



## Week 24

10<sup>th</sup> June - 16<sup>th</sup> June 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

## Summary

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- + CRB Index

**Stay BULLISH** 135.30-136.85 target exceeded, 143.42-143.95 next target (Jul-08)  
**Stay BULLISH** pullback risk has faded, 13.00-10 the next bull target (Jul-08)  
**Stay BULLISH** with 4.0950 and 4.3420 the next target s (Jul-08)

**Stay NEUTRAL** but with **bullish** bias (Aug-08)  
**Stay NEUTRAL** with recent s/term pullback likely to precurse another upside attempt (Jul-08)  
**Stay BEARISH** after previous spike to 426.00 target and reversal (Jul-08)

**Go BULLISH** after break above 61.8% resistance (Jul-08)  
**Go BULLISH** after s/term bull signal generated (Jul-08)  
**Stay SQUARE** bear risk still present, but one hint of bear fatigue now (Jul-08)  
**Go BULLISH** after price break through 76.4%' resistance (Jul-08)  
**Stay SQUARE** but s/term **BULLISH** prospects have improved (Jul-08)  
**Stay SQUARE** s/term bears have the edge but downside scope unclear (Jul-08)

**Stay BEARISH** with 98.00 the next downside target (Jul-08)  
**Stay BULLISH** after initial break through the 422.12 Mar peak



## Energy

**Crude Oil** has firmed again after a s/term pullback, reaching new high ground. **Heating Oil's** uptrend also remains strong. **Natural Gas** seems to have shaken off recent s/term bear risk and focus is once more on the upside.

### Summary

#### Energy

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- + Natural Gas
- + Heating Oil

#### Metals

- + Gold
- + Silver
- + High Grade Copper

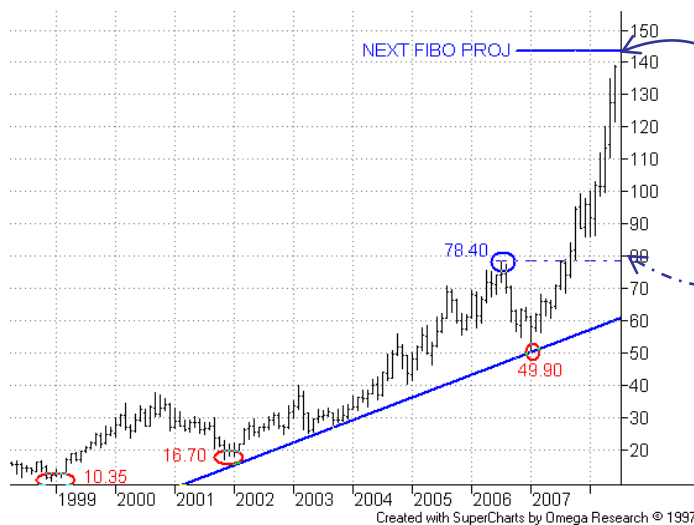
#### Grains and Softs

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#### Other

- + Orange Juice
- + CRB Index

### Currencies: Light Crude Oil (NYMEX)



#### Monthly Chart - Continuation

The break above the 78.40 2006 high provided a powerful boost – now offering a major support point on this chart.

We now look towards a new, higher Fibo target on this long term chart, around **143.95**.



## Energy: Light Crude Oil (NYMEX)

### Summary

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- + Natural Gas
- + Heating Oil

#### Metals

- + Gold
- + Silver
- + High Grade Copper

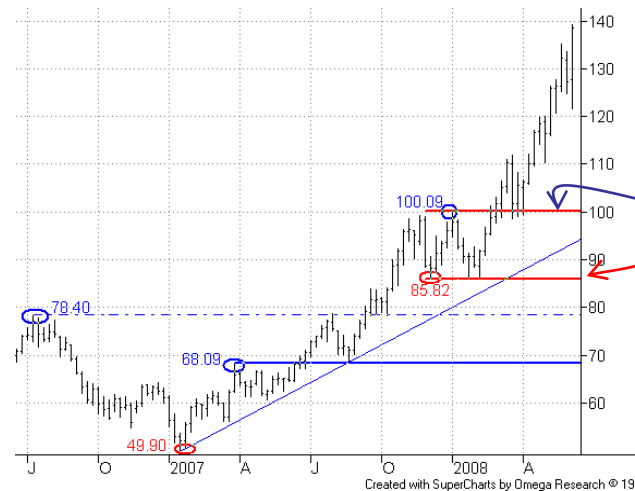
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#### Other

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- + CRB Index

### Weekly Chart – Continuation



The Dec low remains important support.

After the bullish break from the former trading range, the top of this has reverted to a support area.

### Daily Chart – Jul-08

The chart pulled back from our Fibo target of **135.30** - a 4.236 swing off the Jan 97.22-85.45 pullback.

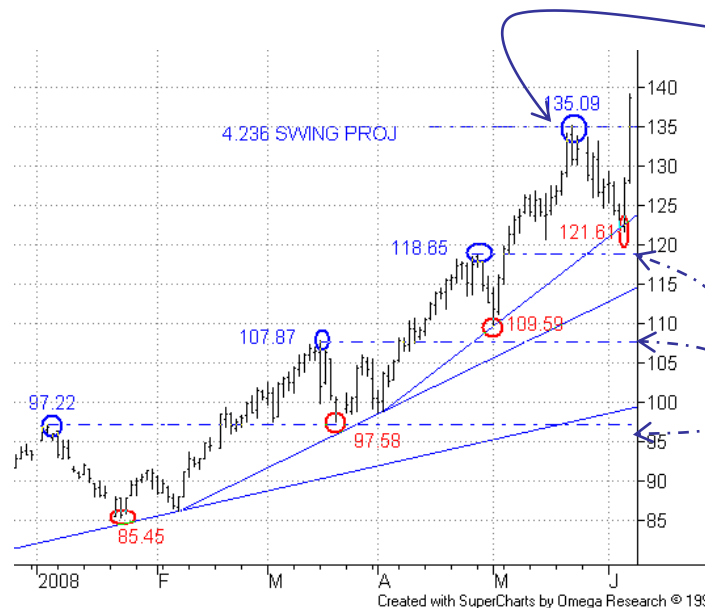
But we noted that the chart structure still suggested nothing bearish.

Prior highs have been supportive, and the 118.65 28-Apr high, the first interesting support, has indeed held nicely!

We said buyers on dips would be wanting stops below here.

One s/term target is the 1.618 swing off 135.09-121.61, at **143.42**.

Last week's late surge only reinforces our overall bullish stance.



More



## Energy: Natural Gas (NYMEX)

### Summary

#### Energy

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

#### Metals

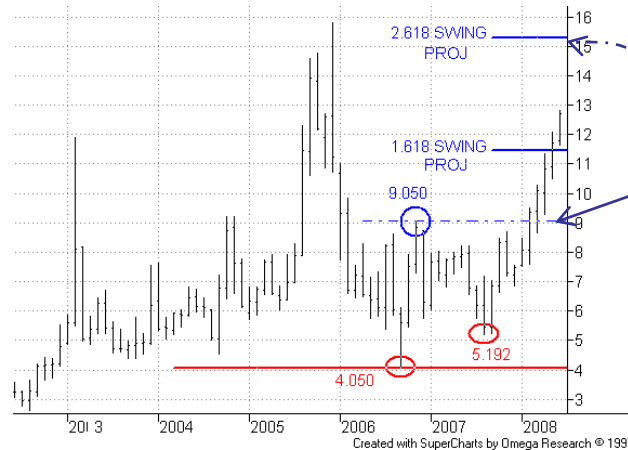
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#### Grains and Softs

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- + Cotton No.2

#### Other

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- + CRB Index

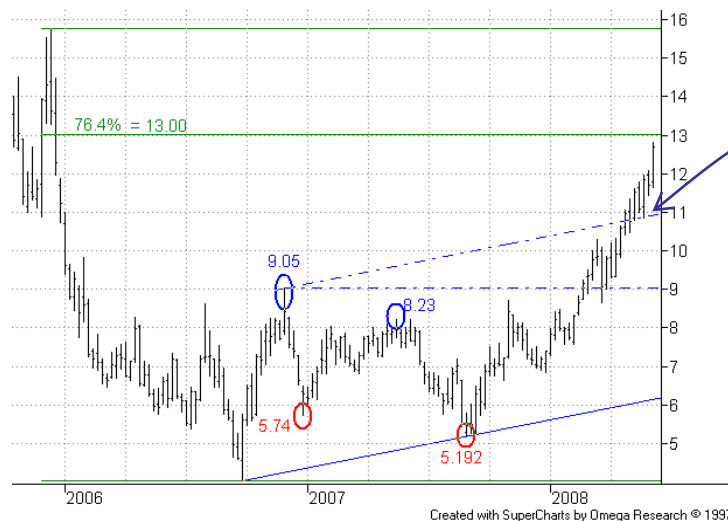


### Monthly Chart – Continuation:

Price had been consolidating below the 9.05 Nov-06 high through 2006/2007. This high was breached, reverting to a support point.

A long term base has formed.

The 1.618 swing target off prior 9.050-5.192 downmove has been exceeded now, exposing the higher 2.618 projection.



### Weekly Chart – Continuation

The channel top projection was broken, and now the 76.4% level is being neared, around **13.00**.

See below as well.

More



## Energy: Natural Gas (NYMEX)

### Summary

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- + Heating Oil

#### Metals

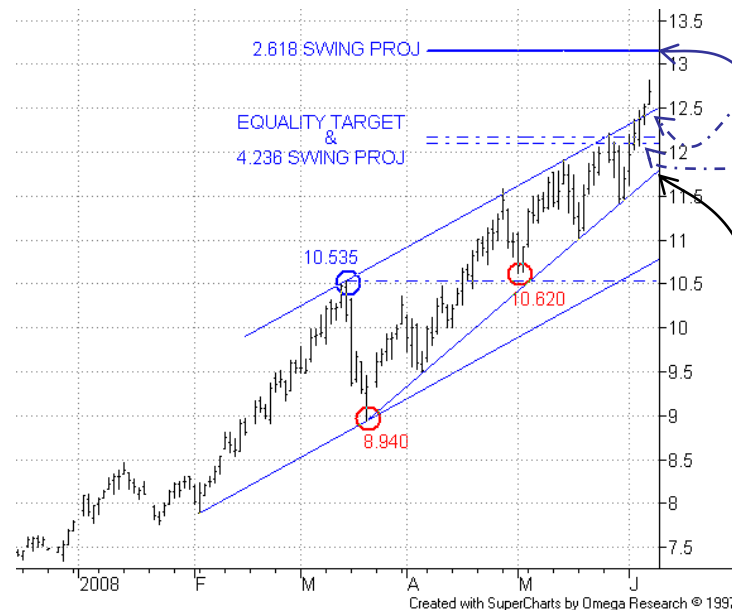
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#### Grains and Softs

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### Daily Chart – Jul-08:

Our bull channel top was effective resistance but has finally been breached.

As have our recent bull targets.

We now look towards **13.10**, the 2.618 swing off prior 10.535-8.940 pullback – this is interesting, as it nicely coincides with the 76.4% level on the weekly chart at **13.00**.

We have now dropped the RSI indicator as a previous negative divergence has been negated now.

S/term support comes from the first rising support line, around 11.80, but first key support comes from the 10.535 Mar high.

We continue to maintain a bullish stance for now, and are interested in the reaction to a test of the 13.00 area.



## Energy: Heating Oil (NYMEX)

### Summary

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#### Metals

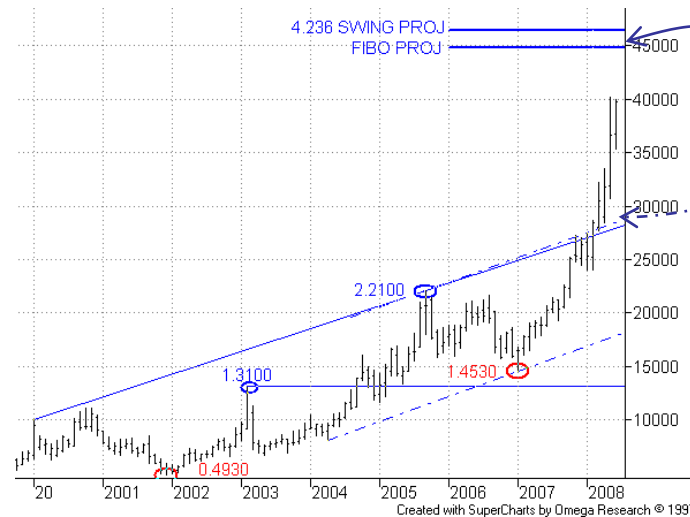
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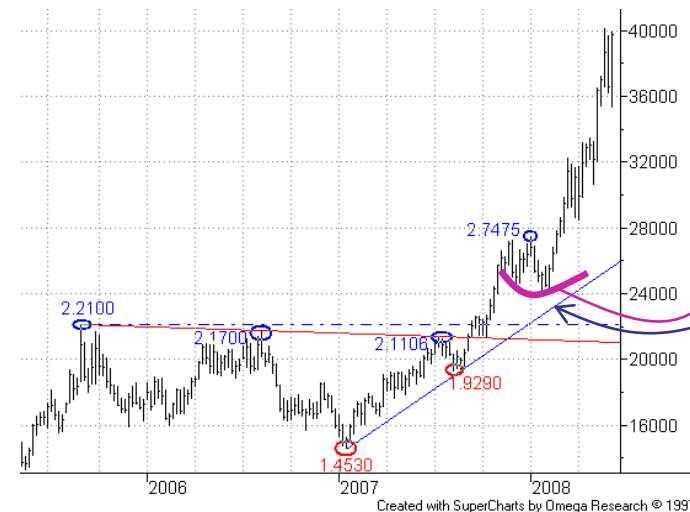
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### Monthly Chart – Continuation:

After breaking through resistance from the rising line off the Jan-00 high and 4-year bull channel top projection the bull move has remained powerful.

The next major Fibo targets here lie some way off still, around **4.4900** and **4.6600**.



### Weekly Chart – Continuation:

Following previous consolidative price action the bulls have continued to dominate.

We have seen an acceleration away from the 2007 uptrend line, the whole structure still looking very positive.

More



## Energy: Heating Oil (NYMEX)

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#### Metals

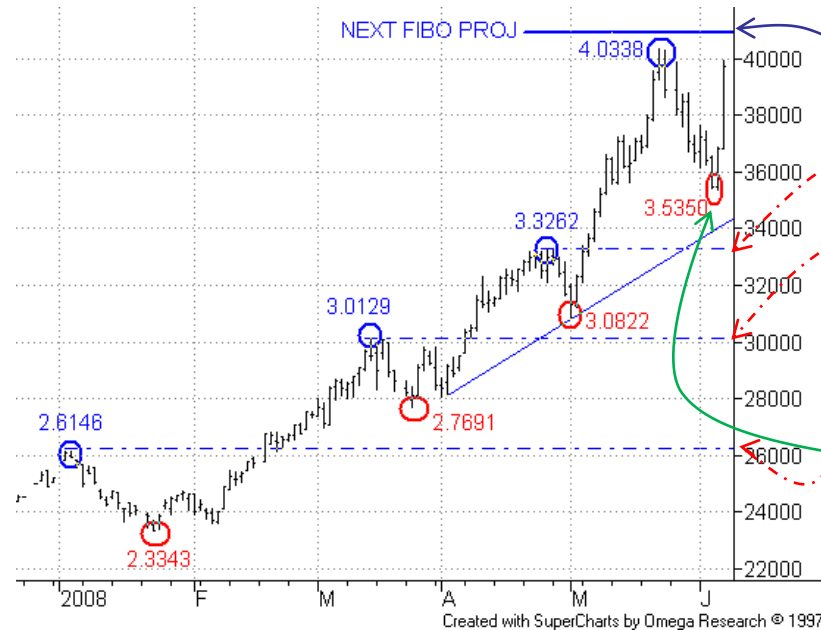
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### Daily Chart – Jul-08:

The recent pullback ahead of the next Fibo target at **4.0950** held well above the 3.3262 25-Apr high – these prior rally highs have so far consistently remained intact.

The rising support line also remains a support.

Any stops on longs, previously below that 3.3262 high, may now be raised to just below the 3.5350 05-Jun low.

We must remain bullish, and focused on new overhead targets, such as the 1.618 swing off prior 4.0338-3.5350 pullback, at **4.3420**.





## Metals

After the bearish outlook for **Gold** faded we still anticipate more positive developments soon, and this applies to **Silver** too. In **Copper** the bull break from a large triangle on the long term continuation chart remains a valid feature, but s/term bear risk is still present.

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### Metals

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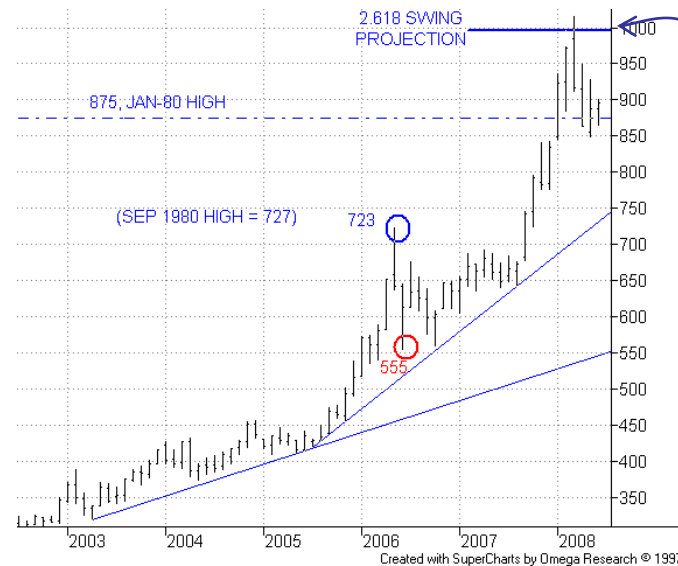
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### Other

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- + CRB Index

### Metals: Gold (COMEX)



### Monthly Chart - Continuation:

After breaching the major 875 Jan 1980 spike high, the 1000 mark was reached.

In the process the 2.618 swing projection off prior 723-555 2006 pullback at **995** was also achieved, but a bearish sign emerged on the weekly chart, below.



## Metals: Gold (COMEX)

### Summary

### Energy

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

### Metals

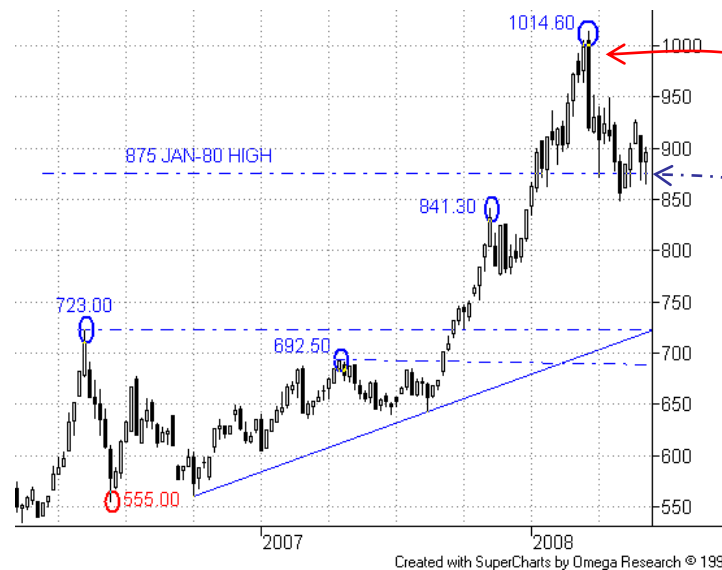
- + Gold
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### Grains and Softs

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- + Cotton No.2

### Other

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- + CRB Index



### Weekly Chart – Continuation:

We previously observed a **bearish key reversal week**, suggesting a change in mood.

This has led to a drop back to erode the old 875.00 level (Jan-80 peak).

So far price has not managed to hold below this, and there is greater bull risk now (see below).

More



## Metals: Gold (COMEX)

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- + Light Crude Oil
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### Metals

- + Gold
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### Daily Chart – Aug-08:

After breaking above the falling resistance line it seems a 3-wave correction from the 1039.80 17-Mar high is now complete.

The outlook is more positive now, but final bullish confirmation would be a recovery back above the 956.20 17-Apr high.

We had said that the recent deep pullback offered a good chance for speculative buyers on dips, stops placed just below the 850.50 02-May low. Other buyers may wait for a close above the 900.00 area.

We retain a neutral/bullish stance now.



## Metals: Silver (COMEX)

### Summary

### Energy

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

### Metals

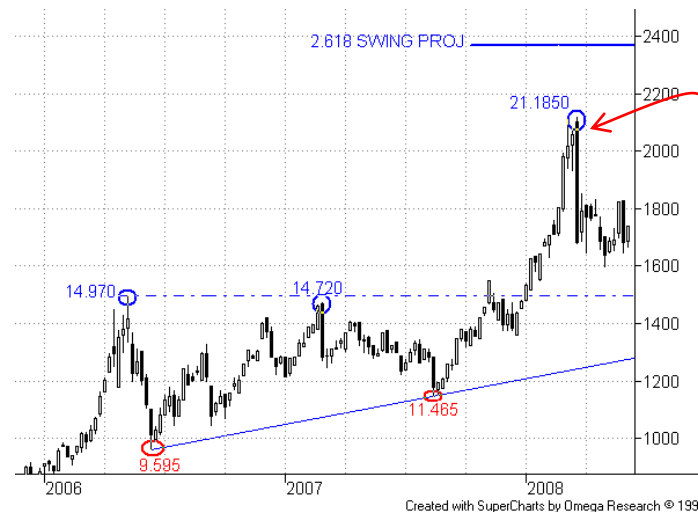
- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

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

### Other

- + Orange Juice
- + CRB Index





## Metals: Silver (COMEX)

### Summary

### Energy

- + Light Crude Oil
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- + Heating Oil

### Metals

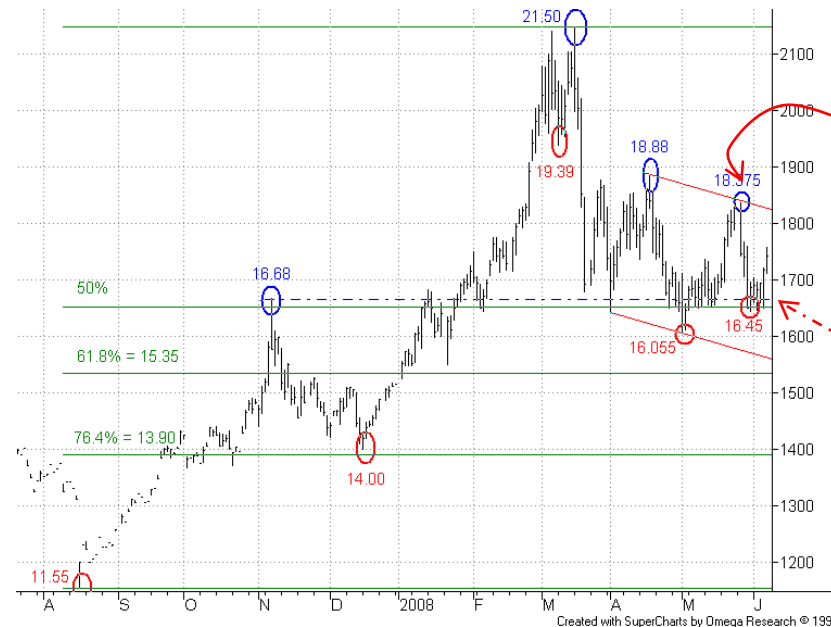
- + Gold
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### Grains and Softs

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- + Cotton No.2

### Other

- + Orange Juice
- + CRB Index



### Daily Chart – Jul-08:

After a strong recovery off the 16.055 01-May low, resistance from our small bear channel top worked very well!

We had said that a subsequent pullback may prove to be just a correction ahead of further strength – **we still think this to be the case.**

And note how the old support area of 50% and 16.68 07-Nov high has been effective.

Speculative buyers on dips may either keep stops just below the 16.055 01-May low or raise to just below 16.45 30-May low.

Note that beyond the small channel top lies the 18.88 17-Apr high, which still offers important resistance.

We maintain a neutral/bullish stance for now.



## Metals: High Grade Copper (COMEX)

### Summary

### Energy

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

### Metals

- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

- + Soybeans
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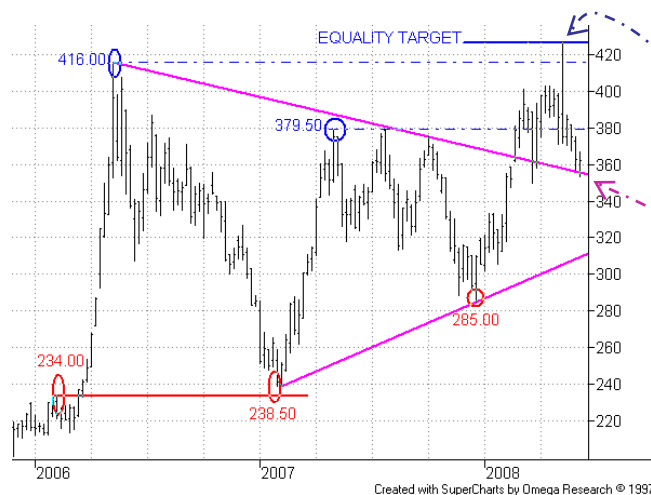
### Other

- + Orange Juice
- + CRB Index

### Monthly Chart – Continuation:



### Weekly Chart – Continuation:



The 416.00 2006 peak was briefly exceeded recently PLUS our nearby '238.50-379.50' equality target off 285.00, at 426.00 was touched too. We had already wondered whether upside could be limited...

The former triangle top offers approximate support currently



## Metals: High Grade Copper (COMEX)

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### Metals

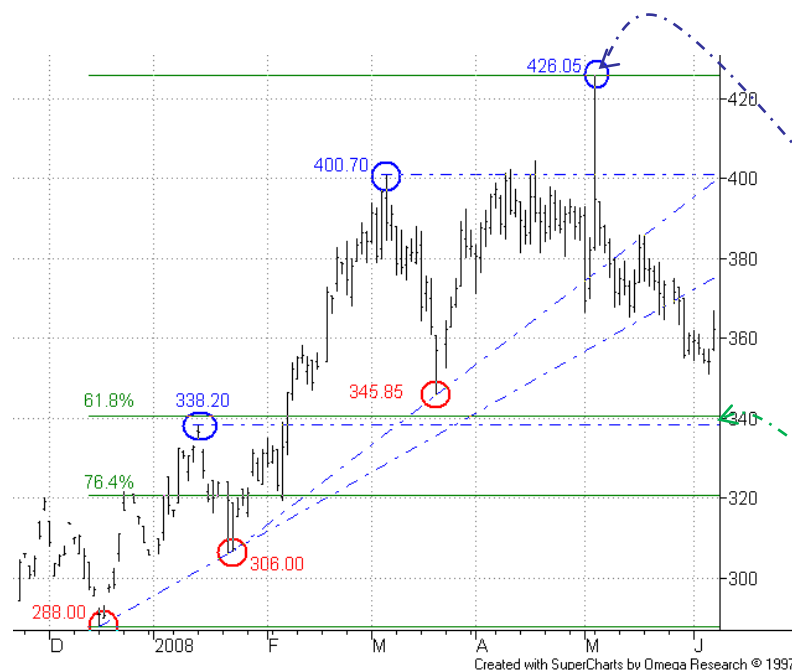
- + Gold
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### Grains and Softs

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- + Cotton No.2

### Other

- + Orange Juice
- + CRB Index



### Daily Chart – Jul-08:

It has been right to hold to a bearish outlook here, although weakness is currently seen as corrective ahead of a fresh leg up.

This follows high price rejection after the 05-May spike high to the 426.00 area (our equality target on the weekly chart).

We still note the area of the 345.85 20-Mar low and 338.20 14-Jan high. This area combines with the 61.8% level at 340.75 to offer interesting key support now.

**Bulls will be seen as back in control after a decisive close above the 400.00 area.**

We stay s/term bearish, against a more positive long term backdrop.



## Grains and Softs

Both **Soybeans** and **Wheat** have given s/term bullish signs now, as has **Cocoa**. **Sugar** has remained weak, and so has **Cotton**.

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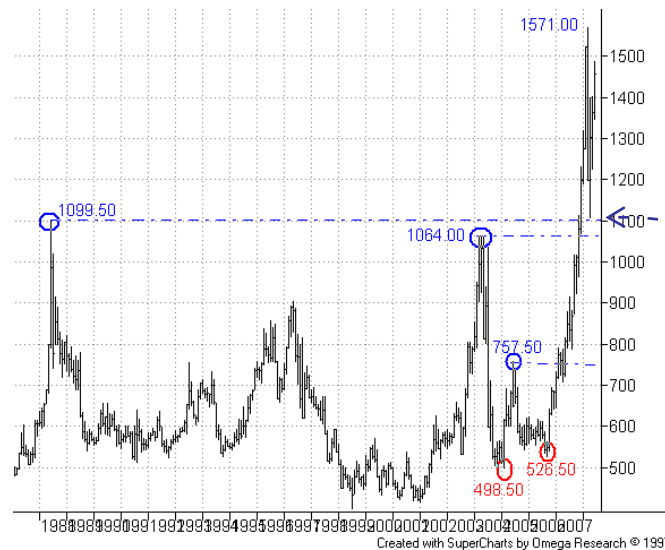
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## Grains and Softs: Soybeans (CBOT)







## Grains and Softs: Soybeans (CBOT)

### Summary

### Energy

- + Light Crude Oil
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- + Heating Oil

### Metals

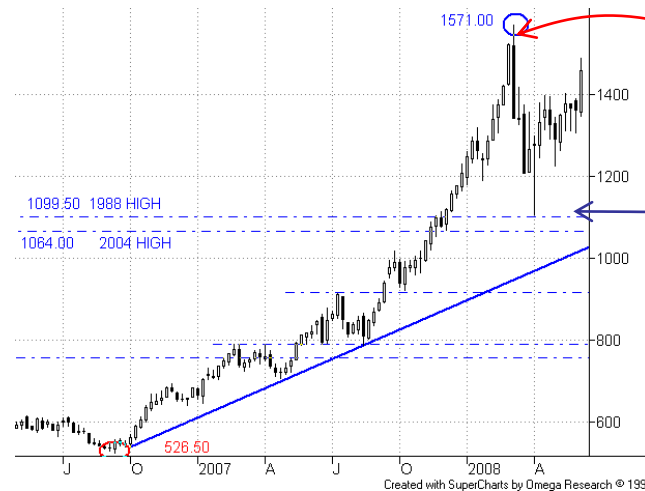
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### Other

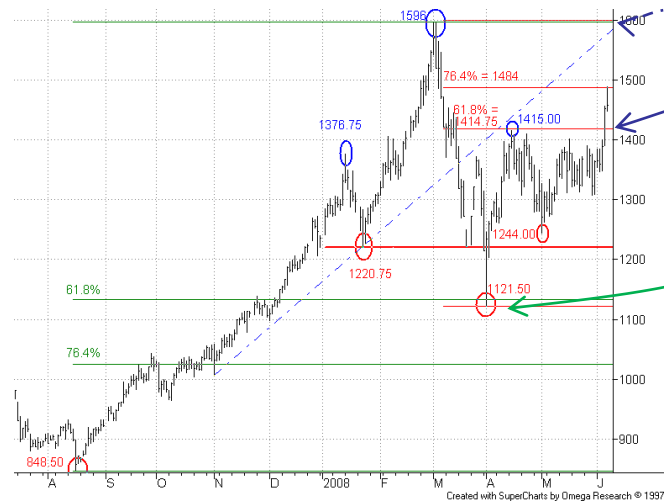
- + Orange Juice
- + CRB Index



### Weekly Chart – Continuation:

We previously noted a **key reversal/outside week**, marking at least a temporary top.

It proved a reliable signal and the pullback quickly reached support from the major high of 1988, near 1100.



### Daily Chart – Jul-08:

There has finally been an upward break through 61.8% resistance – we had been half-expecting this.

It follows effective support from another 61.8% level.

The old rising return line and 1596 Mar peak offer important resistance.

Looking closer...

More



## Grains and Softs: Soybeans (CBOT)

### Summary

### Energy

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

### Metals

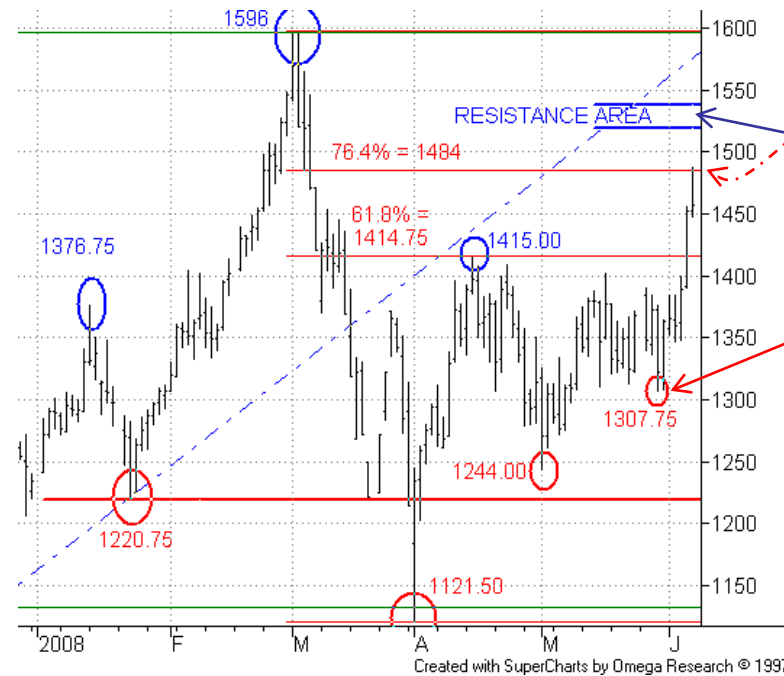
- + Gold
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### Grains and Softs

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

### Other

- + Orange Juice
- + CRB Index



### Daily Chart – Jul-08:

Last week the 76.4% retracement was reached, but we think strength should be there to at least test a **1520-37** resistance area we have calculated.

The 1415.00 15-Apr high offers small support, while a drop back below the 1307.75 29-May low would be more significant.

The 1220.75 area remains a key level too.

S/term we change from neutral/bullish to just bullish.



## Grains and Softs: Wheat (CBOT)

### Summary

### Energy

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

### Metals

- + Gold
- + Silver
- + High Grade Copper

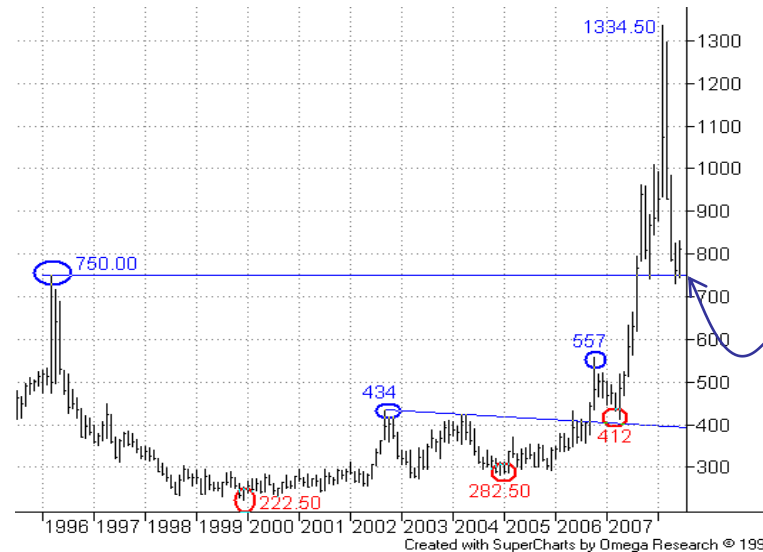
### Grains and Softs

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

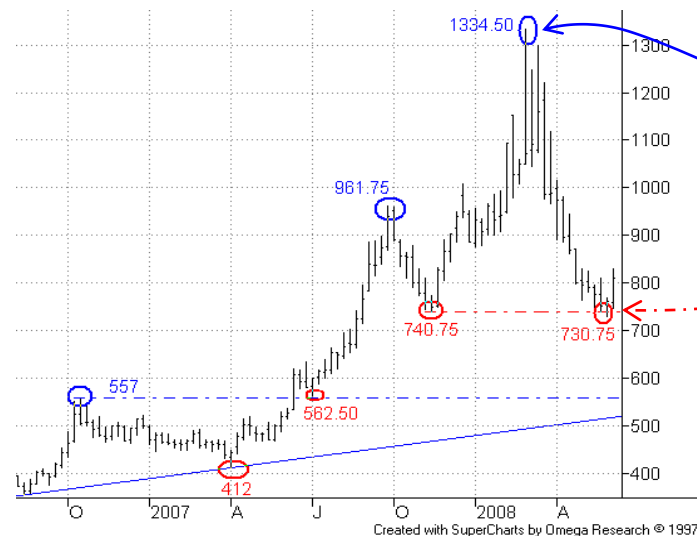
### Other

- + Orange Juice
- + CRB Index

### Monthly Chart - Continuation:



### Weekly Chart - Continuation:


[More](#)



## Grains and Softs: Wheat (CBOT)

### Summary

### Energy

- + Light Crude Oil
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### Metals

- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

- + Soybeans
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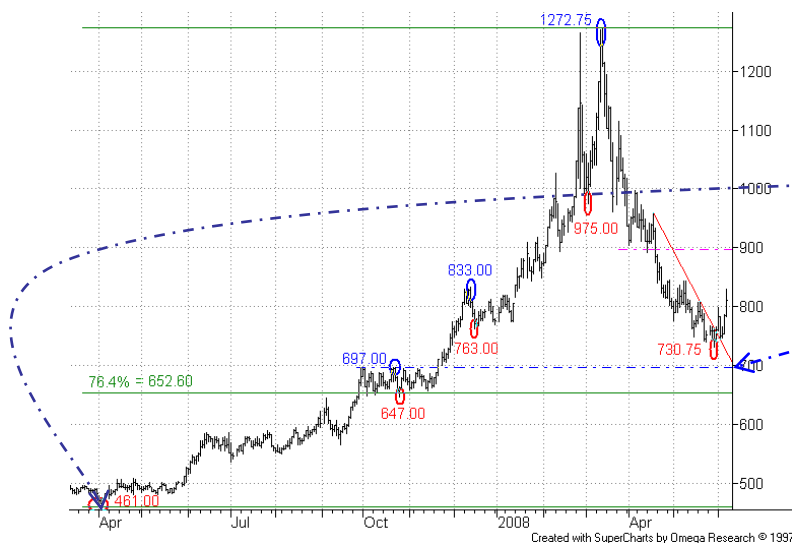
### Other

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- + CRB Index

### Daily Chart – Jul-08:

Note: We have revised the starting point for calculating % retracements – the early Apr-07 low on the continuation chart stands out as significant, so we are using that on the front month now.

The downmove has so far stopped short of 700 support, the top of Oct/Nov-07 congestion. Lower key support around 76.4% stays well out of reach for now.



We have been keeping an eye on the RSI indicator and the recent divergence signal – it hinted at bear fatigue and now a small downtrend line has been broken we have an initial bullish signal.

Note the 900 area as potential resistance.

Buyers on modest dips will likely have initial stops just below the 730.75 29-May low, with 890-900 a partial profits target.

We adopt a s/term bullish stance now.

More



## Grains and Softs: Sugar (ICE)

### Summary

### Energy

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

### Metals

- + Gold
- + Silver
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### Grains and Softs

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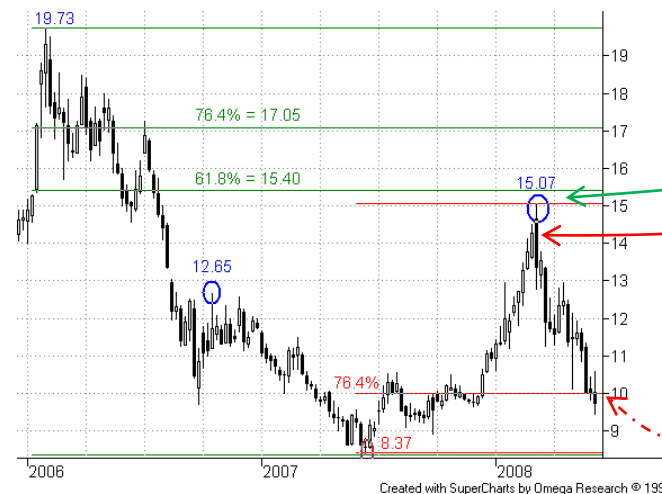
### Other

- + Orange Juice
- + CRB Index



### Monthly Chart - Continuation:

After rebounding off the 76.4% level, price has reversed markedly.



### Weekly Chart - Continuation:

Recovery from the 8.37 Jun -07 low neared the 61.8% level around 15.40 before faltering.

The key reversal/ outside week from early Mar proved a good signal to herald a deep corrective phase.

The 76.4% level on the continuation chart has now been breached.

More



## Grains and Softs: Sugar (ICE)

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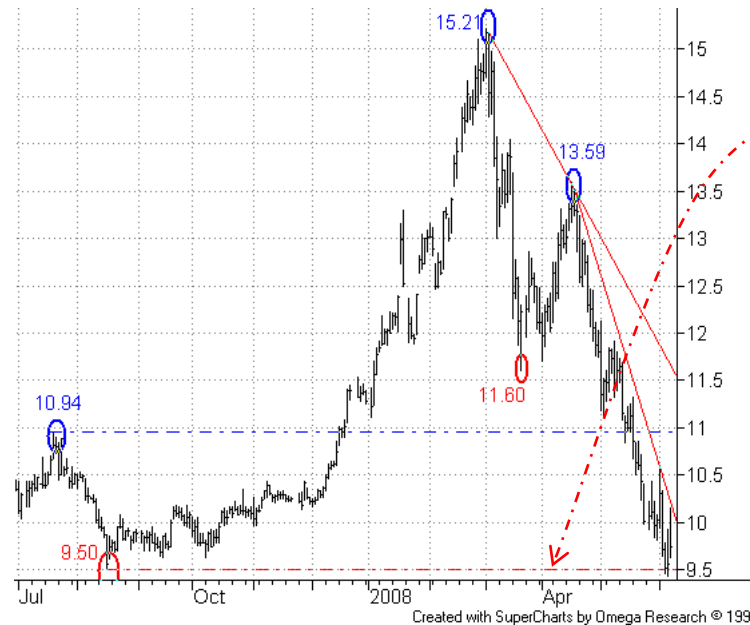
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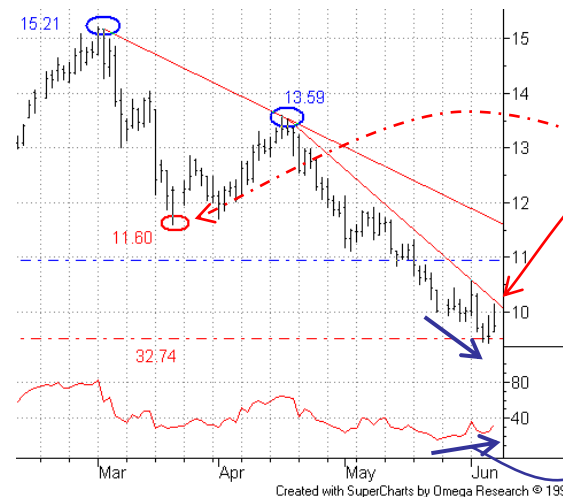
### Daily Chart – Jul-08:



Various supports have been failing over the weeks and now the 9.50 Aug-07 low has been tested/eroded.

**A decisive breach would call for lower targets to be calculated.**

Looking closer, there is one clue for the bulls...



Note a small positive divergence has appeared on the RSI, suggestive of s/term bear fatigue.

A break through the first falling resistance line would be an initial bull signal, noting 11.60 as first interesting resistance.

We have adopted a sidelined stance against a s/term bearish background.

More



## Grains and Softs: Cocoa (ICE)

### Summary

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### Metals

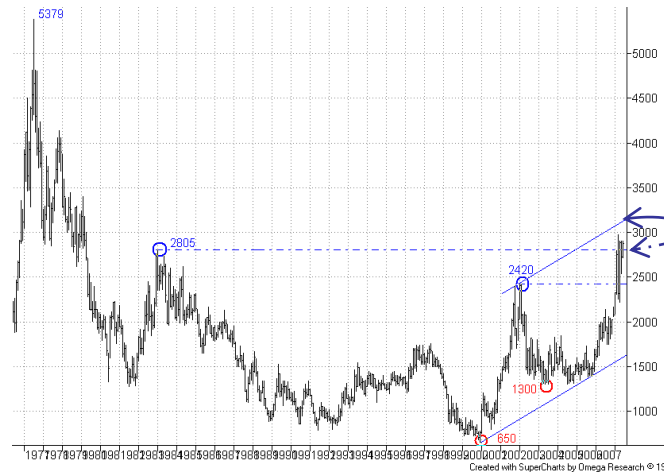
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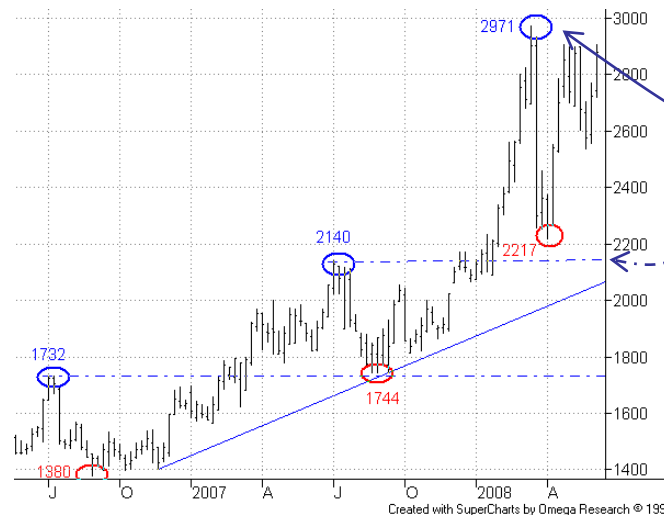
- + Orange Juice
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### Monthly Chart – Continuation:

After breach of the major 2420 peak of 2003 the major high at 2805 from 1984 has been coming under pressure.

Beyond here lies an equality target (measuring the 2001-03 upmove (650-2420) from the 1300 2004 low, at **3070**, prior to the bull channel top projection near **3130**.



### Weekly Chart – Continuation:

The drop back from the 2971 Mar peak found support above the 2140 Jul-07 high (a logical place for a rebound), **also preserving current medium term momentum**.

This high is 2200 on the front month, Jul-08, and good support emerged near here.

More



## Grains and Softs: Cocoa (ICE)

### Summary

### Energy

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

### Metals

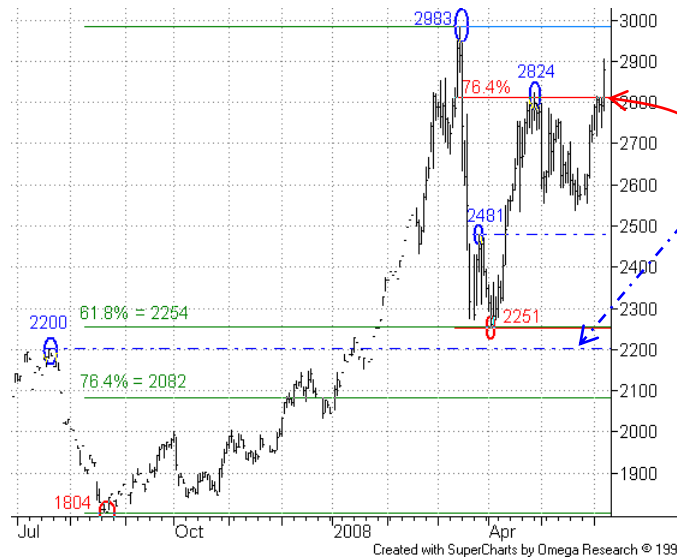
- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

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

### Other

- + Orange Juice
- + CRB Index

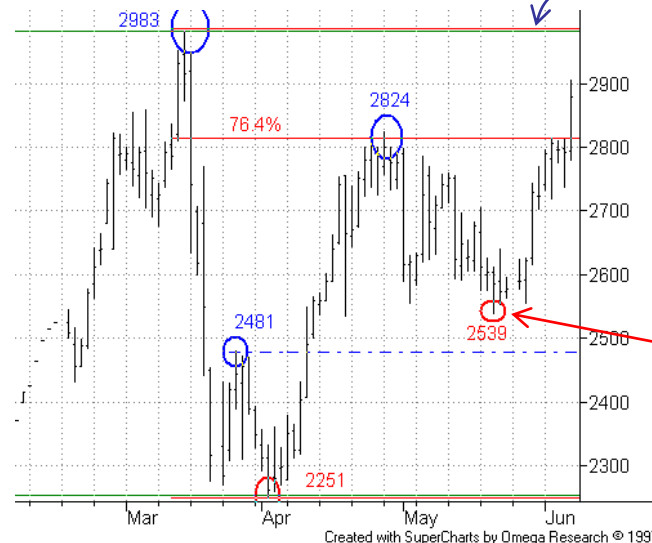


### Daily Chart – Jul-08:

The Apr rebound started from above the key 2200 Jul-07 high (2140 on the continuation chart).

The 61.8% area provided the support.

Last week there was a late break above the 76.4% level, giving us a bullish signal.



Initial bull focus is on the **2983** Mar high, and the 1.618 swing off prior 2824-2539 pullback, at **3000**, lies close by – so s/term resistance would not surprise here.

But a break/hold above this would demand higher targets, including the '2251-2824' equality move measured off the 2539 21-May low, at **3112**.

We now adopt a s/term bullish stance.

(We will be changing to the Sep contract next week)

More





## Grains and Softs: Coffee (ICE)

### Summary

### Energy

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

### Metals

- + Gold
- + Silver
- + High Grade Copper

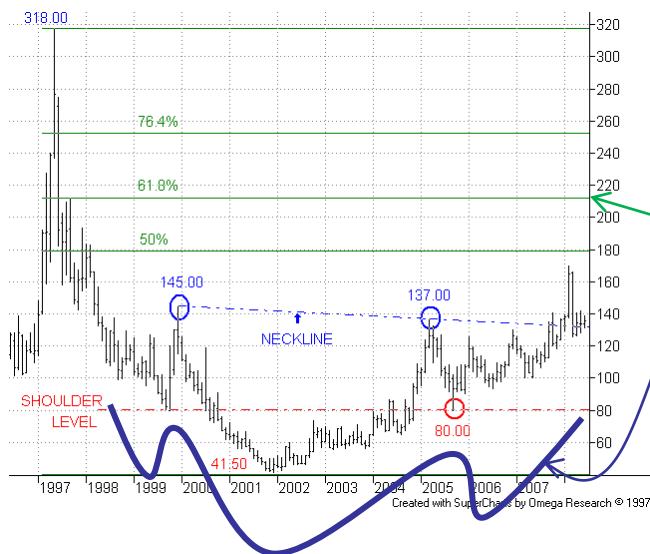
### Grains and Softs

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

### Other

- + Orange Juice
- + CRB Index

### Monthly Chart – Continuation:



The large inverse head & shoulders, which completed following a break above the neckline, remains valid.

Over time this base formation can easily support a move back to the 61.8% retracement area.

### Weekly Chart – Continuation:



The previous strong uptrend fell short of the bull channel top projection.

Subsequent sharp pullback violated the major 137.00 2005 high – this took the shine off the upmove but did not negate it.

Ultimately the long term rising support line needs to hold.



## Grains and Softs: Coffee (ICE)

### 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 – Jul-08:

Price has continually found it difficult to hold below the old 76.4% area.

128.40 is first key support – a break below this would make us concentrate on 119.50 (a 1.618 swing target) and then the 118.70 May-07 low.

**One bullish clue that stays valid at the moment is a positive divergence on the RSI indicator**

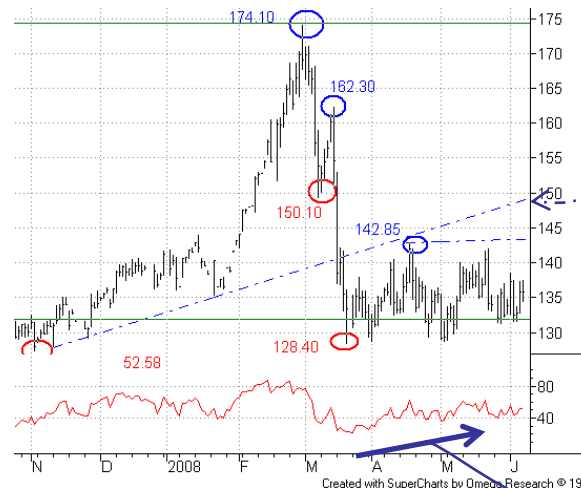
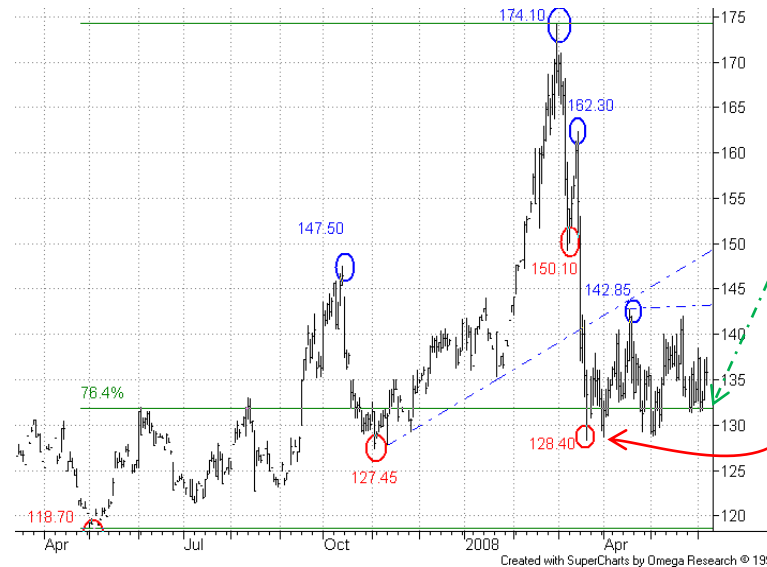
and a recovery through the 142.85 17-Apr high would in theory complete a small base pattern. Note possible resistance, however, from the rising return line around 149.50.

We continue to note that the long term inverse Head and Shoulders on the monthly chart still favours medium/long term bulls.

We retain a s/term neutral/bullish stance for now.

Any speculative bulls will likely maintain stops just below the 128.40 low for minimal risk.

(Change to Sep-08 contract next week)



More



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

### Summary

### Energy

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

### Metals

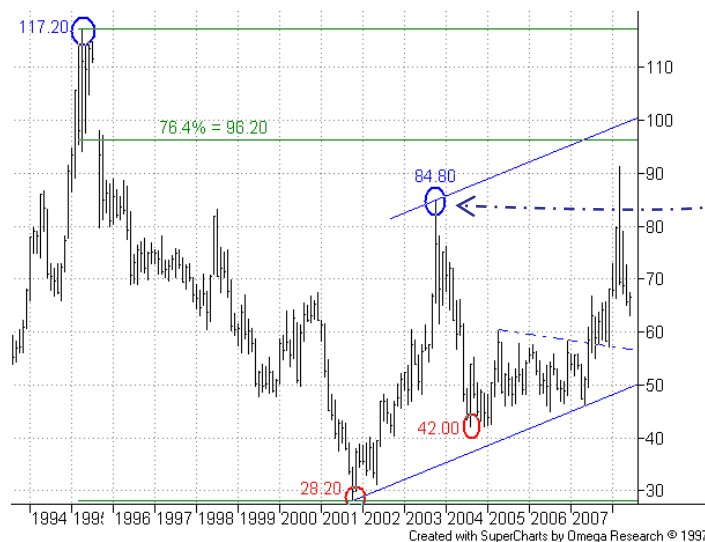
- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

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

### Other

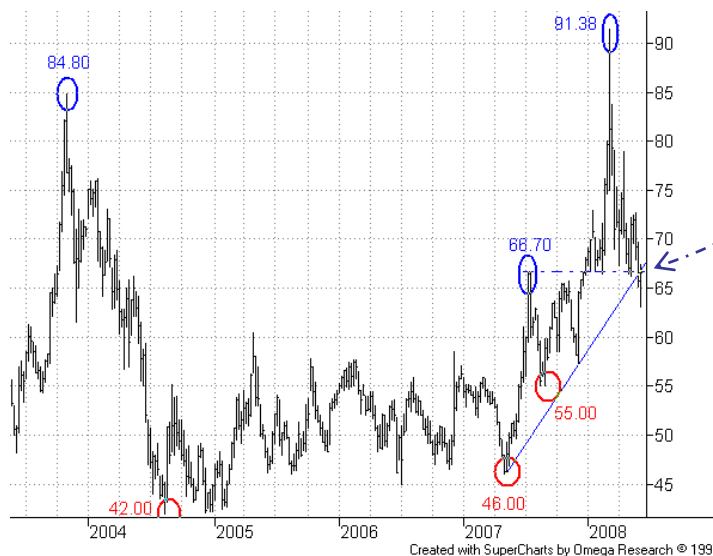
- + Orange Juice
- + CRB Index



### Monthly Chart – Continuation:

The bull move from the 2005-07 consolidation eroded the major 84.80 2003 high, but so far failed to hold above.

The major 76.4% level stays out of reach for now.



### Weekly Chart – Continuation:

The sharp slip back has again put focus on the significant 66.70 Jul-07 high, and rising support line.

These have now been eroded.

More



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

### Summary

### Energy

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

### Metals

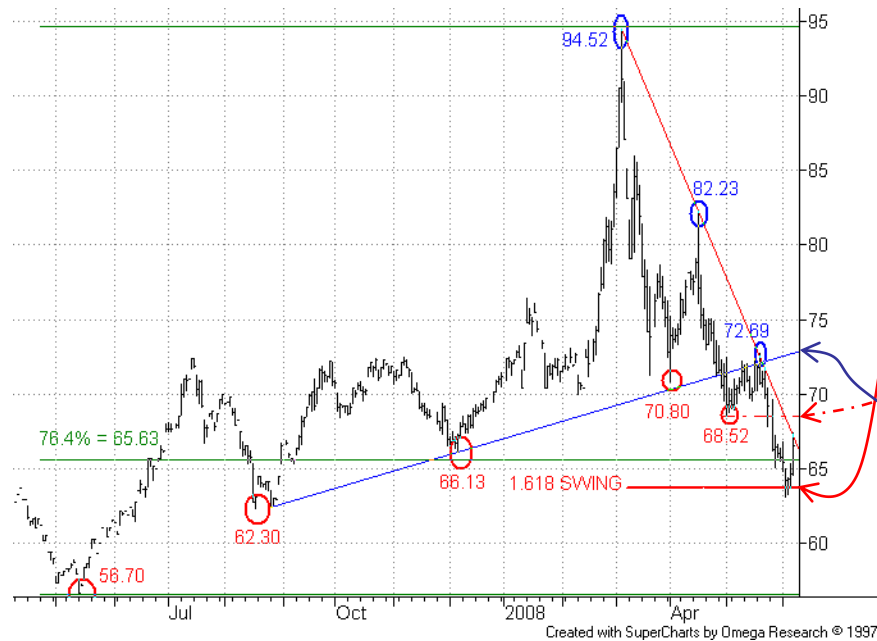
- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

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

### Other

- + Orange Juice
- + CRB Index



### Daily Chart – Jul-08:

The bears have remained in control here.

Our 1.618 swing projection at **63.75**, off prior 70.80-82.23 recovery, was reached last week.

At this stage the first bull signal would be a push through the 68.52 01-May low.

Next resistance would come from the 72.69 20-May high plus the old rising return line.

For now, we remain sidelined to await clearer signs.



## Other

The outlook for **Orange Juice** remains bearish, particularly after key 126.00 resistance managed to repel earlier recovery attempts. The **CRB index** chart stays bullish after the break above the March 422.12 high.

### 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 (ICE)



### Monthly Chart - Continuation:

The 61.8% level has now given way and the major 2002 high at 106.00 is now trying to support the market.

Failing this support, and the lower 76.4% retracement at 90.85 is next target.



## Other: Orange Juice (ICE)

### Summary

### Energy

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

### Metals

- + Gold
- + Silver
- + High Grade Copper

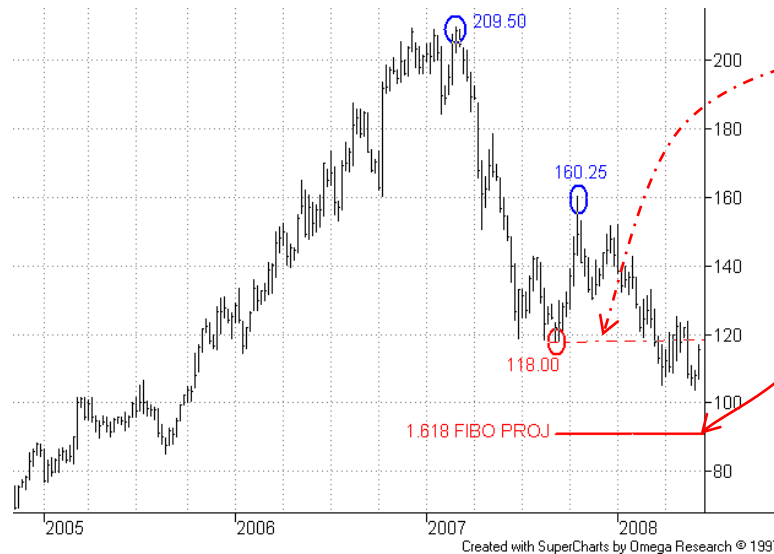
### Grains and Softs

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

### Other

- + Orange Juice
- + CRB Index

### Weekly Chart – Continuation:



The 118.00 Sep-07 low was decisively breached.

Note that the 1.618 swing off prior 118.00-160.25 recovery lies at **91.90**, not far from the 90.85 76.4% level (above).



## Other: Orange Juice (ICE)

### Summary

### Energy

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

### Metals

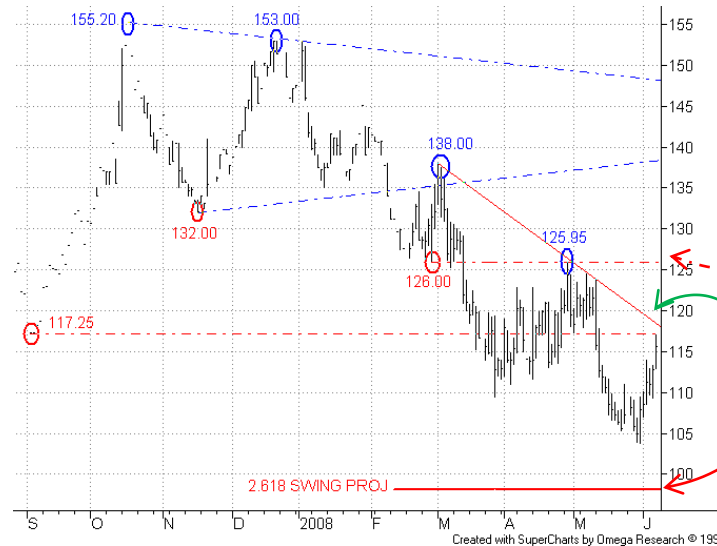
- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

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

### Other

- + Orange Juice
- + CRB Index



### Daily Chart – Jul-08:

We have been favouring the bears for some months now.

After the 126.00 28-Feb low provided such effective key resistance in late Apr, bears may still aim for the next Fibo target - the 2.618 swing off prior 132.00-153.00 rally, around **98.00**.

Stops on any shorts will probably be kept just above the falling resistance line now, say around 120.00.

Below the 98.00 projection lies the 1.618 swing off prior 117.25-155.20 rally, at **93.80**.

We stay bearish for now, with 126.00 remaining the pivotal level, exposed on a break of that falling resistance line.

More



## Other: CRB Index (CBOT)

### Summary

### Energy

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

### Metals

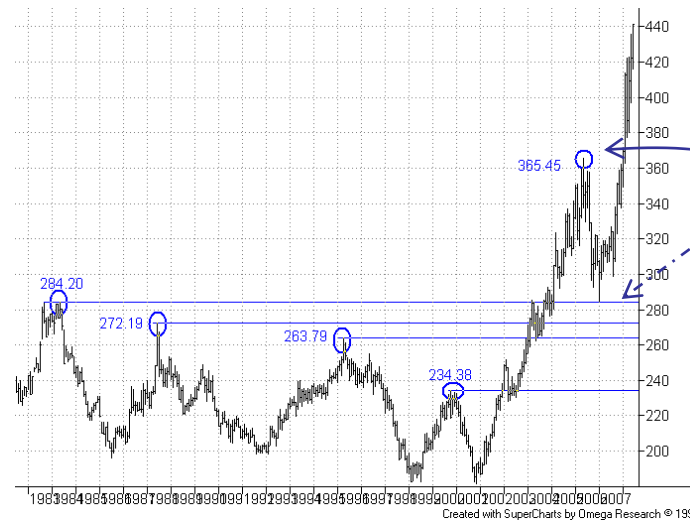
- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

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

### Other

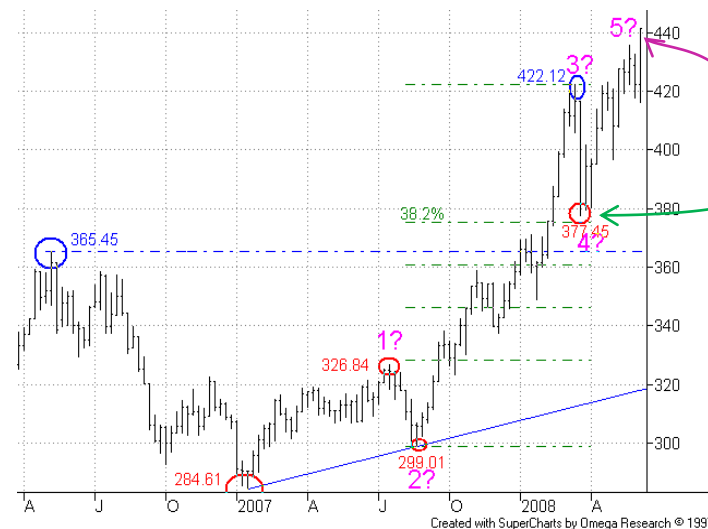
- + Orange Juice
- + CRB Index



### 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 seen a decisive break now.



### Weekly Chart – Continuation:

The 38.2% retracement supported an earlier pullback, keeping out of reach the lower support from the old 365.45 high.

Subsequent recovery pushed through the previous 422.12 peak.

We are currently speculating that this unfolding upleg is a final, 5<sup>th</sup> one from the 284.61 Jan-07 low...





## Other: CRB Index (CBOT)

### Summary

### Energy

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

### Metals

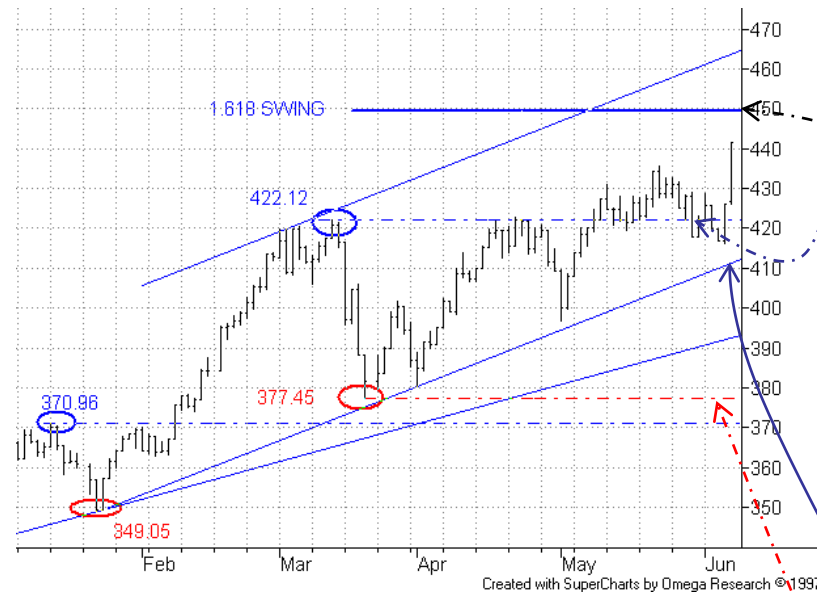
- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

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

### Other

- + Orange Juice
- + CRB Index



### Daily Chart

The breach of the 422.12 peak has taken time but is still a fresh bullish sign.

Initial focus remains on higher targets, such as the 1.618 swing off prior 422.12-377.45 pullback, at **449.70**.

This lies within this year's bull channel top projection near 465.00, offering future resistance too.

We still see the chart as, overall, impulsive but keep in the back of our minds the chance that a final upleg is unfolding (see weekly chart). Such a leg often looks choppy than previous moves.

First interesting support comes from the rising support line around 412-13.00, but probably more key is the area of the 377.45 20-Mar low and the old 365.45 2006 peak.

We remain s/term bulls after the break of the 422.12 Mar peak.



## SEVEN DAYS AHEAD

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