



## Week 7

12<sup>th</sup> February - 18<sup>th</sup> February 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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# summary – commodity trader

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**Stay SQUARE** with bear opportunities likely after s/term bounce. In any case go bearish below 85.37 (Mar-08)  
**Stay BULLISH** while above 7.440. 8.500 remains key resistance , 8.930 later possible target (Mar-08)  
**Stay SQUARE** with bears looking to sell s/term rallies. In any case go bearish below 2.3975 (Mar-08)

**Stay BULLISH** particularly while above 855.00, 970-80.00 next target area (Apr-08)  
**Stay BULLISH** for later 18.10-18.70 target area (Mar-08)  
**Stay SQUARE** with s/term chart structure unclear (Mar-08)

**Stay SQUARE** s/term bear risk currently averted, bulls still present (Mar-08)  
**Go BULLISH** after up-break from wedge. 1125-27 first target (Mar-08)  
**Stay BULLISH** with first key support at 11.20 . Above 12.95 and 13.80 is next target area (Mar-08)  
**Stay BULLISH** with 2232/2169 first supports. 2412-20 next target/resistance (Mar-08)  
**Stay BULLISH** with 153.35-157.50 target area now possible (Mar-08)  
**Stay BULLISH** while above 66.80, but go SQUARE below here (Mar-08)

**Go BEARISH** after breach of key support. S/term rallies should now favour sellers (May-08)  
**Go BULLISH** after negation of recent key reversal week. 383/390/400 possible targets now



## Energy

The recent weakness in **Crude Oil** and **Heating Oil** extended far enough to suggest the early Jan highs could stay intact for a while, and bear risk remains good. **Natural Gas** continues in s/term recovery mode from a downtrend low in late Dec.

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#### Metals

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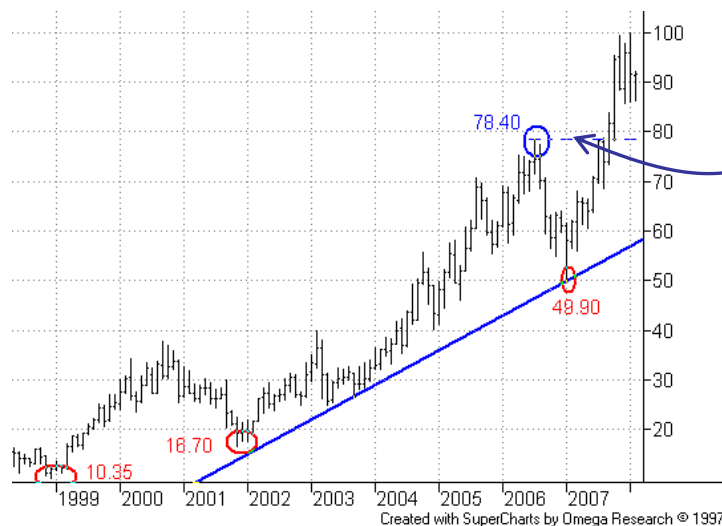
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### Currencies: Light Crude Oil (NYMEX)



#### 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)

### Summary

#### Energy

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

#### Metals

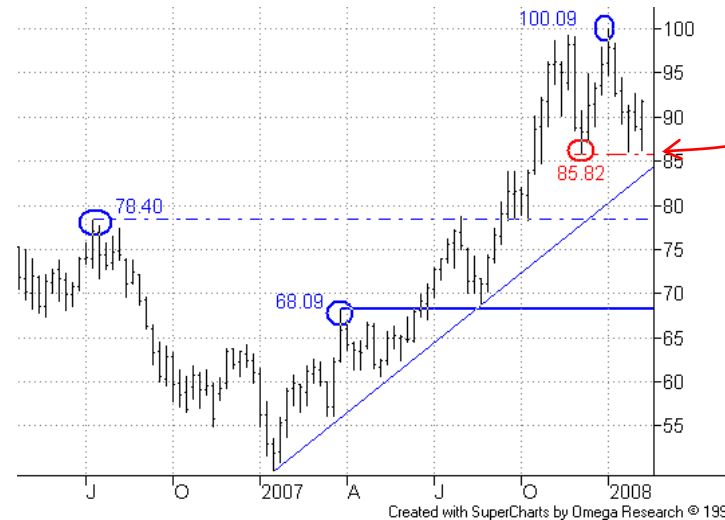
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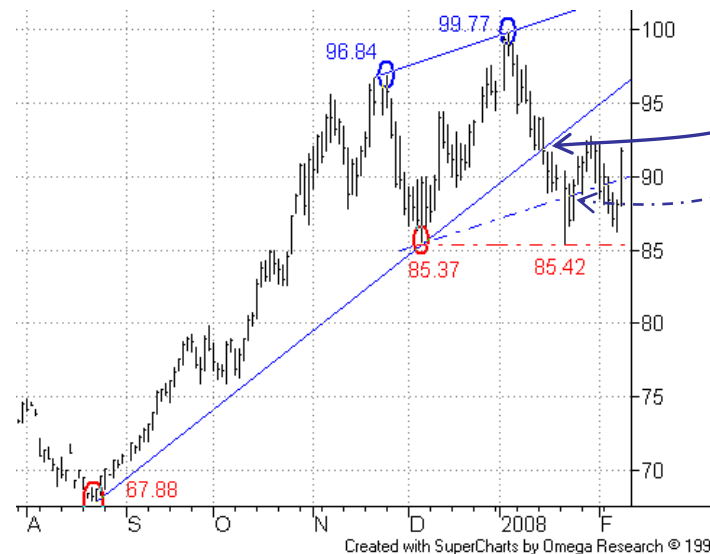


### Weekly Chart – Continuation

The Dec low remains important support, after the recent retest – while this holds the series of rising lows from early 2007 remains in place.

Meanwhile a prolonged consolidation pattern continues to unfold.

But there remain bearish clues on the daily chart...



### Daily Chart – Mar-08

Momentum first weakened after breach of the rising support line.

Then our small bull channel base projection was violated.

As we have said before, a failure of this would make the downmove more impulsive.

The 85.37 06-Dec low remains s/term supportive BUT the subsequent activity should now be corrective only, ahead of further weakness.

More



## Energy: Light Crude Oil (NYMEX)

### Summary

#### Energy

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- + Natural Gas
- + Heating Oil

#### Metals

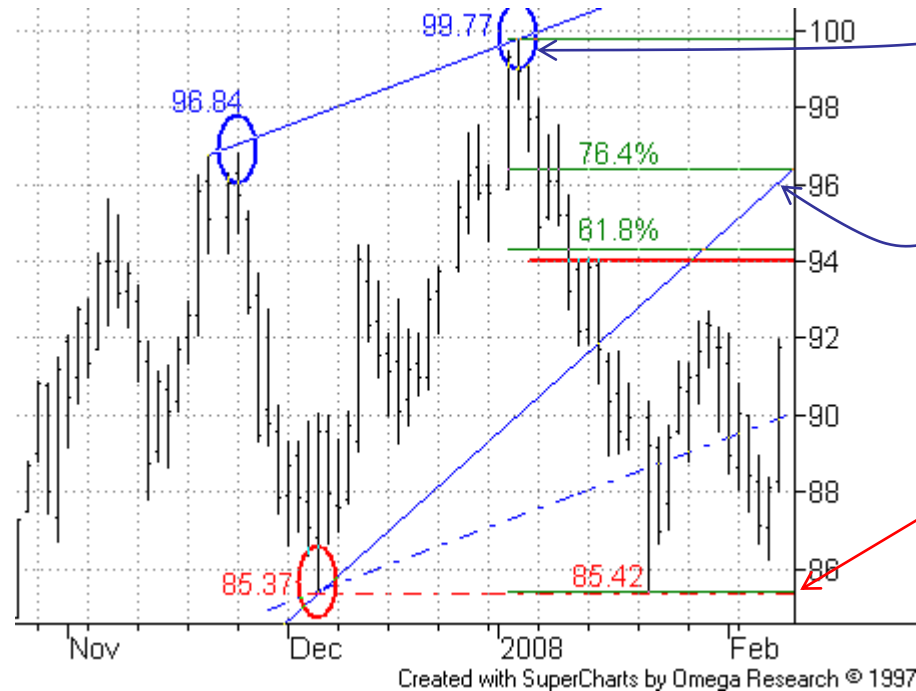
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### Daily Chart – Mar-08:

The 99.77 03-Jan high could therefore stay out of reach for some time – **it offers to sellers the best/clearest risk level for stop purposes.**

The old rising support/return line is a natural focus for resistance, and as it approaches the 76.4% level an interesting technical area is revealed.

With s/term strategies currently favoured, bull positions (stops below 85.37) may target towards 76.4%, while bears would be eyeing this for entry opportunities.

Meanwhile any breach of 85.37 would be a confirmation of our bearish leanings and provide a natural (though not ideal) trigger for some sellers.



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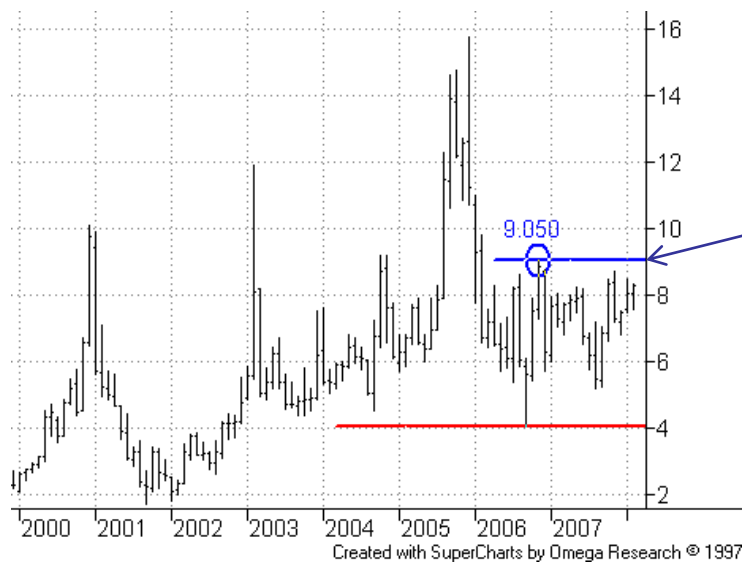
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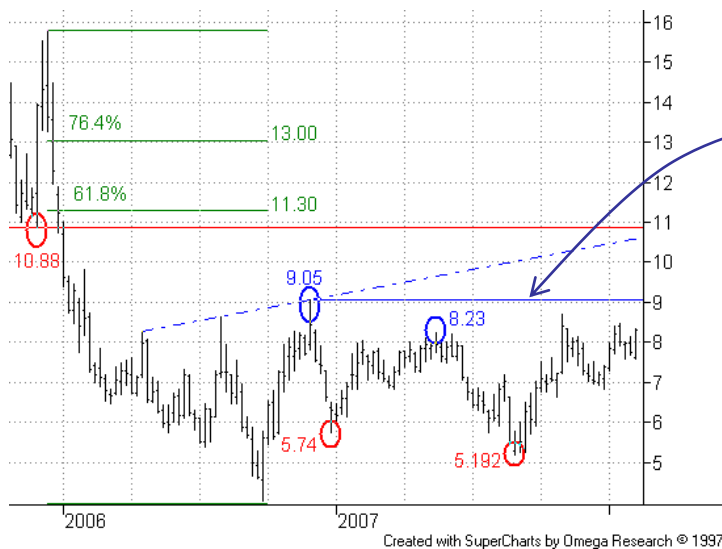
## Energy: Natural Gas (NYMEX)



### 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/probable 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



## Energy: Natural Gas (NYMEX)

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#### Metals

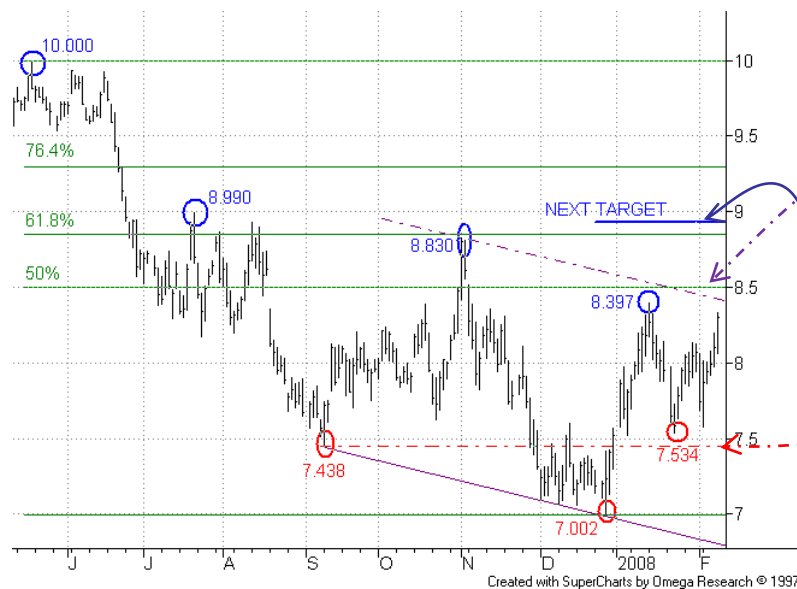
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### Daily Chart – Mar-08:

Key resistance lies at 8.400-8.500 where the bear channel projection and 38.2% bounce level are still close together.

A break through this improves the medium term outlook.

We have considered any s/term pullbacks to be classed as corrective only, and this seems right.

Support remains at/above the suggested 7.44 area, and ideally this will continue to hold, offering the first risk level for bull positions.

Two bullish targets coincide at 8.930 – the 1.618 swing of 8.397-7.534 pullback and '7.002-8.397' equality move off 7.534. Interesting.



## Energy: Heating Oil (NYMEX)

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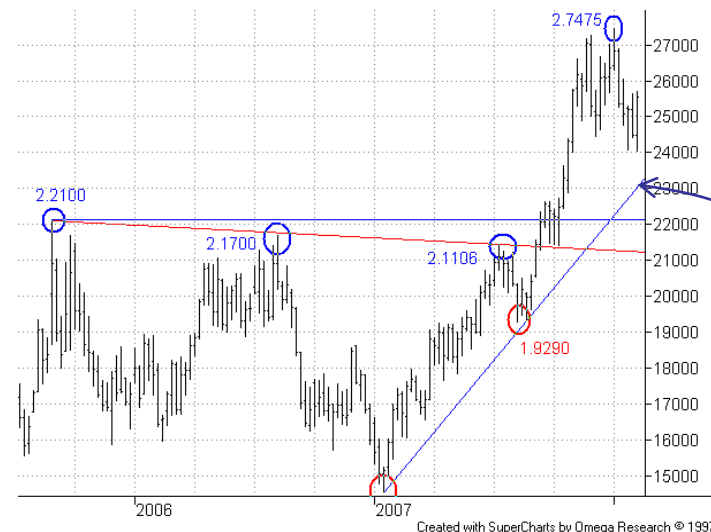
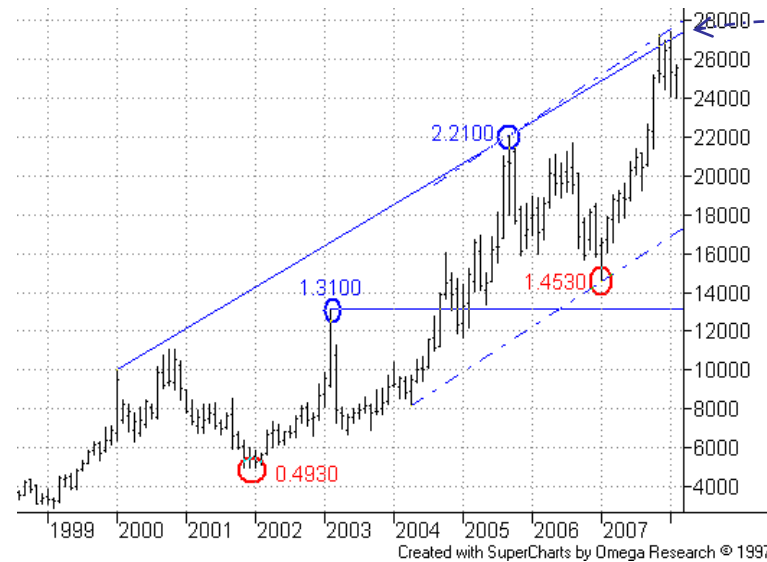
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## Energy: Heating Oil (NYMEX)

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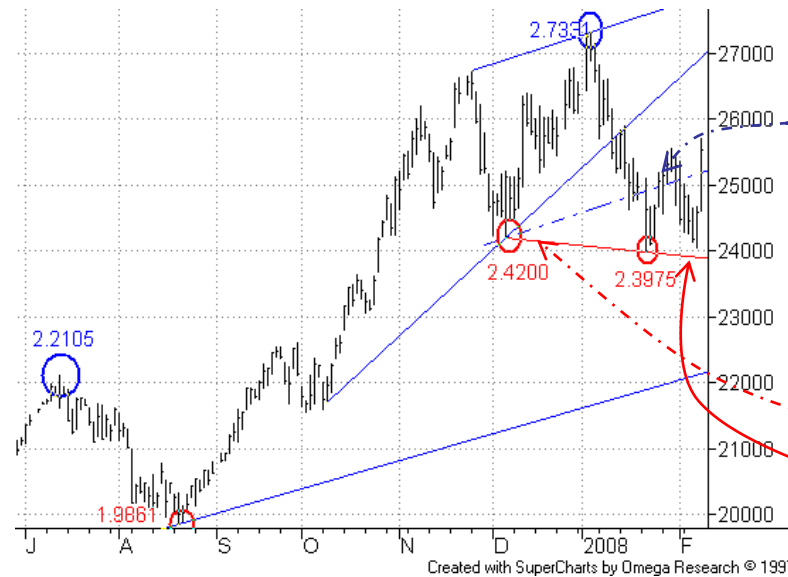
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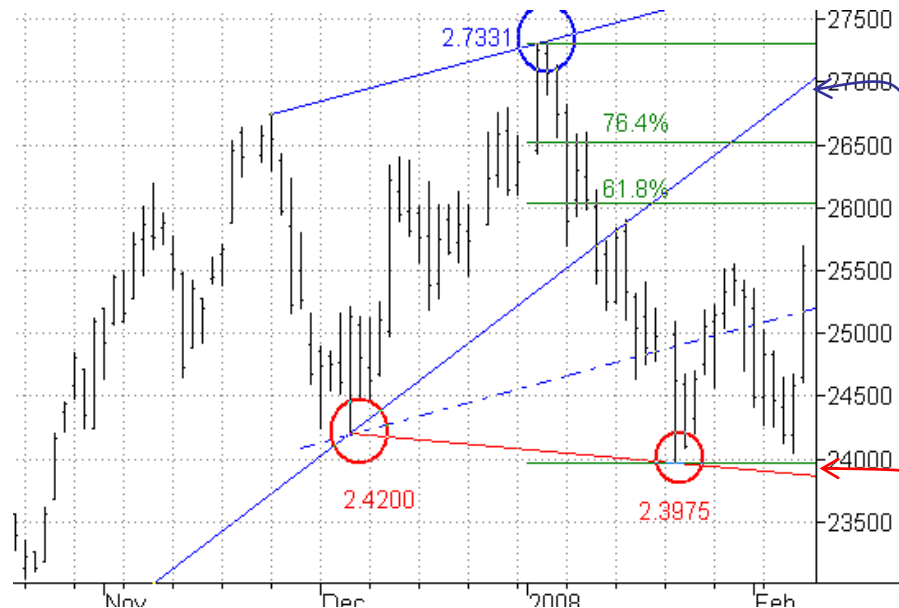


### Daily Chart – Mar-08:

The small bull channel base projection was breached recently.

We still think this means deeper retracements are likely in time, s/term rallies now being corrective only. The 2.7331 03-Jan high could stay out of reach for some time.

The 2.4200 06-Dec low has offered rough s/term support, better defined by the sloping line now.



### Daily Chart – Mar-08:

With rallies more likely to be corrective, an opportunity for the s/term bears is still in prospect.

The old rising return line offers natural resistance, although above 76.4% now, and the 2.7331 high is the obvious risk level.

2.6500 area is also a reasonable target for s/term bulls.

A break below falling support/ 2.3975 low would confirm a bear stance and invite those sellers who trade breaks.



## Metals

**Gold** and **Silver** both remain firm overall, s/term pullbacks staying very modest. In **Copper** we have dropped the former medium term triple top interpretation, but the s/term chart structure is unclear.

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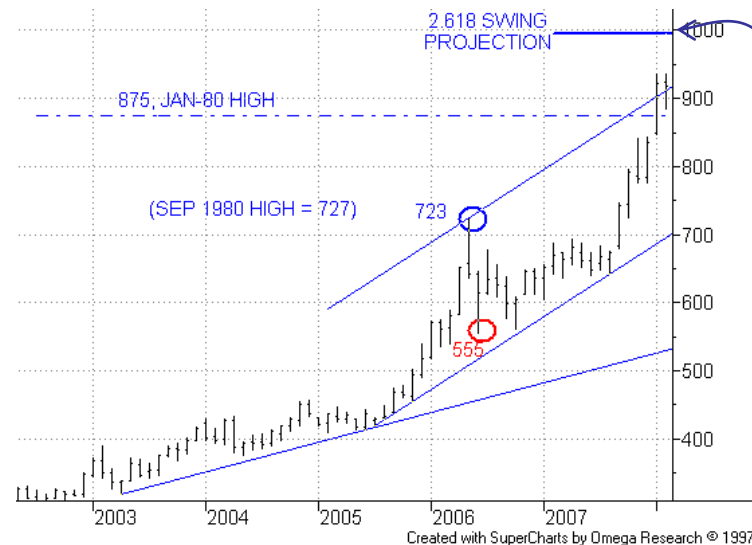
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## Metals: Gold (COMEX)



### Monthly Chart - Continuation:

After breaching the major 875 Jan 1980 spike high, the long term bull channel projection just above 900 has been eroded now.

In time the 2.618 swing projection off prior 723-555 2006 pullback could be relevant, at 995.



## Metals: Gold (COMEX)

### Summary

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### Metals

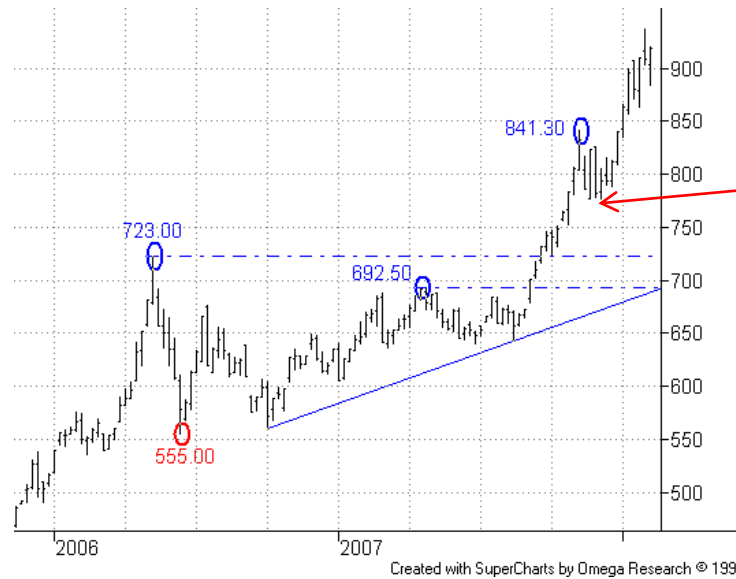
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### Weekly Chart – Continuation:

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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## Metals: Gold (COMEX)



### Daily Chart – Apr-08:

The multi-month bull channel top projection above 950.00 is so far proving an effective barrier, slowing progress.

Above here though, note the 977-987 area, where two Fibo targets lie plus the equality target off 789.00 Nov low, to prior 666.40-861.00 upleg. **THAT'S THREE TECHNICAL LEVELS CLOSE TOGETHER...**

S/term support comes from the 855.00 area, 22-Jan low and uptrend line, still key in preserving bull momentum.

The bearish RSI divergence observed last week is irrelevant now – see how the RSI quickly became relatively oversold.

S/term bulls have the edge, particularly while the small channel base is intact.

The shorter term outlook can stay bullish and, with stops below 855.00, targets will include the 970-80 area.





## Metals: Silver (COMEX)

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### Metals

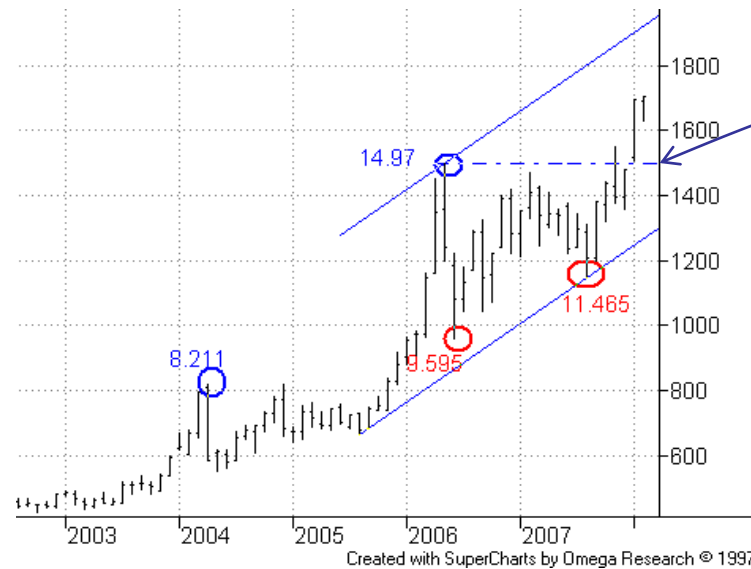
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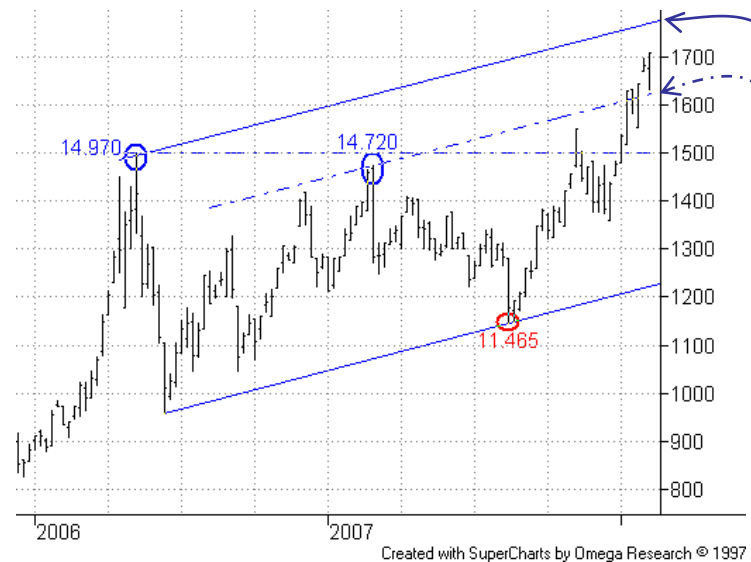
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### Monthly Chart – Continuation:

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

Bull targets such as 1.618 swing off prior 14.970-9.595 decline at 18.29 are achievable.



### Weekly Chart – Continuation:

The overall outlook is very positive.

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

- we now focus on the higher projection near 17.80.

More



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## Metals: Silver (COMEX)



### Daily Chart – Mar-08:

The bull channel top projection remains potential future resistance. It now lies a little above the 1.618 swing target of prior 16.445-13.74 pullback at **18.10**.

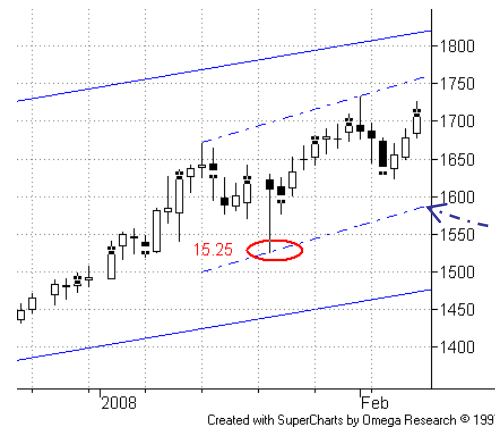
Then, not far above this region lies the '11.50-16.445' equality objective from 13.74 Dec low, at **18.70**.

As with Gold, the RSI divergence was quickly surpassed by the relatively oversold position.

Note main uptrend support around 14.80, and looking closer...

The picture remains most bullish while the small channel base projection is intact.

Further bears signs come from a drop below 15.25-14.97 support.





## Metals: High Grade Copper (COMEX)

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### Grains and Softs

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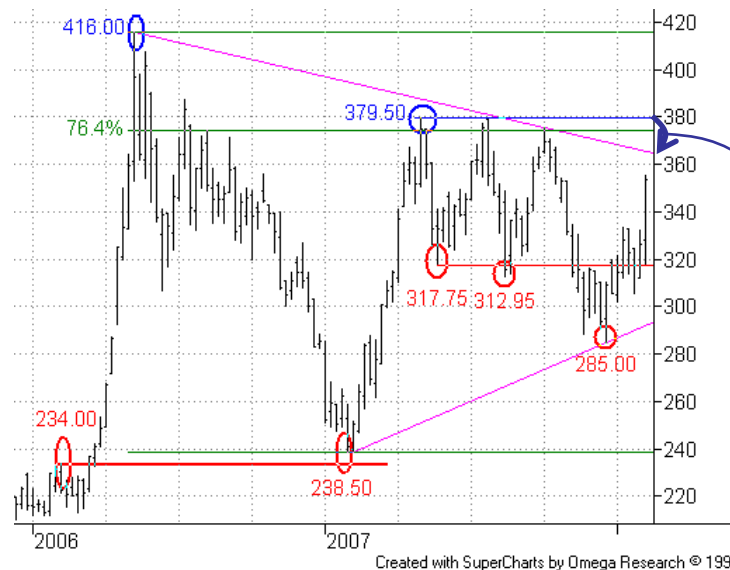
### Other

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### Monthly Chart – Continuation:

After key 238.00 50% support provided a springboard for a sharp recovery, a large triangular consolidation has unfolded.



### Weekly Chart – Continuation:

We have now dropped the 'triple top' interpretation here, due to latest price strength.

There is still important resistance below the 379.50 May-07 high; a medium/long term bull recovery is by no means certain.

More



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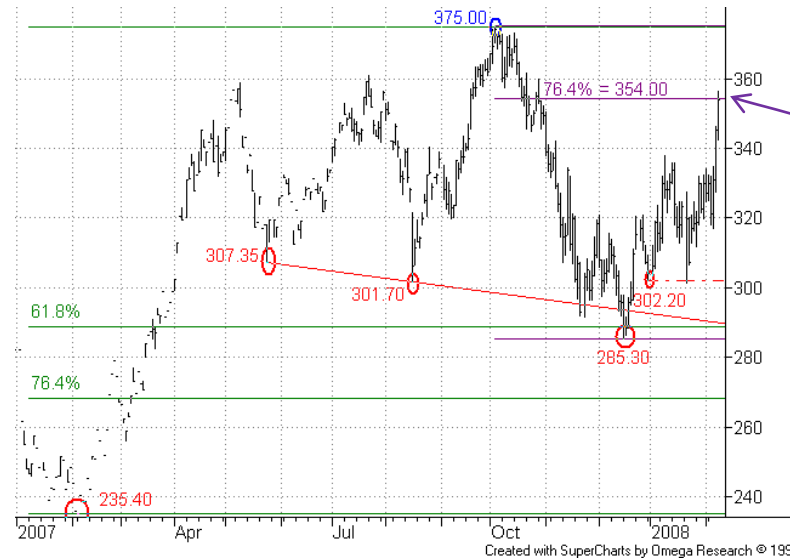
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## Metals: High Grade Copper (COMEX)



### Daily Chart – Mar-08:

The current structure remains unclear – it is still possible this is a 'corrective' recovery, but reaction around the 76.4% level could now be important.

And looking closer...



### Daily Chart – Mar-08:

Last we said the 76.4% offered the best place for bear positions. These would, however, be high risk, though supported by the potential resistance from a bear channel top projection.

Prudence requires a third bear signal to be given, perhaps in the shape of a reversal day, but meanwhile we await developments.





## Grains and Softs

**Soybean** bulls look to have returned, while **Wheat** has given a fresh bullish signal too. **Cocoa** and **Coffee** bulls are both much in evidence now, while **Sugar** has firmed after pulling back. The daily **Cotton** chart is still touch and go for the bulls.

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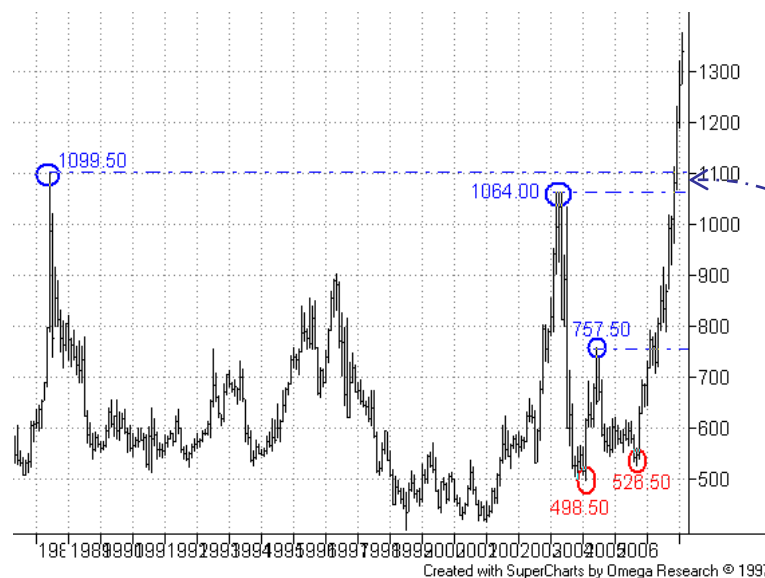
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#### Other

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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)

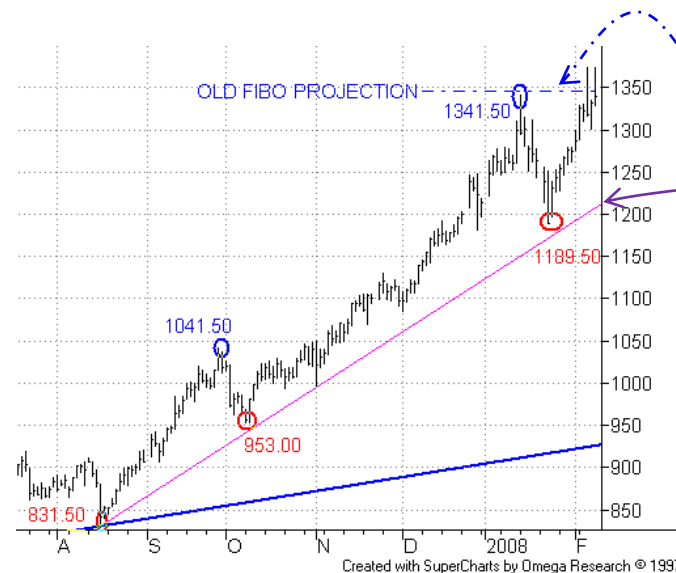


## Weekly Chart – Continuation:

The medium term upmove remains intact for now.

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:

The pullback from 1341.50 was, in the end, quite modest.

The main rising support line remains intact, avoiding a deeper loss phase.

Is there a chance that the 1345-46 Fibo projection area can still exert a residual, resistive, influence..?

Looking closer...

More



## Grains and Softs: Soybeans (CBOT)

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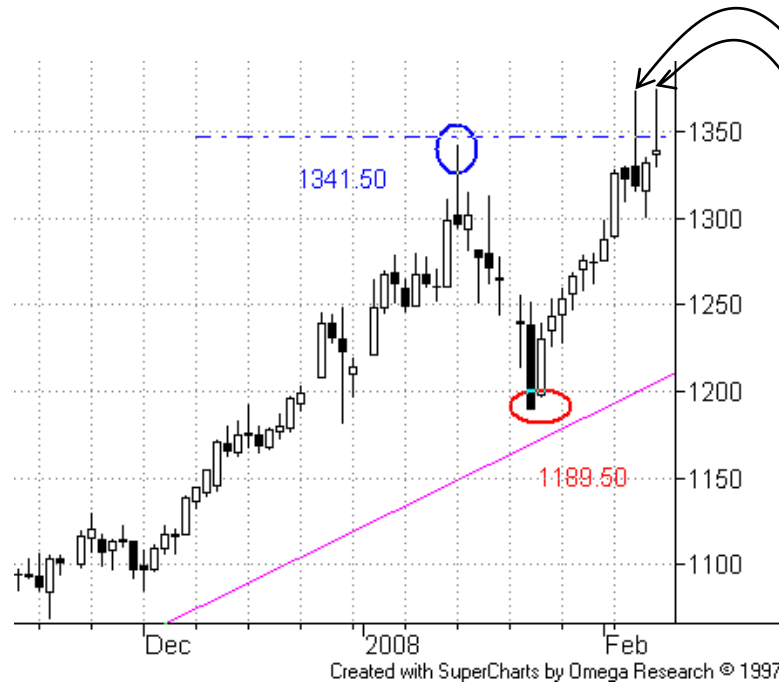
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### Grains and Softs

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- + Cocoa
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- + Cotton No.2

### Other

- + Orange Juice
- + CRB Index



### Daily Chart – Mar-08:

Any recent high risk bear strategies around the 1300 level, stops above 1341.50, would not have been rewarded – as we said last time, this would be going against the main uptrend.

We pick out one feature here, clearer on the candlestick chart, being the low intraday closes on two days last week, ie failure to close strong after a low open.

A very inconclusive sign of weakness at the moment.

In fact, surviving bulls will be noting the 1.618 swing of prior 1341.50-1189.50 pullback, at 1435, as a possible next target (coupled with the 1415 from the weekly chart).



## Grains and Softs: Wheat (CBOT)

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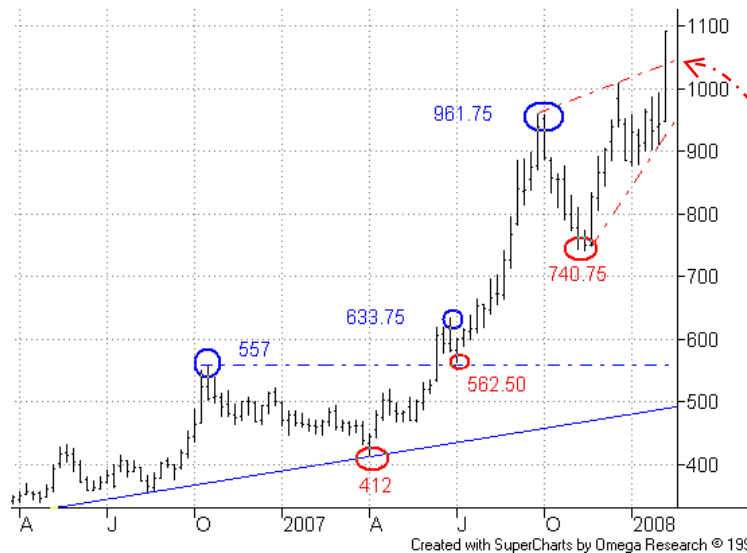
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### Monthly Chart - Continuation:

The next target, 1.618 swing projection of the long term 750.00-222.50 1996-99 downmove, at 1076, has been reached.

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 and the chart structure has stayed very firm – there now looks to be a bullish break from a rising wedge.

There is always the initial danger of such a break being false, but only confirmed by a drop back below the underside of the pattern.

More



## Grains and Softs: Wheat (CBOT)

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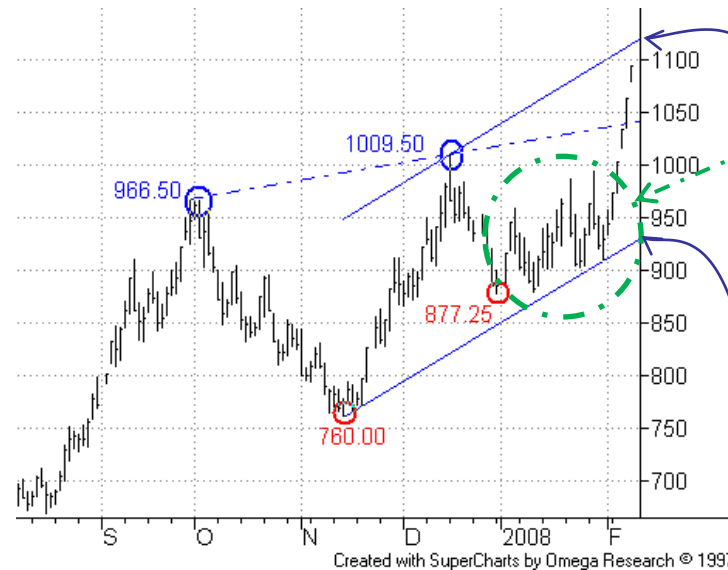
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### Daily Chart – Mar-08:

Last week we said that the choppy consolidation had almost gone on for too long for this to be a prelude to a bear move, with bull risk starting to improve again.

Also if 877.25 31-Dec low could hold ahead of a recovery to the 1009.50 17-Dec area then this would be very positive.

This has proved the case.

The bull channel top projection currently coincides with the '760.00-1009.50' equality target off 877.25 low, around **1125-27**.

Higher Fibos targets are calculable at **1223, 1239 and 1257**.

First support is broadly offered by the 1009.50-1000.00 area, while the whole bull scenario collapses if price drops back through the rising support, around 930 just now.

More



## Grains and Softs: Sugar (NYBOT)

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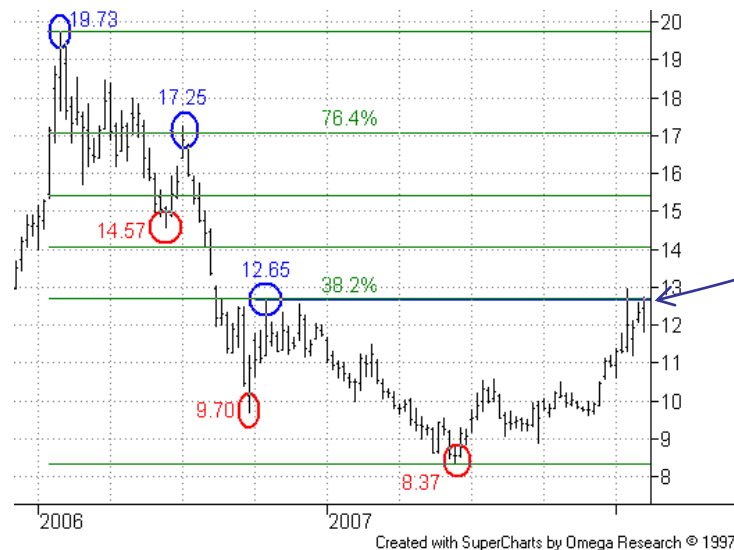
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### Monthly Chart - Continuation:

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:

Recovery from the 8.37 Jun -07 low found initial resistance from the 38.2% level.

The medium term, however, still favours the bulls.



## Grains and Softs: Sugar (NYBOT)

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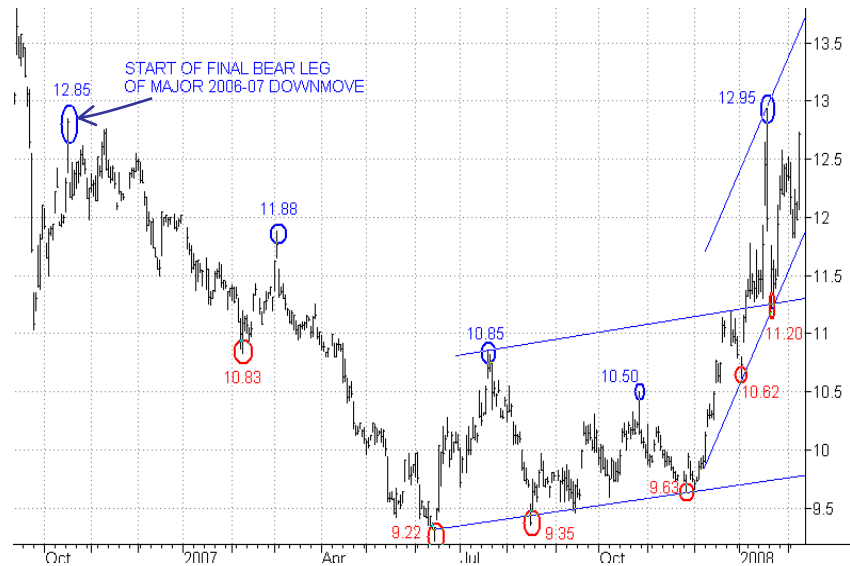
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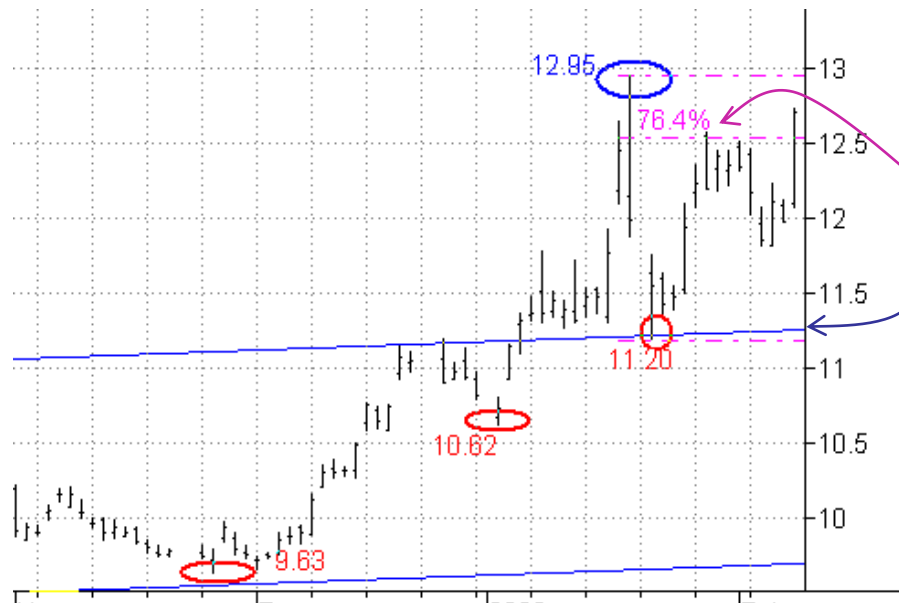
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### Daily Chart – Mar 08:

We have been right to be bullish of this chart, with medium term bull prospects now confirmed.

The Jan pullback was no surprise - note two higher Fibo targets at 13.80 and 14.05 once the 12.95 18-Jan high is breached.



### Daily Chart – Mar 08:

We hadn't been expecting a deep pullback and key support was found at 11.20.

The small 76.4% level proved temporary effective resistance, but last week's late break through is encouraging.

The bull channel top projection currently lies close to the first of our Fibo targets (13.80) above.

More



## Grains and Softs: Cocoa (NYBOT)

### Summary

### Energy

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

### Metals

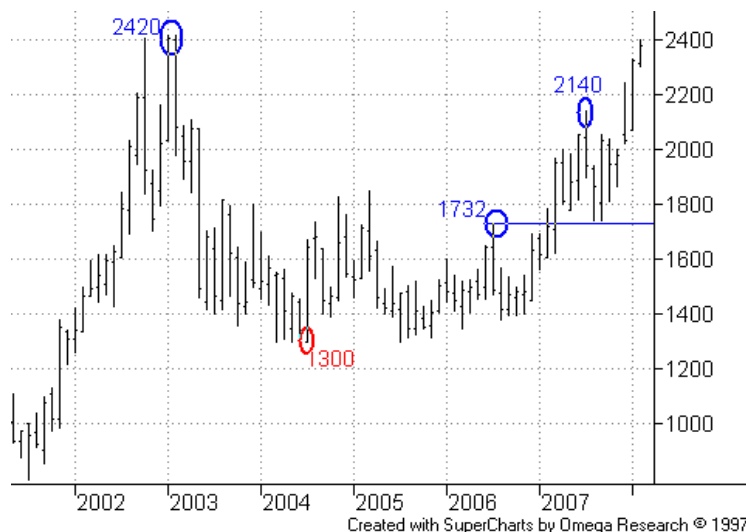
- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

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

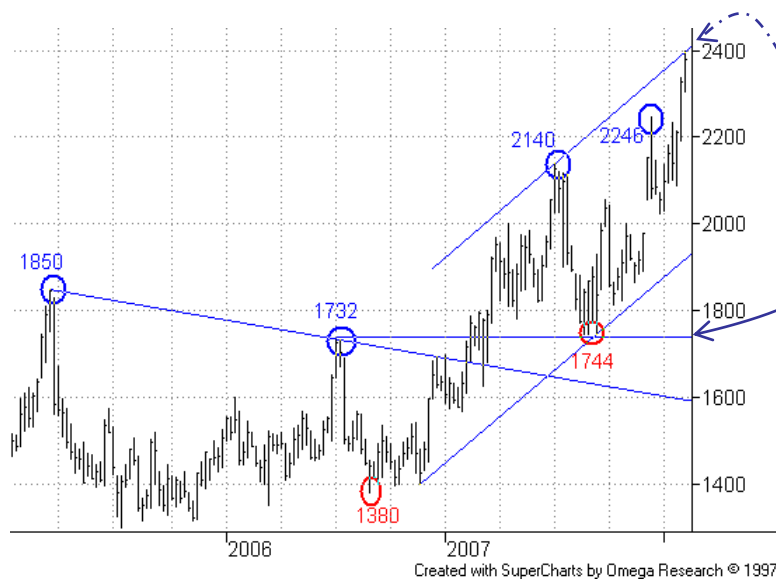
### Other

- + Orange Juice
- + CRB Index



### Monthly Chart – Continuation:

With a nice succession of rising highs and lows the major 2420 peak of 2003 is now under threat.



### Weekly Chart – Continuation:

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

Our Fibo projections at 2335 and 2385 have now been surpassed.

Interestingly the bull channel top projection here lies close to that major 2420 high, so potential resistance.

Above here, though, and the '1380-2140' equality move off 1744 is of interest, at 2505.

More





## Grains and Softs: Cocoa (NYBOT)

### Summary

### Energy

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

### Metals

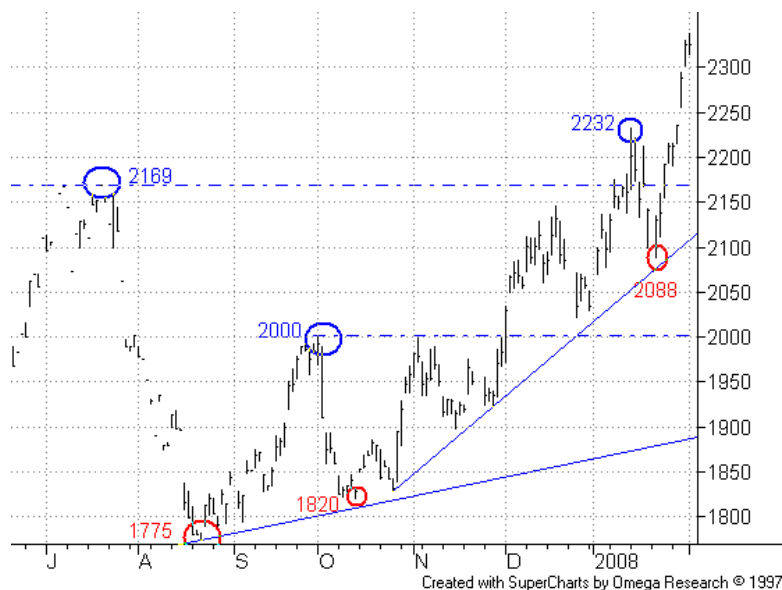
- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

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

### Other

- + Orange Juice
- + CRB Index



### Daily Chart – Mar-08:

We have been right to remain bullish here.

Continue to note the 1.618 swing target off prior 2169-1775 downmove, at **2412-13**, very close to the major **2420** 2003 peak and bull channel top – our next target.

This upmove has become more impulsive.

2232 14-Jan high offers first support, 2169 perhaps then offers some residual support, before the uptrend line.

We will be switching to the May contract next week.



## Grains and Softs: Coffee (NYBOT)

### Summary

### Energy

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

### Metals

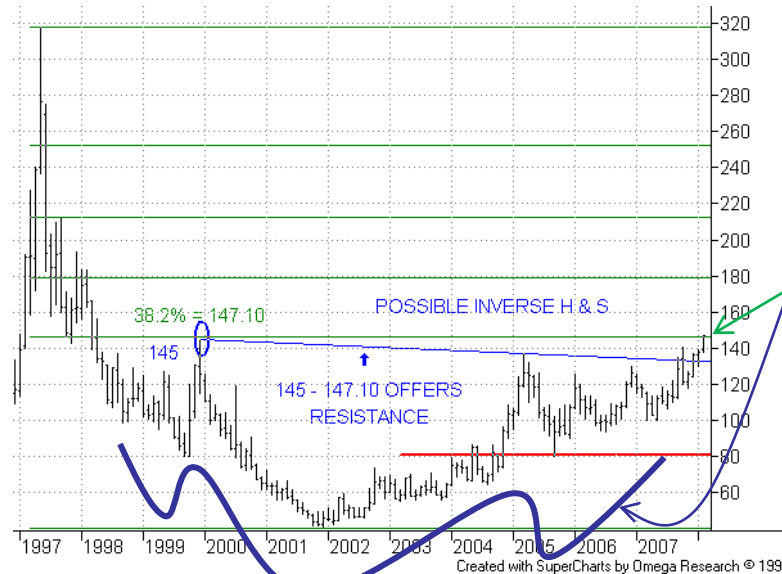
- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

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

### Other

- + Orange Juice
- + CRB Index

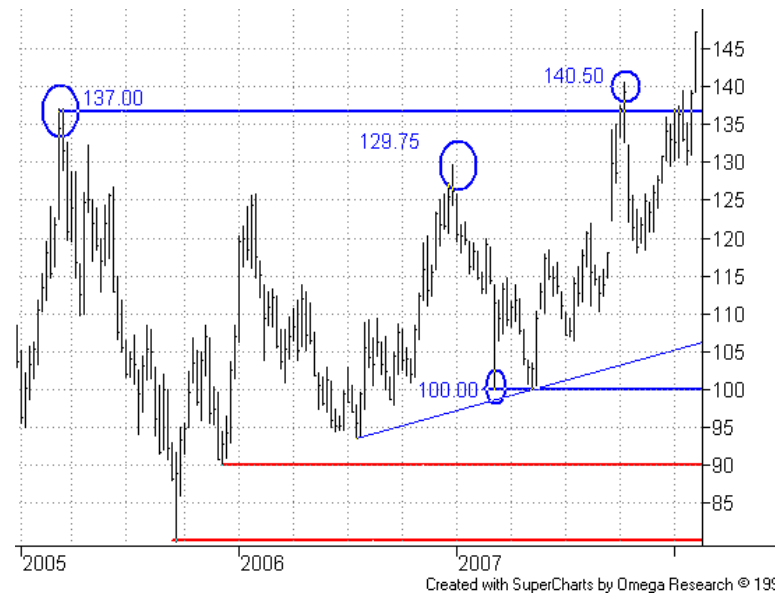


### Monthly Chart – Continuation:

A large inverse head & shoulders is in the process of completing.

The next important resistance at 145.00-147.10 has now been tested.

Above here and confidence in a large base formation is considerably strengthened.



### Weekly Chart – Continuation:

A better uptrend is emerging after the previous range trading with an upward bias.

The breaks above 2005/2007 highs is positive, but the best picture is from the monthly chart above.

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:

After a temporary setback at the 76.4% level, the key 130.00 support area held.

Subsequent recovery has become more impulsive.

With our 145.40/146.70 targets now exceeded we next focus on several Fibo projections at **153.35, 155.00 and 157.20-50 (156.15, 156.85, 157.15 and 159.35 on the May-08 contract).**

First notable support comes from the 139.40 15-Jan high.

We have been right to stay bullish here.

More



## Grains and Softs: Cotton No.2 (NYSE)

### Summary

### Energy

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

### Metals

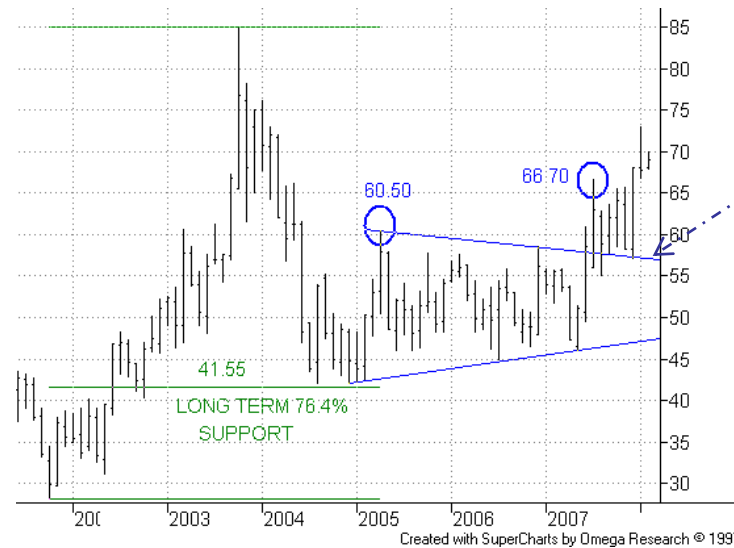
- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

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

### Other

- + Orange Juice
- + CRB Index



### Monthly Chart – Continuation:

The bullish break from the 2005-2007 consolidation has essentially retained momentum by holding above the former falling resistance line on a closing basis.



### Weekly Chart – Continuation:

Subsequent recovery off good support from the 55.00 area has closed in on the 76.4% level around 75.00, which remains the next upside focus.

The daily chart has tried to turn more positive but uncertainties linger...

More



## 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



### Daily Chart – Mar-08:

After faltering at the first parallel the slip back into the former large triangle pattern (dotted lines) has so far held above the 66.80 10-Jan low.

Bull hopes rest largely on this staying intact, prior to a recovery – any lower and the triangle underside is looking very vulnerable.

Meanwhile the higher parallel remains a later target, and there is a 77.50 Fibo projection nearby too.

The current s/term consolidation and nearby 66.80 risk level probably offers the last chance for speculative buy strategies.



## Other – (these may vary occasionally)

The s/term consolidation in **Orange Juice** has continued, this so far holding above the key 61.8% retracement. The **CRB index**, in theory still bullish, recently 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

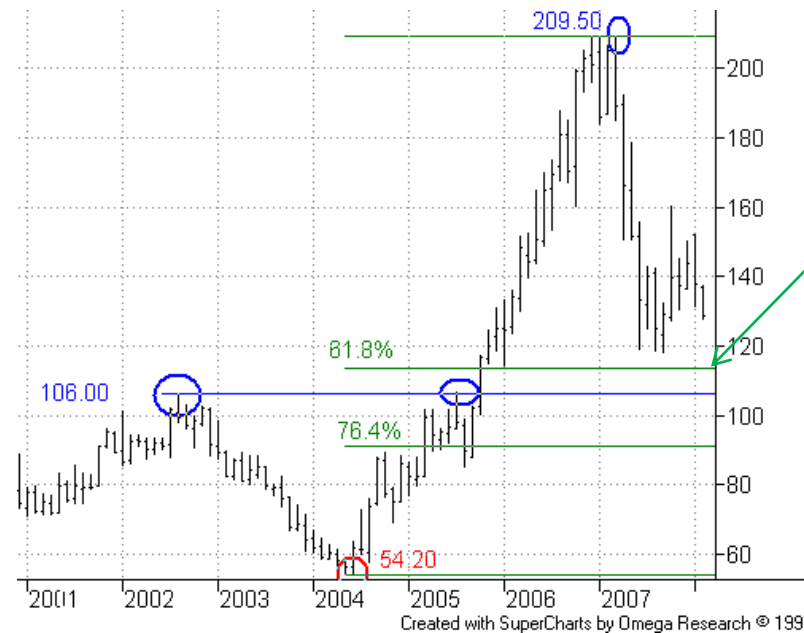
#### Grains and Softs

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

#### Other

- + Orange Juice
- + CRB Index

## Other: Orange Juice (NYBOT)





## Other: Orange Juice (NYBOT)

### Summary

### Energy

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

### Metals

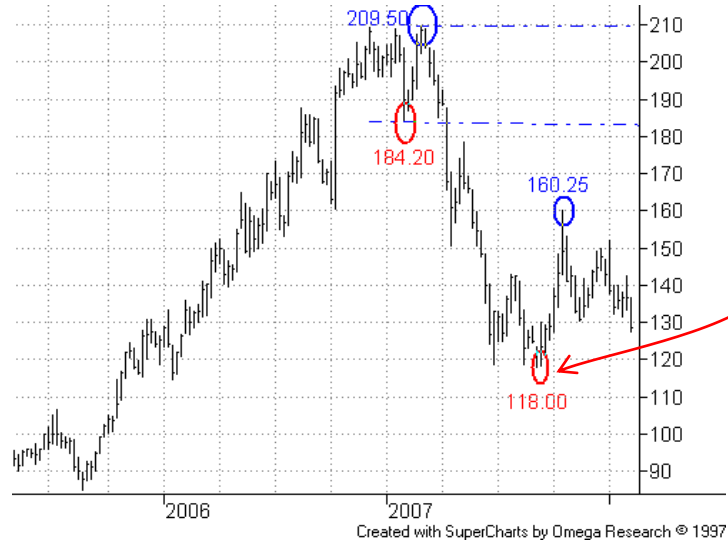
- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

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

### Other

- + Orange Juice
- + CRB Index



### Weekly Chart – Continuation:

The medium term downtrend came to a stop after the 118.00 low.

However, further upside developments have at least been delayed after recent weakness.



## Other: Orange Juice (NYBOT)

### Summary

### Energy

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

### Metals

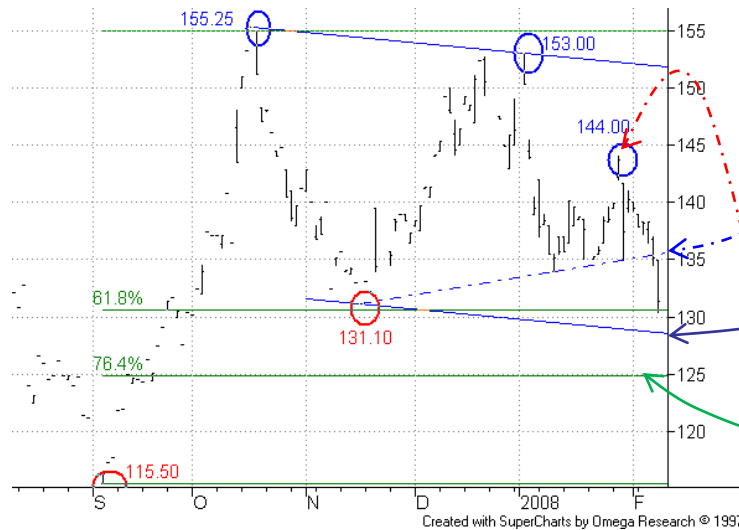
- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

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

### Other

- + Orange Juice
- + CRB Index



### Daily Chart – Mar-08:

Danger signals are emerging now, after breach of the rising support line last week.

61.8% support has come under pressure again (already broken on the Mar contract), below which the bear channel base projection around 128.50 may not be very supportive.

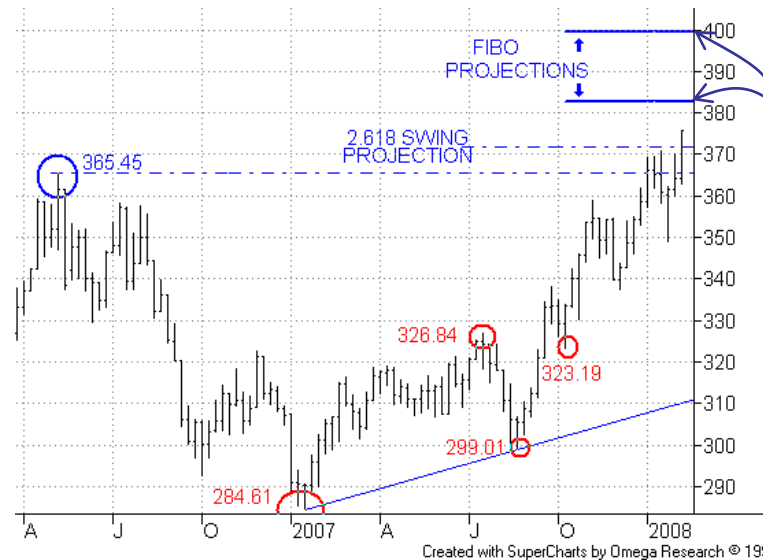
In fact any bear move could also have the power to push below the 125.00 76.4% level too (one Fibo target lies close to the 155.50 Sep-07 low).

!This comes after the price failure mid-range (Oct-Jan), implying bull energy was spent.

With bulls now sidelined there is a growing case for sellers on rallies, stops ideally above the now key 144.00 29-Jan high.



- + Orange Juice
- + CRB Index



We must now start turning attention to higher targets, such as the Fibo projections at **383** and **400**.



## Other: CRB Index (CBOT)

### Summary

### Energy

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

### Metals

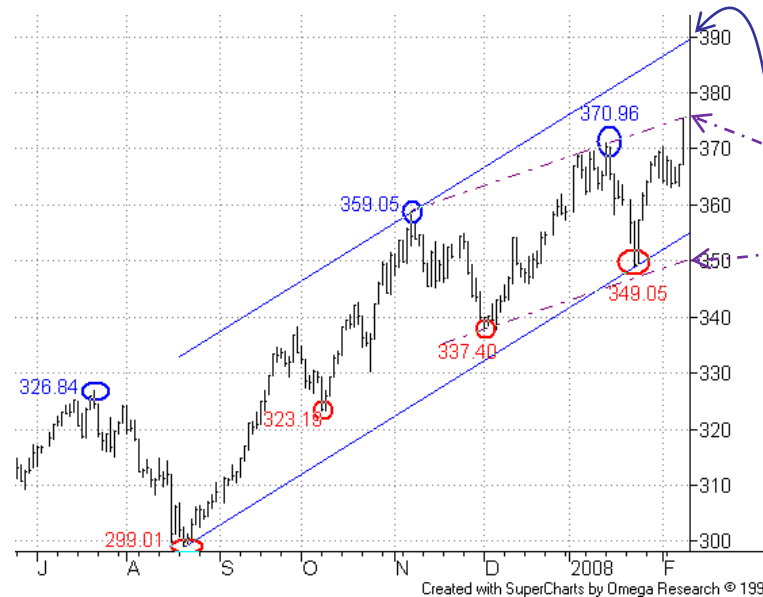
- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

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

### Other

- + Orange Juice
- + CRB Index



### Daily Chart :

Recent bears needed a break of the small channel base projection. This didn't happen,

and now the small rising resistance line should soon defer to the higher channel top projection around 390 currently.

Any sudden dip back through the 349.05 23-Jan low would signal serious bear developments.



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