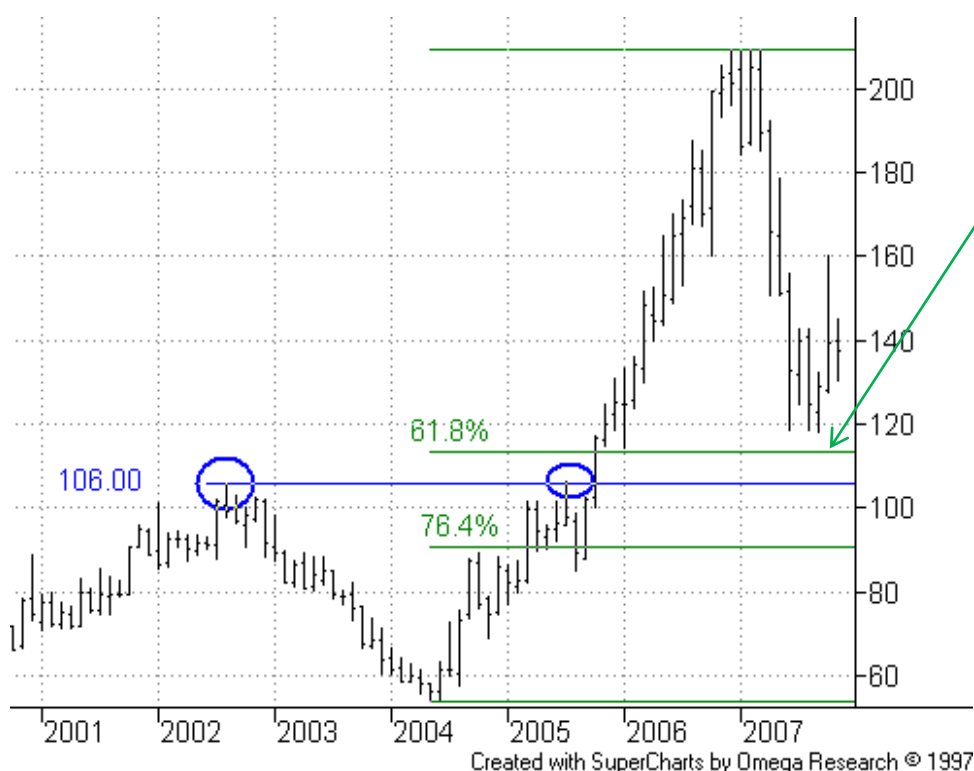
Fresh bears may well use the 66.25 28-Nov high as their risk level.

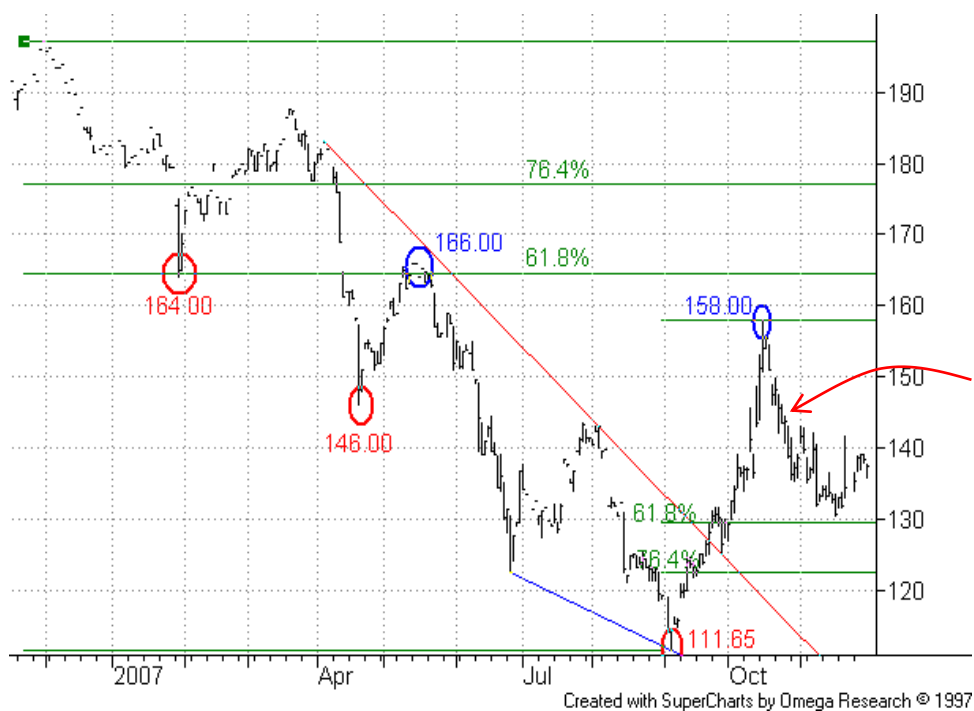
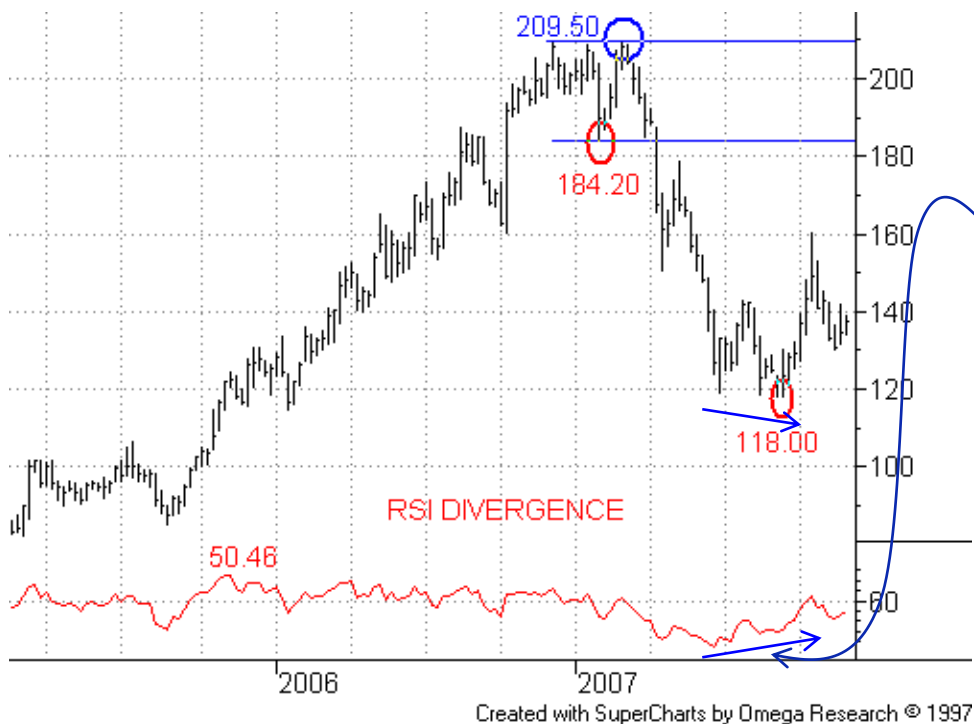
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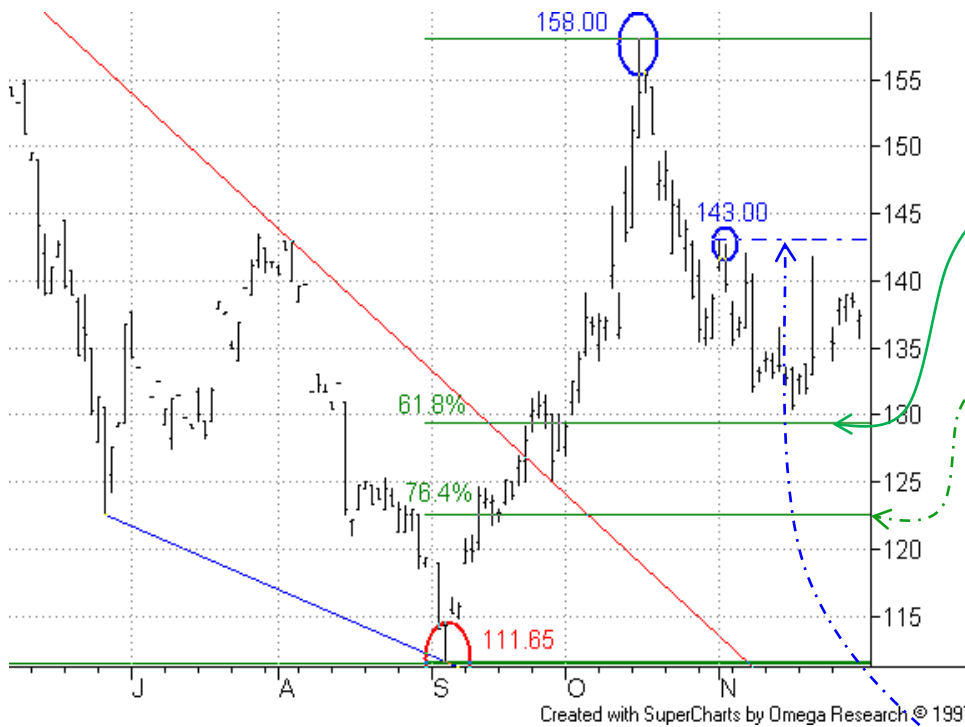
Other (these may vary occasionally)

The corrective pullback in **Orange Juice** has found interesting support near the 61.8% retracement. The shorter term chart of the **CRB index** has turned bearish now, postponing a test of the major 2006 high.

Orange Juice (NYBOT)







DAILY CHART -
JAN-08:

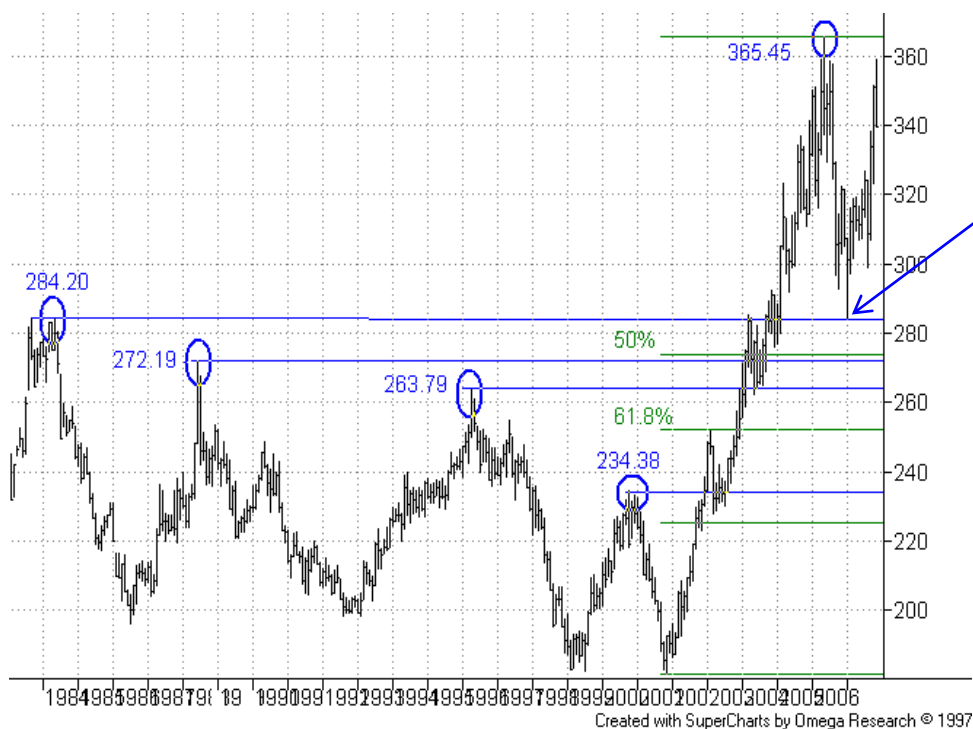
Support has come from the 61.8% area - lower 122.50 (76.4%) may stay out of reach, but is still useful as a risk level for fresh bulls.

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

Recovery above 143.00 should provide a boost.

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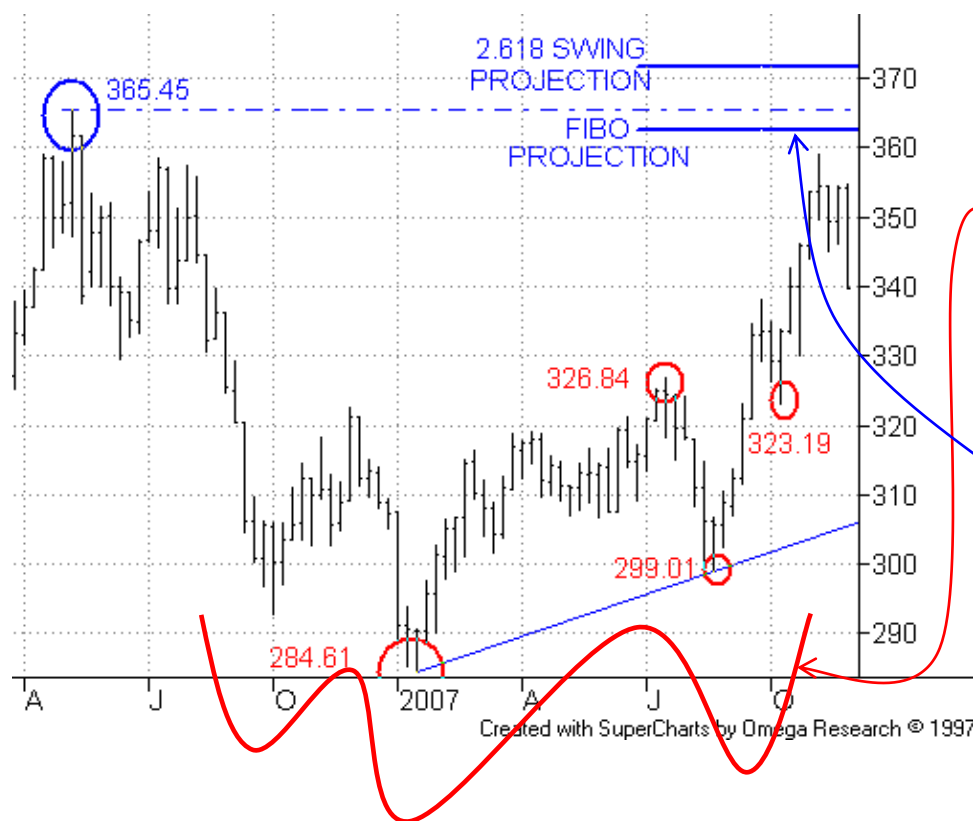
CRB Index (CBOT)



MONTHLY CHART:

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

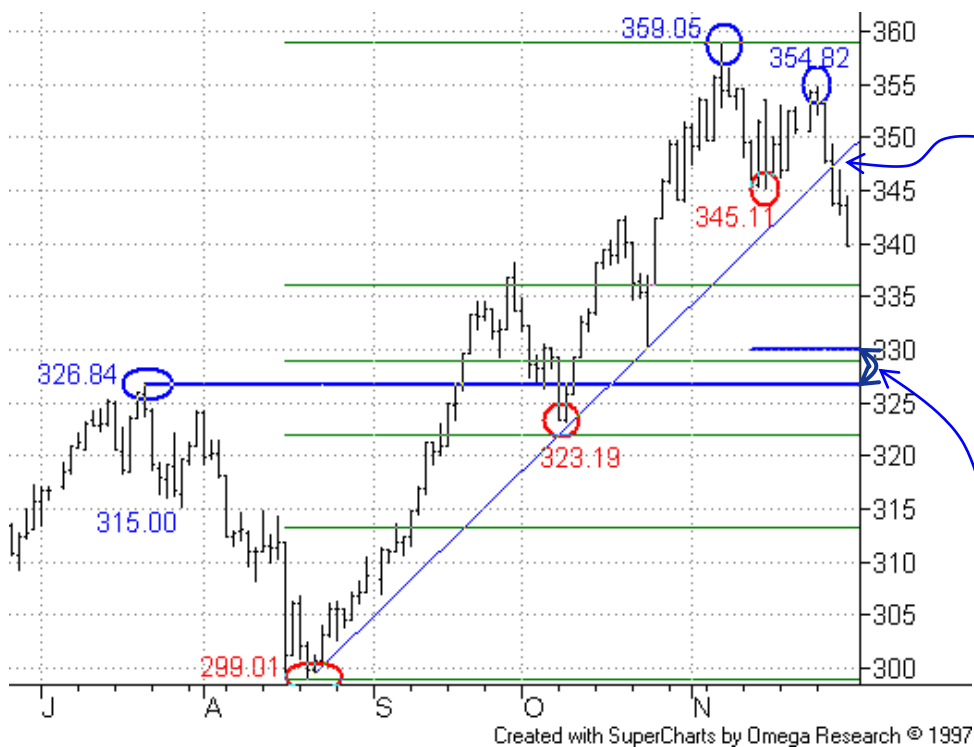
The 2006 365.45 high has come back into sharp focus now.



WEEKLY CHART:

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

Either side of this lie a minor Fibo projection at 362.30, and a further projection at 367.35 (not shown) - this latter may in the end become of more interest.



DAILY CHART:

The s/term uptrend/return line has been breached, confirming a bear correction phase now (prior to further upside attempts).

As noted in last week's Update, two Fibo projections, the 50% level and 326.84 Jul high offer a target/support area.

The rising return line around 350.00 and 354.82 26-Nov high offer resistance/risk levels for s/term bears.

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