



Week 4

22nd January– 28th January 2008

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

- + Orange Juice
- + CRB Index



the commodity trader's guide to major markets

Philip J Allwright

Mark Sturdy

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Disclaimer



summary – commodity trader

Summary

Energy

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

Stay BULLISH while holding above 88.00, first target 104.25. Go SQUARE below 88.00 (Mar-08)

Stay BULLISH but s/term upside may be limited by 8.500 (Mar-08)

Stay BULLISH while holding above 2.4640-4700 area. Go SQUARE below (Mar-08)

Metals

- + Gold
- + Silver
- + High Grade Copper

Stay BULLISH after break above 855.00. Initial target 900.00 met, 973-75.00 later possible via 935.00 (Feb-08)

Stay BULLISH for later 18.10-18.70 target area (Mar-08)

Stay BULLISH while above 302.00, possible 351.00-357.00 target (Mar-08)

Grains and Softs

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

Stay BULLISH with first support at 1235. First 1345 target neared & small chance of pullback (Mar-08)

Stay SQUARE although fresh bull scope exists while 819.00-800.00 can hold dips (Mar-08)

Stay BULLISH but higher 12.85 target met & s/term pullback risk now. 11.25-30 support (Mar-08)

Stay BULLISH with 2075-80 first support. 2222 target met, 2290 next target (Mar-08)

Stay BULLISH s/term, while 130.00 area holds, but cautious after 76.4% resistance found (Mar-08)

Stay BULLISH particularly while above 66.80, first target above 73.00 (Mar-08)

Other

- + Orange Juice
- + CRB Index

Stay BULLISH while 130.70-128.00 area holds, 155.50 next target (Mar-08)

Stay BULLISH but go SQUARE on break below 357-356, after key reversal week



Energy

The year's early revival of bullish trends in **Crude Oil** and **Heating Oil** has so far been short-lived, and important supports are now being challenged. **Natural Gas** continues in s/term recovery mode from a downtrend low in late Dec.

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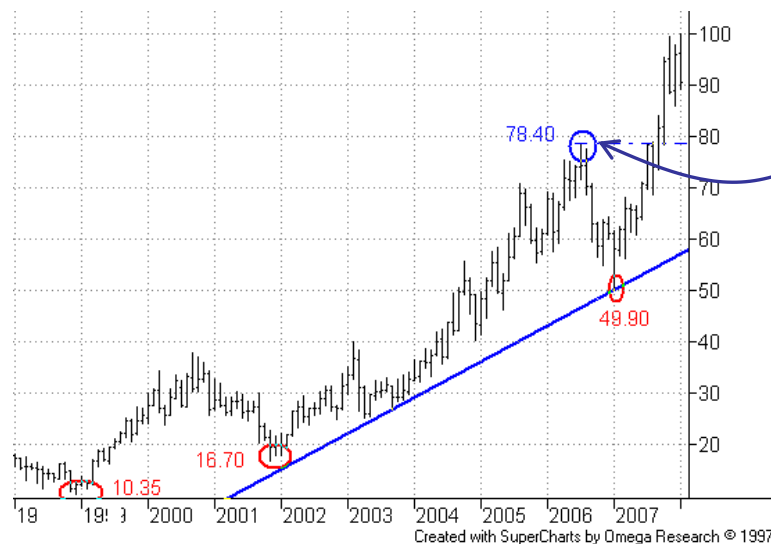
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Currencies: Light Crude Oil (NYMEX)



Monthly Chart - Continuation

Break above the 78.40 2006 high was a powerful boost to bulls – now offering a major support point on this chart.

A Fibonacci target at 103.60, the traditional swing target off the 78.40-49.90 pullback, at 106.90, and then 2.618 swing target, around 124.50, remain future potential targets.



Energy: Light Crude Oil (NYMEX)

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Metals

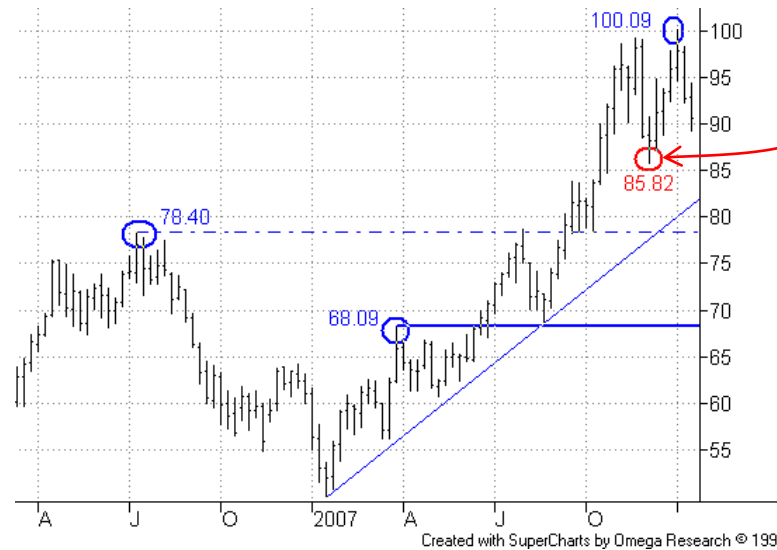
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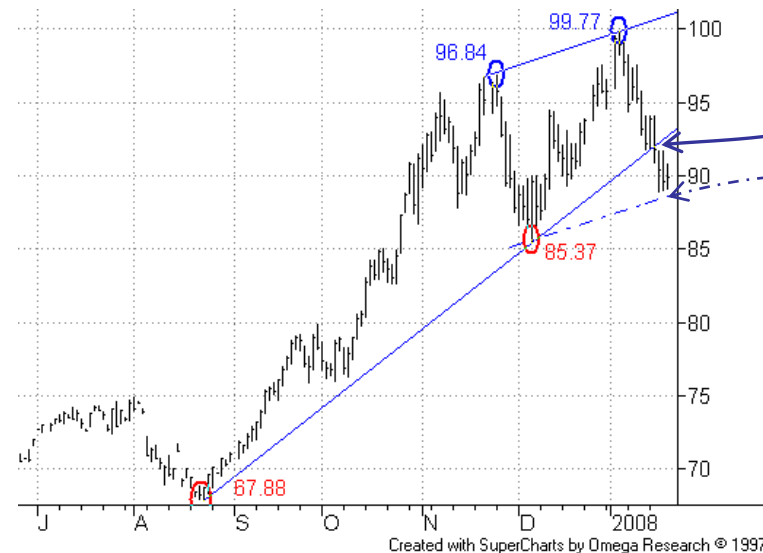
- + Orange Juice
- + CRB Index



Weekly Chart – Continuation

The Dec low now becomes important support – while this holds the series of rising lows from early 2007 remains in place.

Meanwhile a prolonged consolidation pattern continues to unfold.



Daily Chart – Mar-08

Momentum has weakened after breach of the rising support line.

Our small bull channel base projection above 88.00 that we highlighted last week remains intact, but note:

-a failure of this would make the downmove more impulsive.

The 85.37 06-Dec low could yet offer support BUT a subsequent rally may be **corrective only**, ahead of further weakness.

More



Energy: Light Crude Oil (NYMEX)

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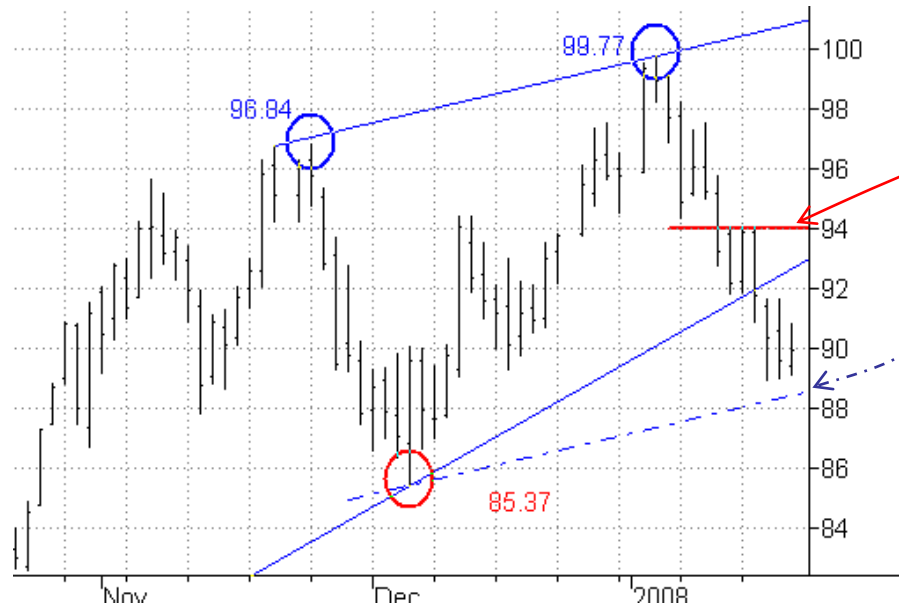
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- + CRB Index



Daily Chart – Mar-08:

The old rising support/return line offers immediate resistance but note how the 94.00 area has been an effective level.

If the 'channel base' fails then the 99.77 03-Jan high may not be overcome for some time.

In that event any fresh bull positions (stops below 85.37) would likely be held for the s/term, with bears winning favour after that corrective bounce, mentioned above.



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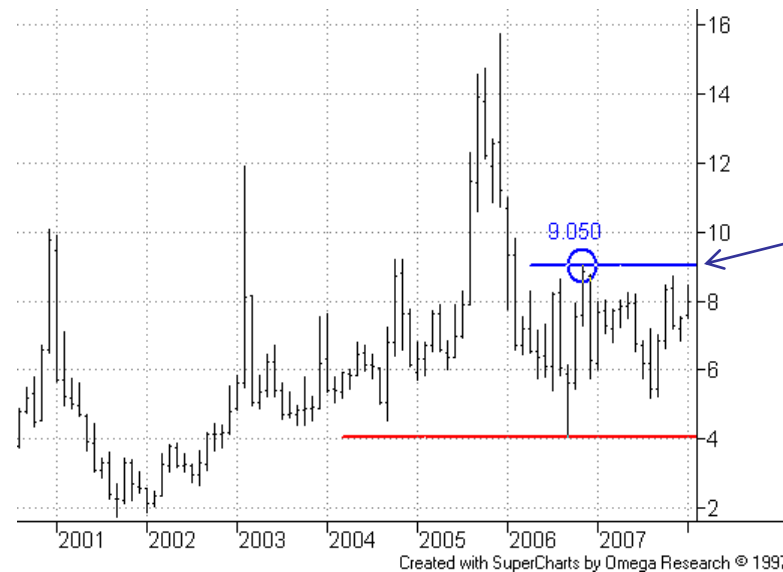
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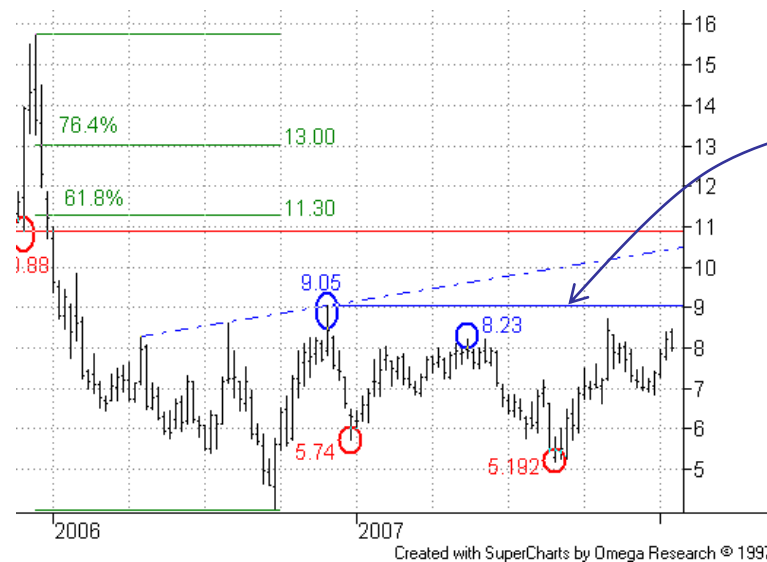
Energy: Natural Gas (NYMEX)



Monthly Chart – Continuation:

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

It remains possible that a long term base is forming.

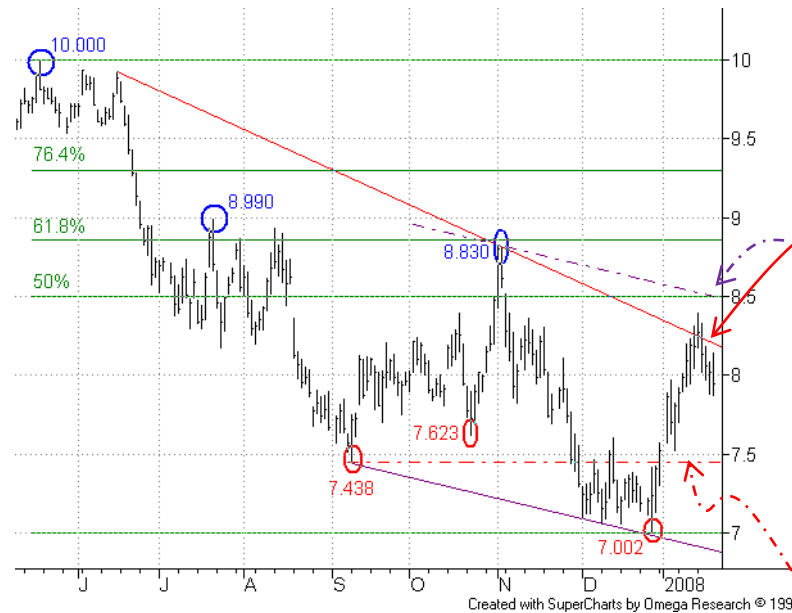


Weekly Chart - Continuation

The 9.05 Nov-06 high remains the next important point to negotiate on this continuation chart.

More

- + Orange Juice
- + CRB Index



• Ideally, for bulls, support will come in at/above the 7.44 area.



Energy: Heating Oil (NYMEX)

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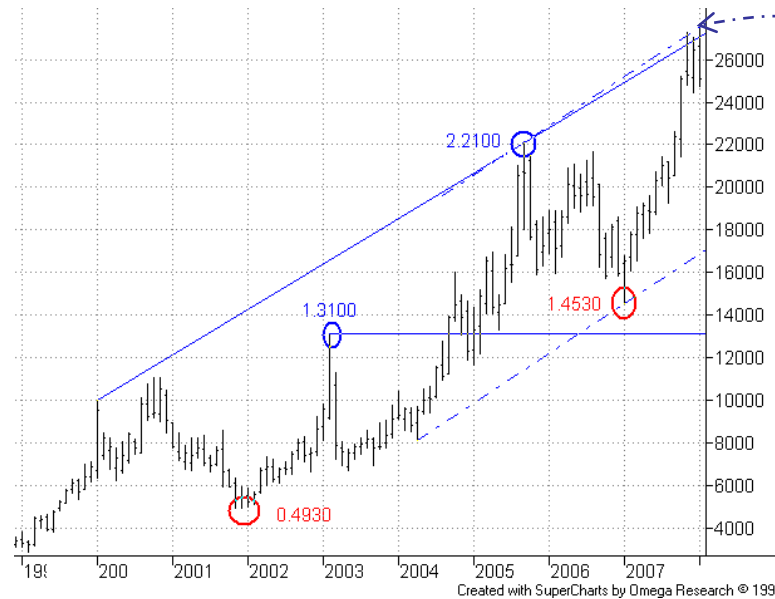
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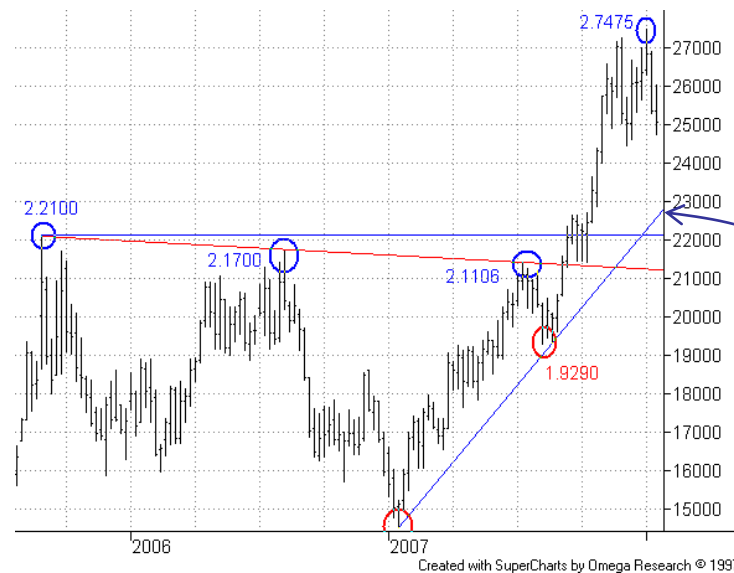
- + Orange Juice
- + CRB Index



Monthly Chart – Continuation:

Resistance from the rising line off the Jan-00 high and 3 ½-year bull channel top projection has come under further pressure, but is still holding.

A break above places focus on the traditional swing target of prior 2.2100-1.4530 at 2.9670, and then a Fibo projection around 3.0000.



Weekly Chart – Continuation:

We currently assume that latest price action is part of a consolidation unfolding.

But further weakness (and see below) means we would have to keep in mind the rising support line and old 2.2100 2005 high.



Energy: Heating Oil (NYMEX)

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Daily Chart – Mar-08:

The rising support line was breached, reducing bull momentum and now becoming a resistance point.

The small bull channel base projection around 2.4800-2.4900 has come under pressure.

If this breaks then deeper retracements are implied, even though the 2.4200 06-Dec low could offer some support.

S/term rallies would then likely be corrective, with the 2.7331 03-Jan high staying unchallenged for some while.

Any fresh bull plays with stops below 2.4200 would, at this stage, be s/term, playing for the corrective bounce only.



Metals

Gold and **Silver** have both remained firm, the former now exceeding our recent 901.00 target, the latter eroding its Nov high. In **Copper** the medium term triple top formation is kept in mind, but the s/term chart is bullish.

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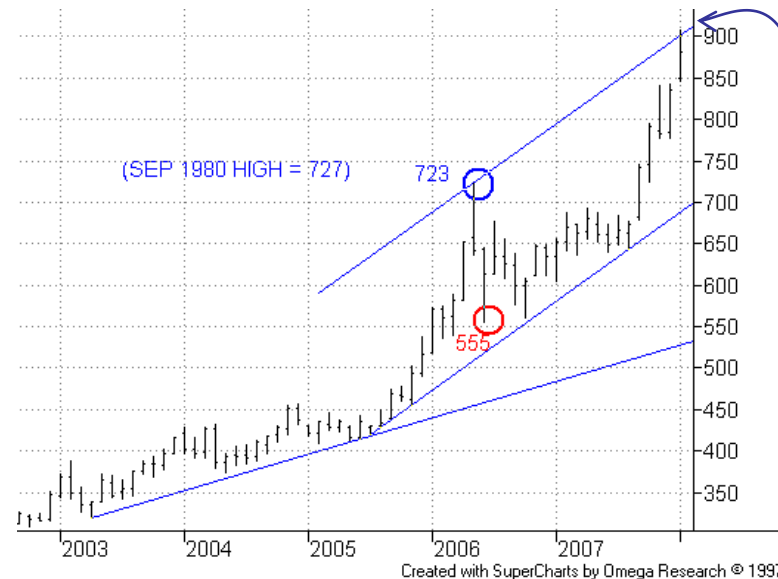
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Metals: Gold (COMEX)





Metals: Gold (COMEX)

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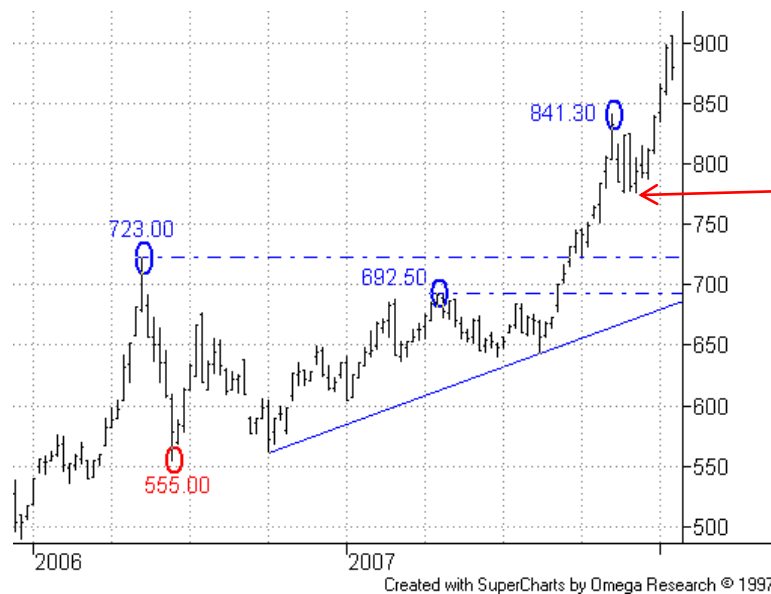
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Weekly Chart – Continuation:

On the continuation chart the next bull leg is underway after the Nov low, with the chart structure remaining very constructive.



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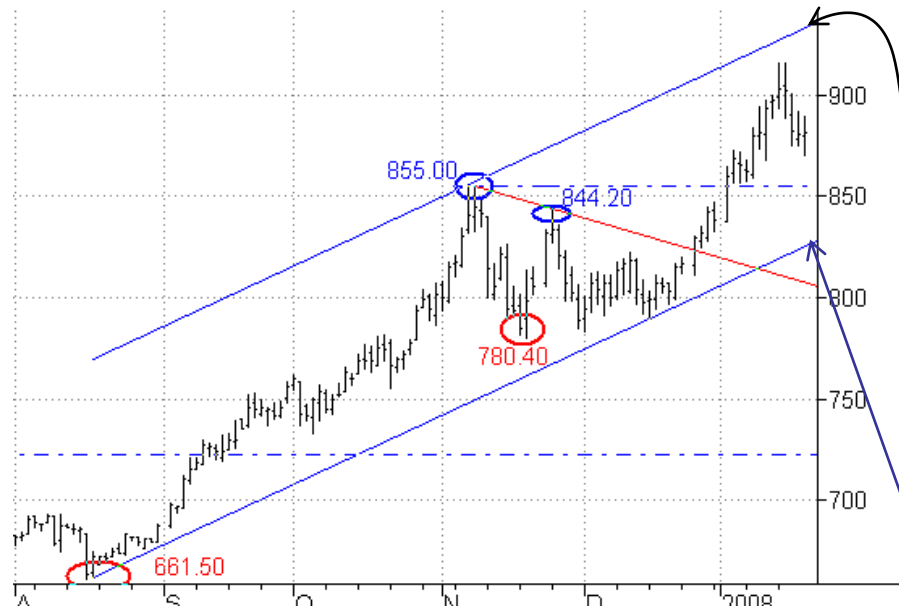
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Metals: Gold (COMEX)



Daily Chart – Feb-08:

Our 901.00 target has been exceeded.

Beyond a minor 920 Fibo target we make **special note of the 973-75 area, where two Fibo targets lie plus the equality target off 780.40 Nov low, to prior 661.50-855.00 upleg. THAT'S THREE TECHNICAL LEVELS COINCIDING...**

Ahead of here the bull channel top projection around 935 may slow progress.

Immediate support comes from 855.00 Nov high, but rising 830.00 support is more important in preserving bull momentum.

For now, the outlook remains bullish and buyers on dips (stops below 855.00 or 830.00) are favoured.

More



Metals: Silver (COMEX)

Summary

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Metals

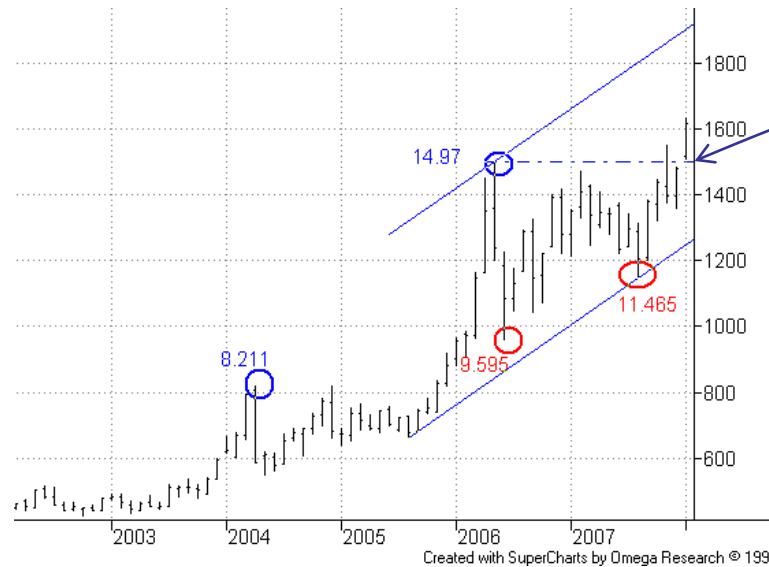
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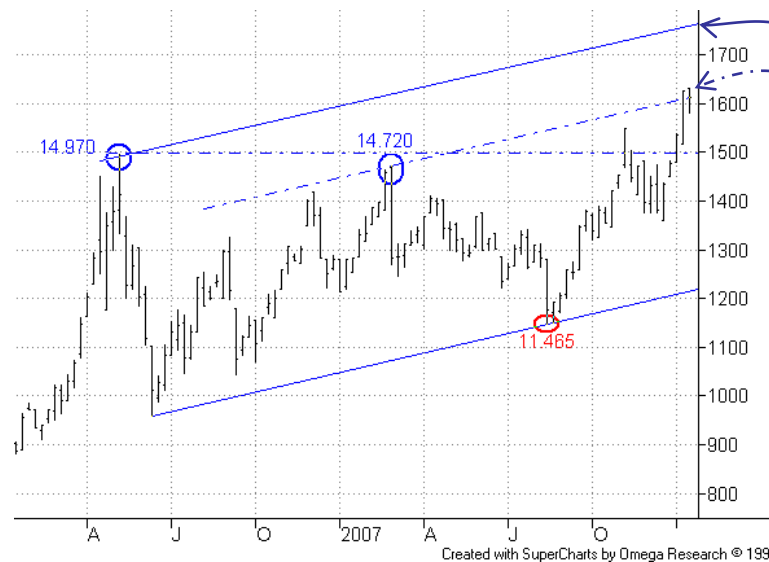
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Monthly Chart – Continuation:

The break above 14.97 2006 high reflects a more positive mood now.

At a later stage bull targets such as 1.618 swing off prior 14.970-9.595 decline at 18.29 may be entertained.



Weekly Chart – Continuation:

The overall outlook is very positive.

The first bull channel top projection, above 16.00, has now been tested –

- we begin to look at the higher projection near 17.65.

More



Metals: Silver (COMEX)

Summary

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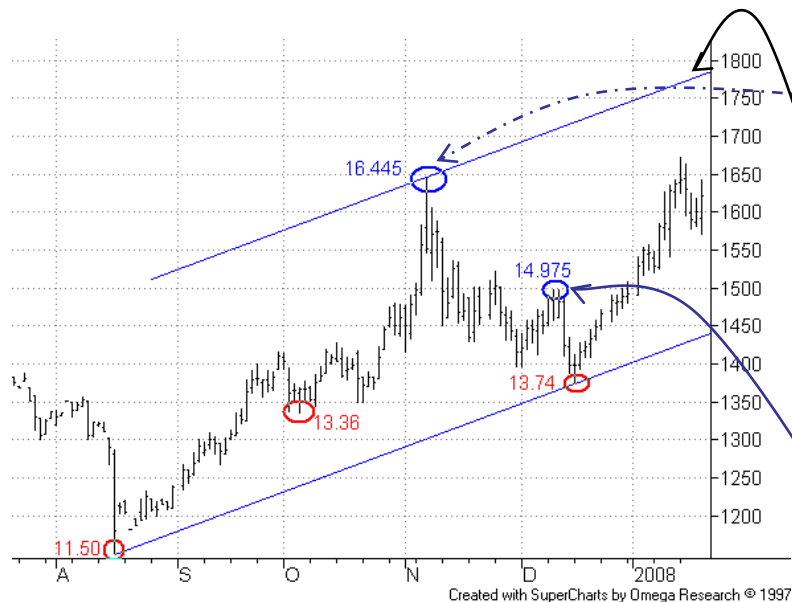
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Other

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- + CRB Index



Daily Chart – Mar-08:

The old 16.445 Nov high has been eroded now.

A HOLD above here opens up the 1.618 swing target off prior 16.445-13.74 pullback, at **18.10**.

Not far above this lies the '11.50-16.445' equality objective from 13.74 Dec low, at **18.70**.

But first the **bull channel top projection around 17.80-90 could resist.**

Meanwhile note the 14.97 11-Dec high as a support point for s/term dips, ahead of rising support at 14.40.

It is right to stay bullish here.



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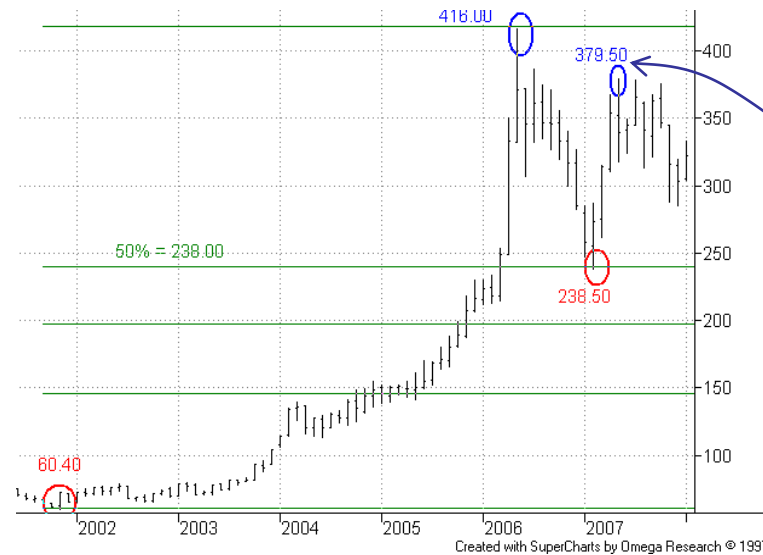
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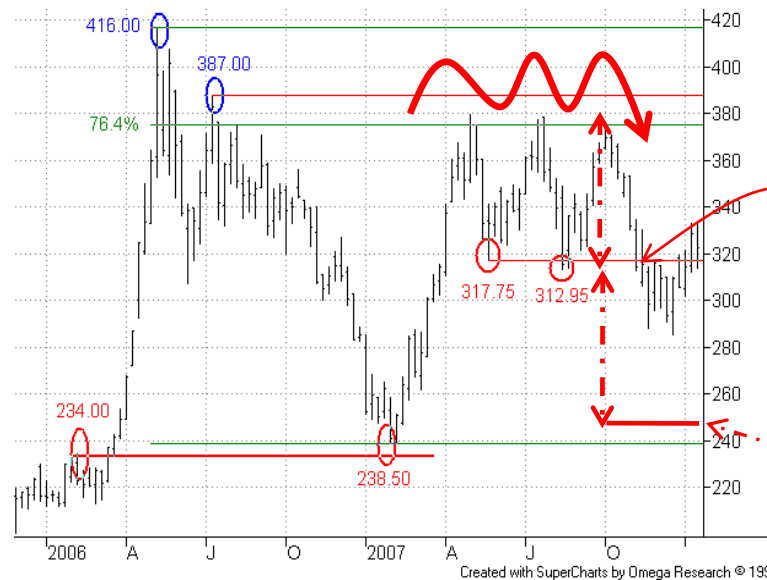
- + Orange Juice
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Metals: High Grade Copper (COMEX)



Monthly Chart – Continuation:

After key 238.00 50% support provided a springboard for a sharp recovery, price failed ahead of the major 416.00 high.



Weekly Chart – Continuation:

The last drop from the 76.4% area prompted a clear break below the trading range lows, completing a bearish Triple Top.

This pattern can yet stay valid despite the recent recovery which starts to complicate things (and see daily chart).

A crude, minimum target lays around 250.00.

More



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Grains and Softs

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Other

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- + CRB Index

Metals: High Grade Copper (COMEX)

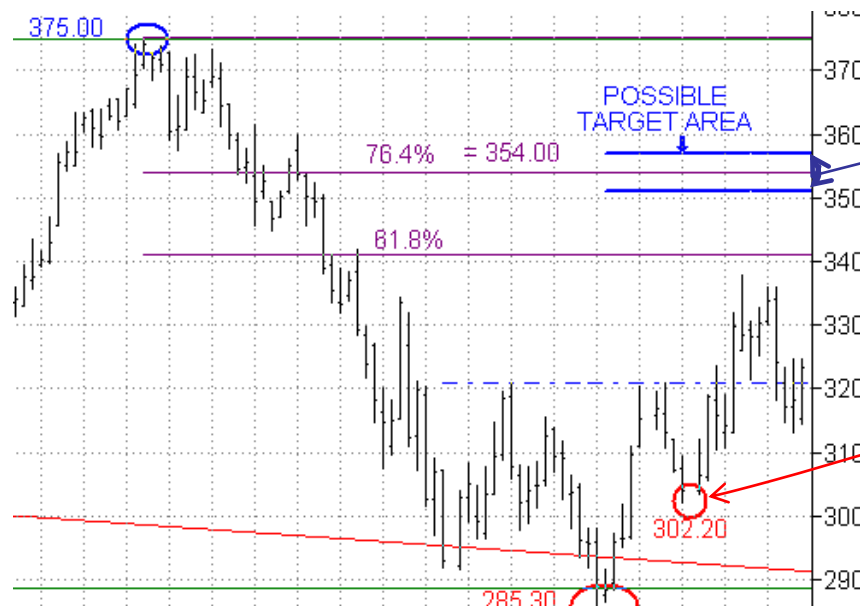


Daily Chart – Mar-08:

Unfortunately the break of the falling support line was short-lived, and the bounce off 61.8% area has developed into a better s/term recovery.

The breach of our 320.00 level has strengthened the bulls' cause for now.

Looking closer...



Daily Chart – Mar-08:

We are still inclined to focus on the **351.00-357.00** area, which encompasses two Fibro projections plus the 76.4% level.

This offers both a target for s/term bulls, and a possible entry area for speculative bears.

Meanwhile the 302.20 31-Dec low may be pivotal – a drop below here would end the s/term bull campaign and favour bears once more.



Grains and Softs

Soybeans remain strong overall, while **Cocoa** continues to favour the s/term bulls, as **Coffee** lags behind. **Sugar** has surged above our first bull target to reach the second, and the daily **Cotton** chart has remained constructive for the bulls.

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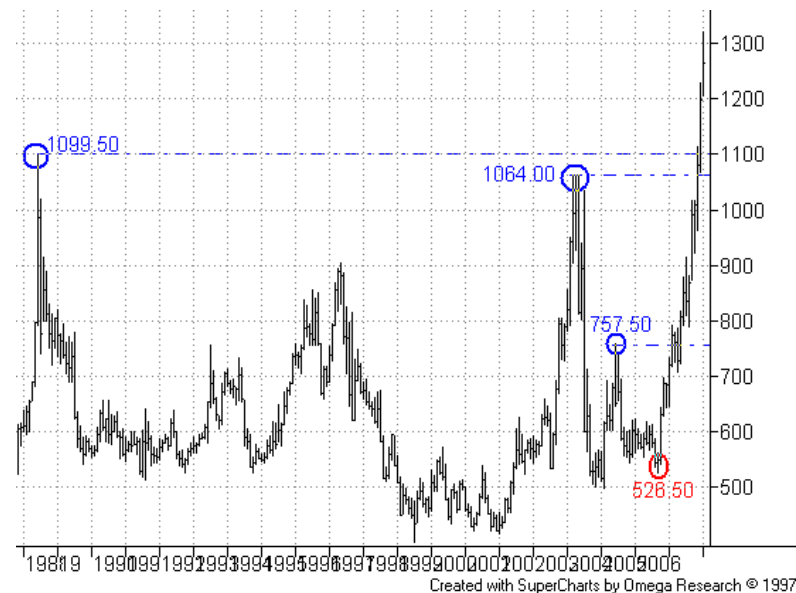
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Other

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Grains and Softs: Soybeans (CBOT)



Monthly Chart - Continuation:

The move into new high ground continues.

The old 1988 1099.50 and 2004 1064.00 highs are now future support points.



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Grains and Softs: Soybeans (CBOT)



Weekly Chart – Continuation:

The medium term upmove remains very impulsive.

One higher target to keep in mind is the 1.618 swing of the major 1064.00-498.50 2004-05 decline, around 1415.00.

Further detail comes from the daily chart.



Daily Chart – Mar-08:

Current momentum is preserved by the steeper uptrend line now, at 1235 – break below is s/term bearish.

We have drawn in two bull channel top projections, both currently close to **1385**, and potential resistance .

However, note that our 1345 Fibo projection was almost reached (details to be fleshed out in this week's Update) and subsequent weakness adds to this small bear sign. Fresh buyers may hold back for now.

More



Grains and Softs: Wheat (CBOT)

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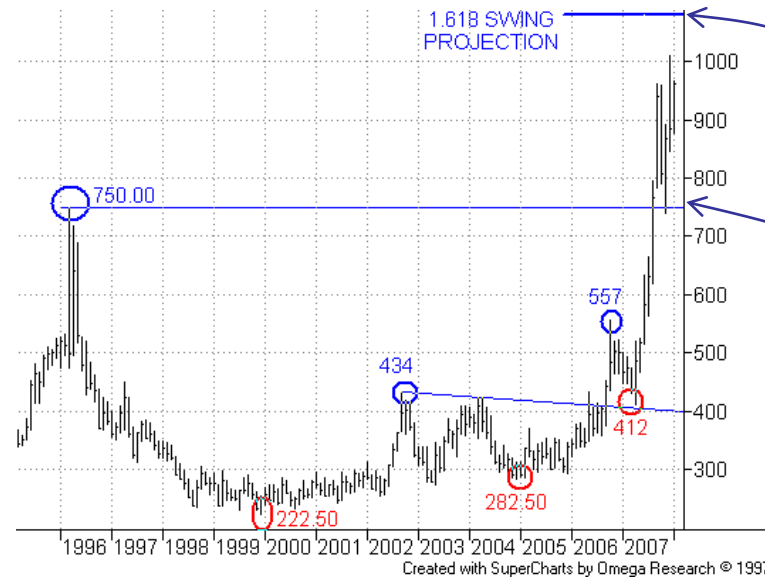
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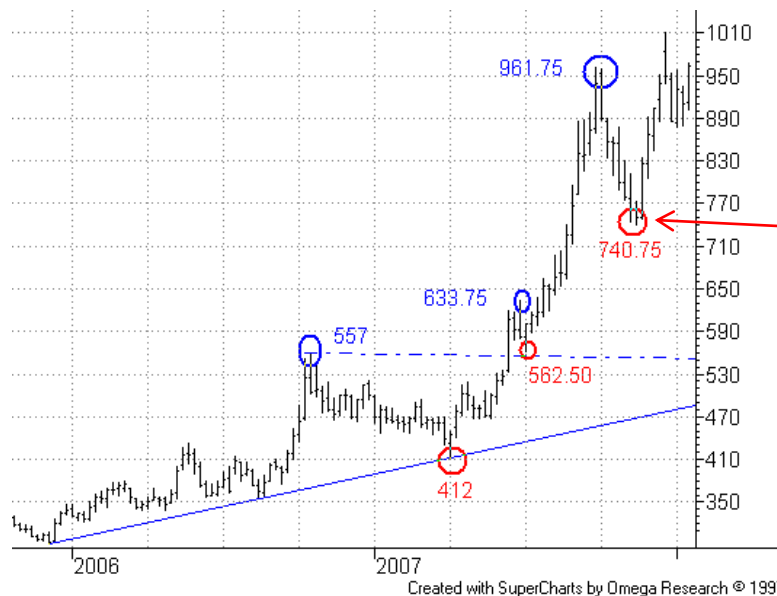
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Monthly Chart - Continuation:

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 high area is now the first significant support point – it worked effectively back in mid-Nov.



Weekly Chart - Continuation:

Medium term bulls remain in control but we do note the relatively large pullback to 740.75.

This may be just part of a longer term indication of mood change.

More



Grains and Softs: Wheat (CBOT)

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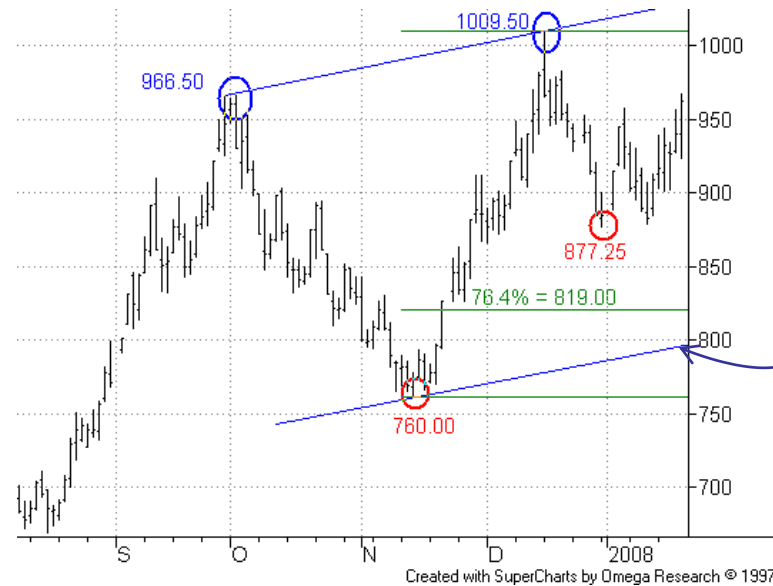
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Daily Chart – Mar-08:

The s/term chart structure stays unclear, but in the event of further pullback, below 877.25, note that most important for bulls now is for the channel projection near 800.00 to hold any deep pullbacks – a drop below here would likely be bearish for the medium term.

Keep in mind the 76.4% level too, at 819.00.

Of course, if 877.25 31-Dec low can hold ahead of a recovery to the 1009.50 17-Dec area then this would be very positive.



Grains and Softs: Sugar (NYBOT)

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Monthly Chart - Continuation:

After testing the 76.4% level, as the final bear wave came to an end, price has been firming.

We had last year suggested that price may struggle to hold below 76.4% and this has proved right.



Weekly Chart - Continuation:

The presumed last downleg, from 12.65 (12.85 on the front month, Mar-08), in which momentum looked weaker, completed at the 8.37 Jun -07 low.

The 38.2% level sometimes coincides with the start of the final leg, which differs in character.

It has now been reached but may be tough to stay above s/term.

More



Grains and Softs: Sugar (NYBOT)

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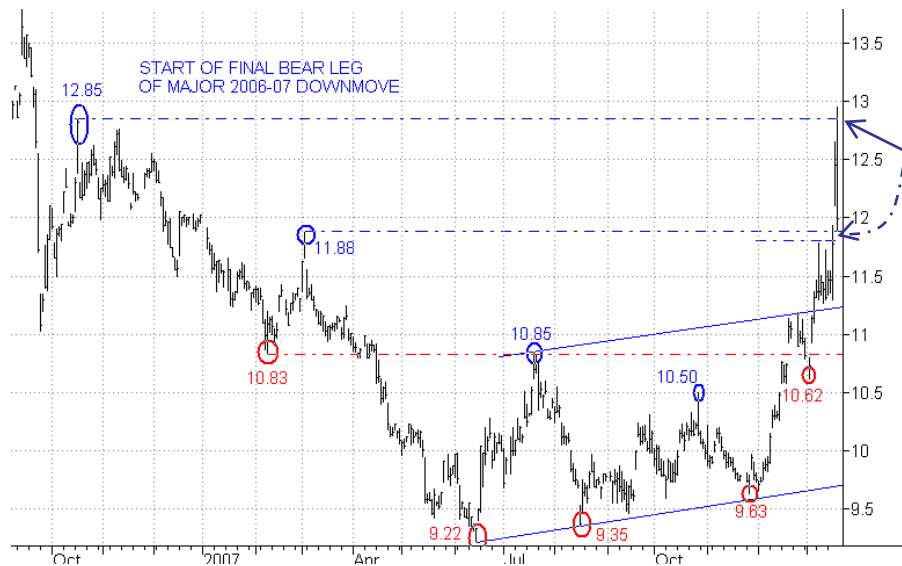
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Daily Chart – Mar 08:

Our first target area of 11.80-88 proved a temporary stopping point.

The higher 12.85 17-Oct-06 high was quickly reached.

We have remained right to be bullish of this chart, with medium term bull prospects being confirmed. Our bullish 20th Dec Update on Sugar proved well-timed.

A pullback is now signalled...



Daily Chart – Mar 08:

The candle chart helps to show Fri's key reversal/outside day.

Initial support came from the 11.88 02-Mar-07 high. But we are more interested in the 11.25-30 area, where several Jan lows, 50% level and former bull channel top all converge.

It is unclear if this pullback will be deep and buyers on dips may wish to use this as their initial risk level. There is a later 13.80 Fibro target.

More



Grains and Softs: Cocoa (NYBOT)

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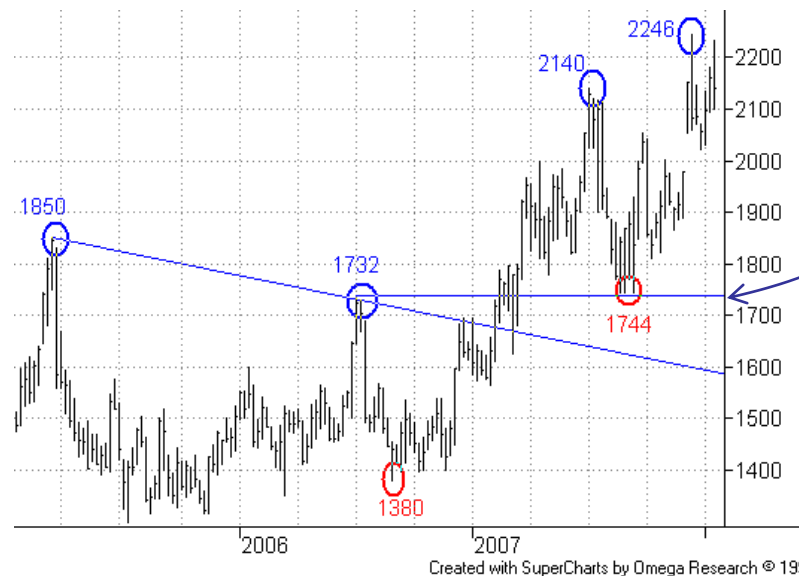


Monthly Chart – Continuation:

The 76.4% level was effective in 2007, and has now been eroded.

A HOLD above here sees not much in the way of a return to the major 2420 peak of 2003.

The rollover to Mar-08 moderated the break but did not negate it.



Weekly Chart – Continuation:

Effective support from the 2006 1732 high has been the precursor to another medium term bull leg.

On this chart there are Fibo projections implied at 2335 and 2385.



Grains and Softs: Cocoa (NYBOT)

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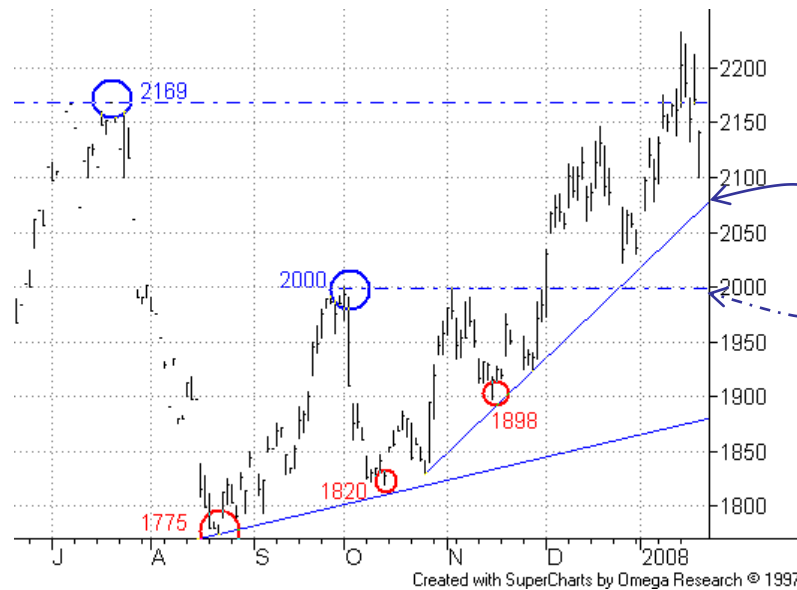
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Daily Chart – Mar-08:

The nice succession of rising highs and lows since the 1820 Oct-07 low remains intact, first support offered by the rising support line.

Perhaps more important is the key 2000 support. Ideally this will hold pullbacks to avoid serious momentum loss.

After the expected break through the 2169 Jul-07 high our current focus remains on the 2.618 swing projection off prior 2000-1820 pullback, at **2290**.



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- + CRB Index

Grains and Softs: Coffee (NYBOT)

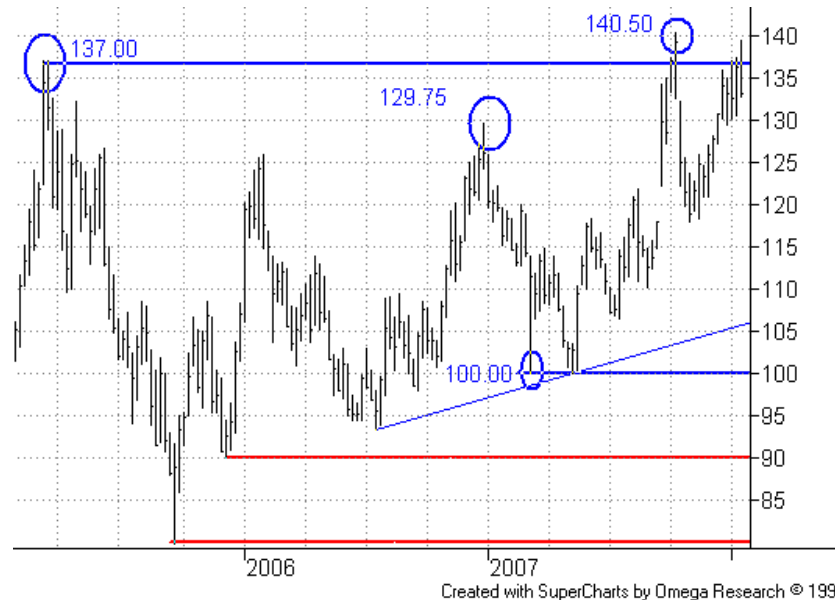


Monthly Chart – Continuation:

A large inverse head & shoulders is trying to complete.

A break/HOLD above the 132 neckline is needed to open up 145.00-147.10, the next important resistance.

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



Weekly Chart – Continuation:

Medium term range-trading with an upward bias continues to be the feature here.

More



Grains and Softs: Coffee (NYBOT)

Summary

Energy

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

Metals

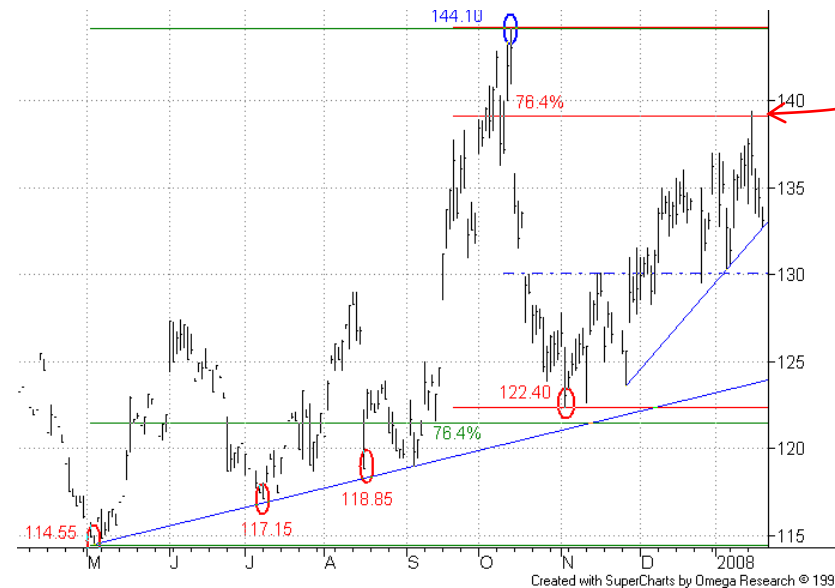
- + Gold
- + Silver
- + High Grade Copper

Grains and Softs

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

Other

- + Orange Juice
- + CRB Index



Daily Chart – Mar-08:

The top of the 61.8%-76.4% area has resisted very nicely.

We can't yet say whether this rise is merely corrective ahead of a further drop, or not,

Bulls need a breach of the 76.4% 139.00 level to receive a boost for the 144.10 Oct-07 high, but s/term fresh buyers may want to hold back – that rejection from 76.4% calls for caution.

The 130.00 area ideally needs to hold pullbacks now, otherwise the higher levels will be postponed.



Grains and Softs: Cotton No.2 (NYSE)

Summary

Energy

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

Metals

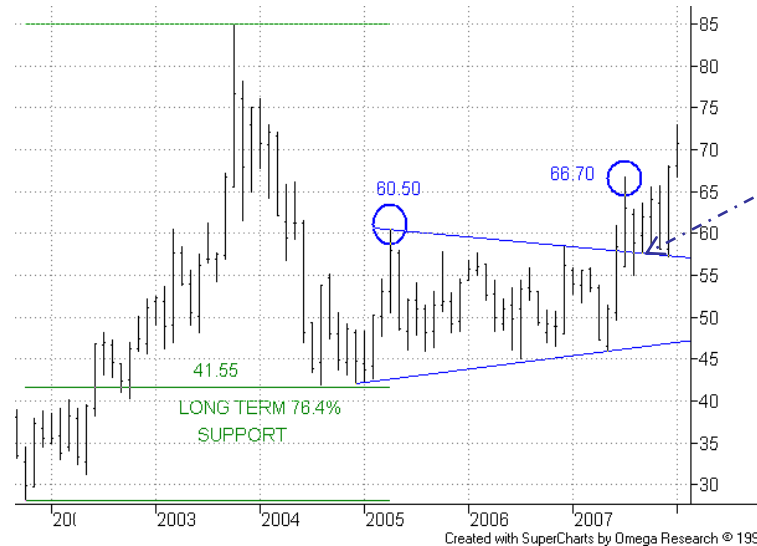
- + Gold
- + Silver
- + High Grade Copper

Grains and Softs

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

Other

- + Orange Juice
- + CRB Index


[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

- + Orange Juice
- + CRB Index



A push through the falling resistance line from Jul-07 was seen as confirmation that bulls are back in control.

This amounts to a break from a large triangle pattern.

Above the 71.45 Jul-07 high and minor resistance has emerged from near the first parallel, as suggested.

The higher parallel should be a later target, and there is a 77.50 Fibo projection nearby too.

Rising support at 64.00 must ultimately hold any deep setbacks now, but the 66.80 10-Jan low should preferably hold, and offers a more sensible risk level for fresh buyers on dips.



Other – (these may vary occasionally)

The s/term consolidation in **Orange Juice** has continued, this so far holding above the 61.8% retracement. The **CRB index**, while in theory still bullish, reached a significant Fibo target just beyond the 2006 high ahead of dropping to produce a key reversal week.

Summary

Energy

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

Metals

- + Gold
- + Silver
- + High Grade Copper

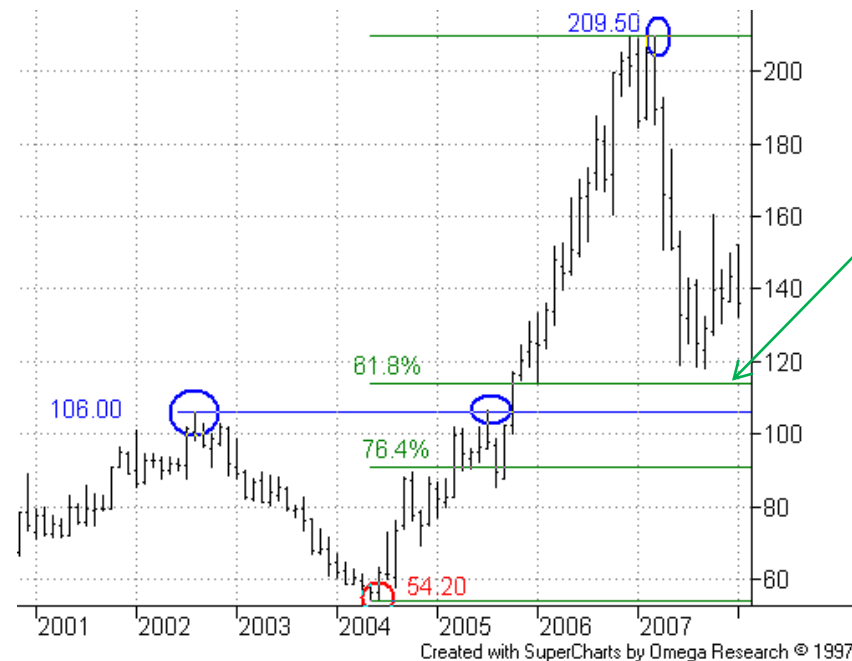
Grains and Softs

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

Other

- + Orange Juice
- + CRB Index

Other: Orange Juice (NYBOT)





Summary

Energy

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

Metals

- + Gold
- + Silver
- + High Grade Copper

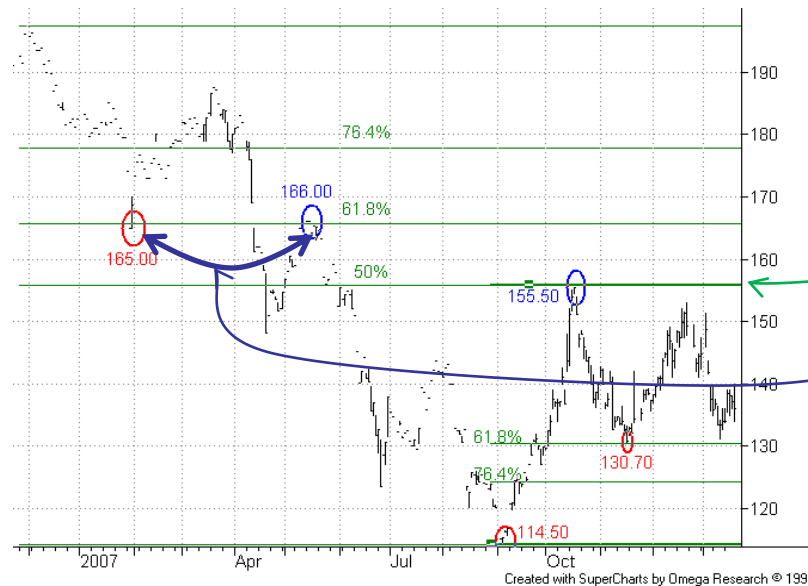
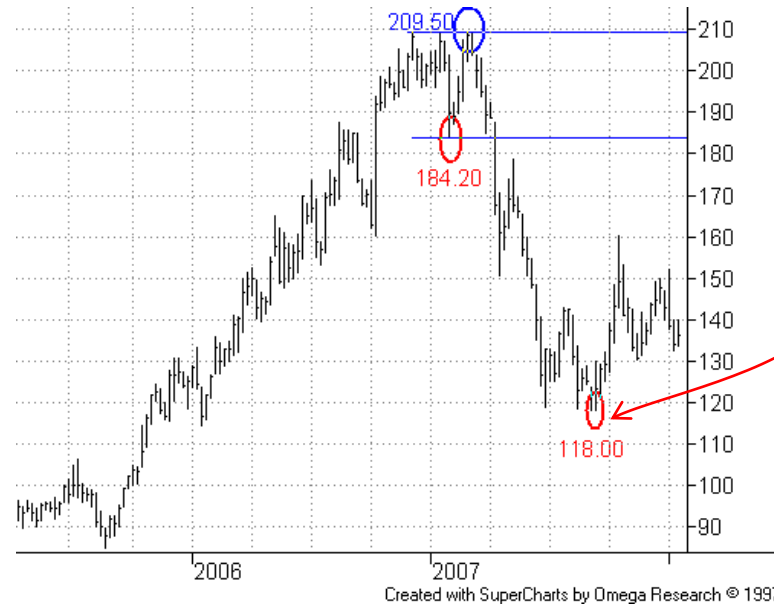
Grains and Softs

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

Other

- + Orange Juice (NYBOT)
- + CRB Index

Other: Orange Juice (NYBOT)



More



Other: Orange Juice (NYBOT)

Summary

Energy

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

Metals

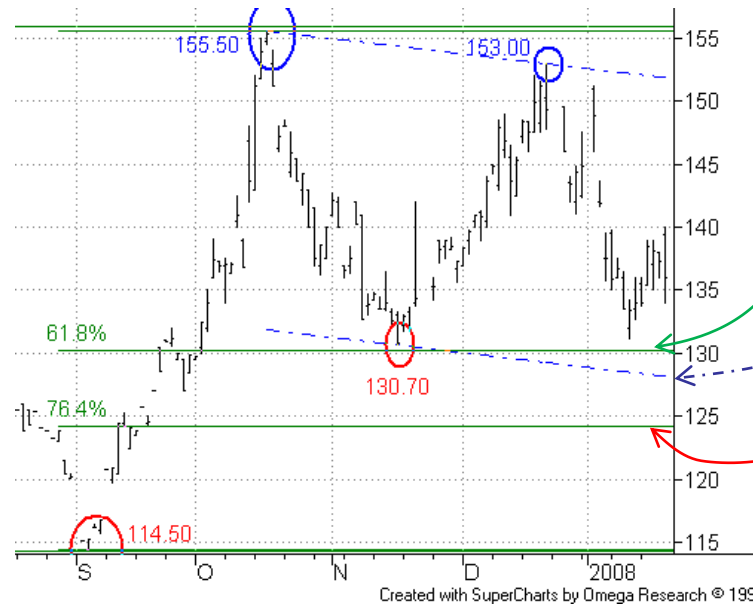
- + Gold
- + Silver
- + High Grade Copper

Grains and Softs

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

Other

- + Orange Juice
- + CRB Index



Daily Chart – Mar-08:

First support is offered by the 61.8% area again.

Ideally this will hold now, but also note the bear channel base projection around 128.00 which may deal with a s/term overshoot.

Ultimately the 124.20 76.4% level must hold in order to avoid serious doubts about bulls' prospects, but the first support area could in the end prove more crucial .

Meanwhile we can remain bullish of this chart once the current consolidation runs its course, and speculative bulls may use the 128.00 area for stop loss purposes.



Other: CRB Index (CBOT)

Summary

Energy

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

Metals

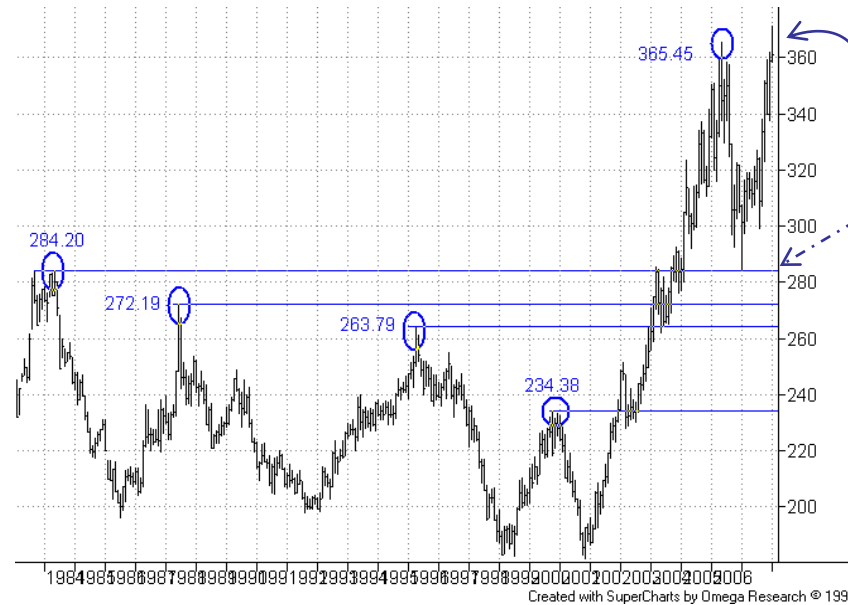
- + Gold
- + Silver
- + High Grade Copper

Grains and Softs

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

Other

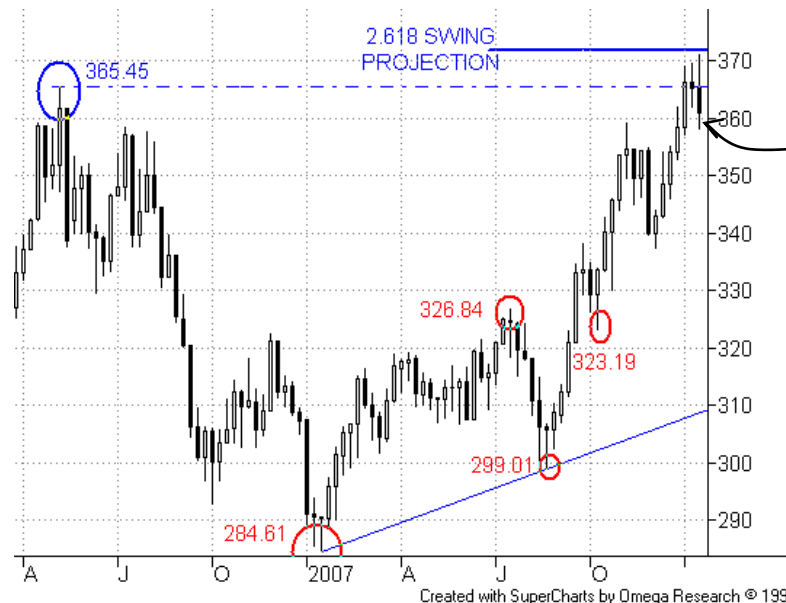
- + Orange Juice
- + CRB Index



Monthly Chart – Continuation:

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, and has seen an initial erosion.



Weekly Chart – Continuation:

Last week produced a key reversal/outside week – potentially bearish for the short/medium term.

This is made more significant as it occurred just ahead of our Fibo projection at 371.85, the 2.618 swing off 326.84-299.01.

This level was a potential threat to the previous break of the major 365.45 2006 high.

More



Other: CRB Index (CBOT)

Summary

Energy

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

Metals

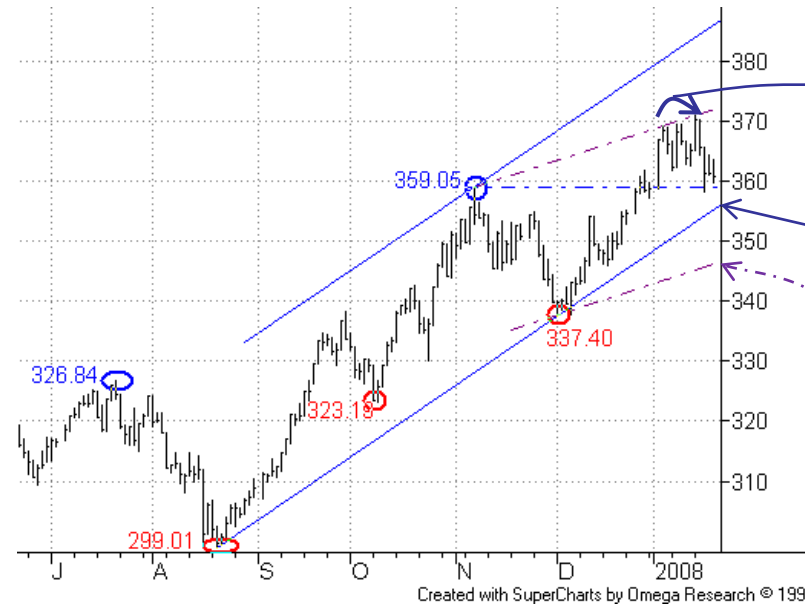
- + Gold
- + Silver
- + High Grade Copper

Grains and Softs

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

Other

- + Orange Juice
- + CRB Index



Daily Chart :

Price struggled on the approach to that 371.85 target (above) – 370.96 high seen last Monday.

The rising support line around 356-357 offers near support (with 359.05 07-Nov high having proved a temporary support last week).

However, more important should be the small bull channel base projection around 347 – below here suggests a deeper pullback phase is well underway, any rallies then more likely to be corrective only.

Any bulls will now be much more cautious, but bears do not yet have confirming signals (breaks of those 357-347 supports).



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