



Week 25

17th June - 23rd 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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Disclaimer



summary – commodity trader

Summary

Energy

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

Stay BULLISH 143.80-143.95 next target (Aug-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)

Metals

- + Gold
- + Silver
- + High Grade Copper

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 (Sep-08)

Grains and Softs

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

Stay BULLISH with next target centered around 1596 Mar peak (Jul-08)
Stay BULLISH but 900 area may be s/term resistance (Jul-08)
Go BULLISH bear fatigue signs have now emerged (Oct-08)
Stay BULLISH 3060-90 next potential s/term resistance (Sep-08)
Stay SQUARE but s/term **BULLISH** prospects have improved (Jul-08)
Go BULLISH s/term reversal has breached initial resistance (Jul-08)

Other

- + Orange Juice
- + CRB Index

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



Energy

Crude Oil has remained firm, consolidating last week, as did **Heating Oil**. There is nothing tired about the current chart structures. **Natural Gas**, having shaken off earlier s/term bear signals, is strong too.

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Metals

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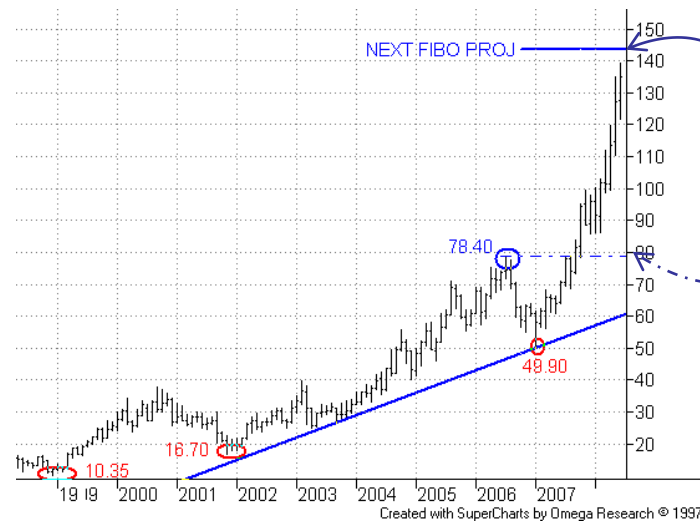
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Currencies: Light Crude Oil (NYMEX)





Energy: Light Crude Oil (NYMEX)

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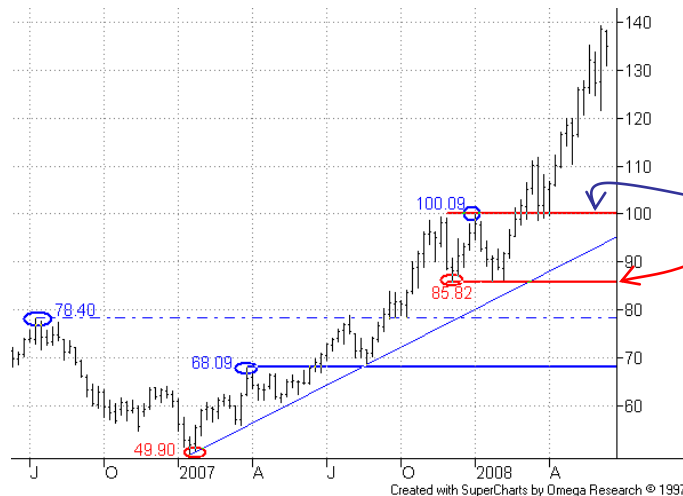
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Weekly Chart – Continuation



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 – Aug-08

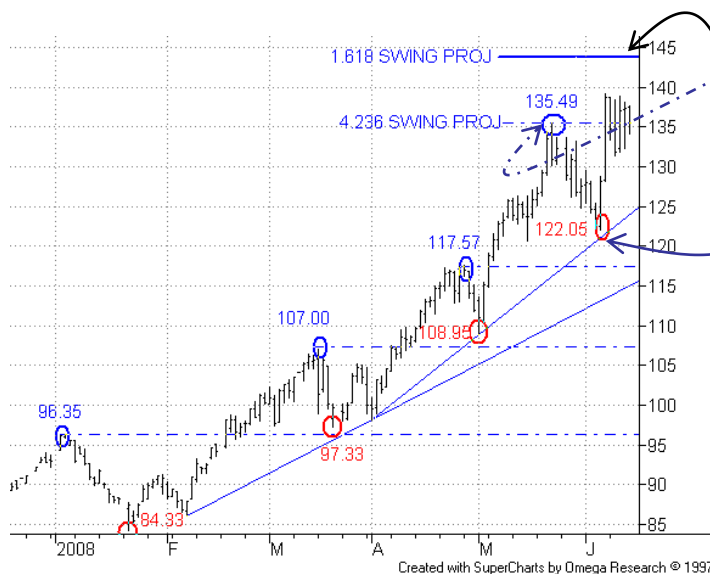
Our latest Fibo, 4.236 swing, target, at 135.25 had a s/term effect, but the chart structure still suggested nothing bearish.

The first rising support line has been good support – as have prior highs in the past.

Any longs will probably be keeping stops below the 122.05 05-Jun low for now.

One s/term target is the 1.618 swing off 135.49-122.05, at 143.80- close to the target on the monthly chart.

We maintain our overall bullish stance.



More



Energy: Natural Gas (NYMEX)

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Metals

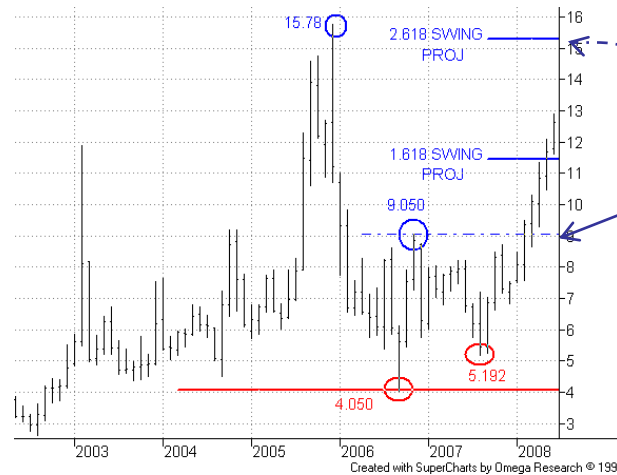
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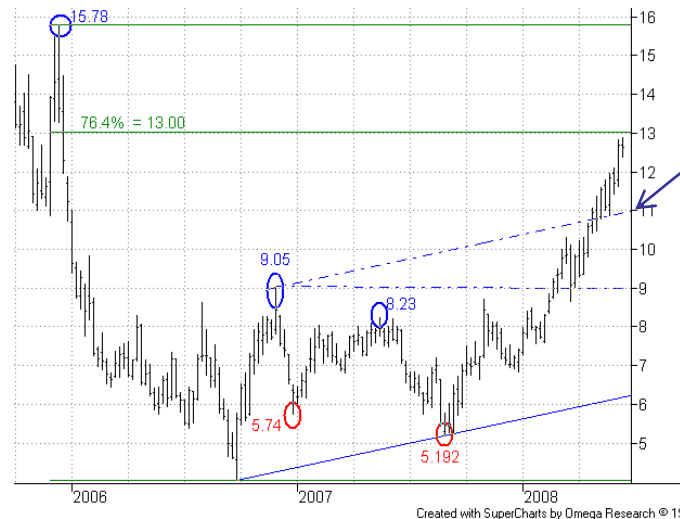


Monthly Chart – Continuation:

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.



Energy: Natural Gas (NYMEX)

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Metals

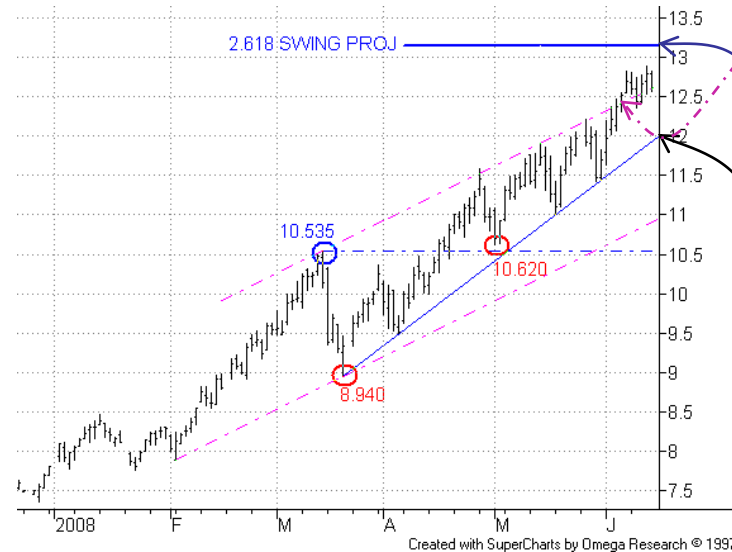
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Daily Chart – Jul-08:

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

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**.

S/term support comes from the first rising support line, around 12.00, 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.

(We'll be switching to the Aug contract next week)



Energy: Heating Oil (NYMEX)

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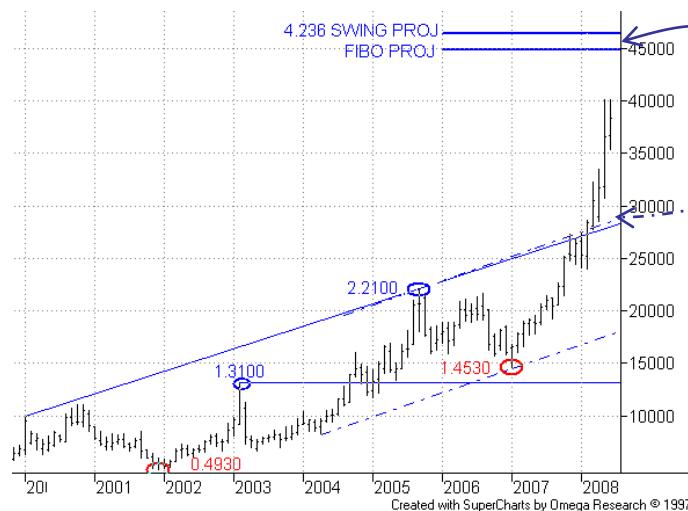
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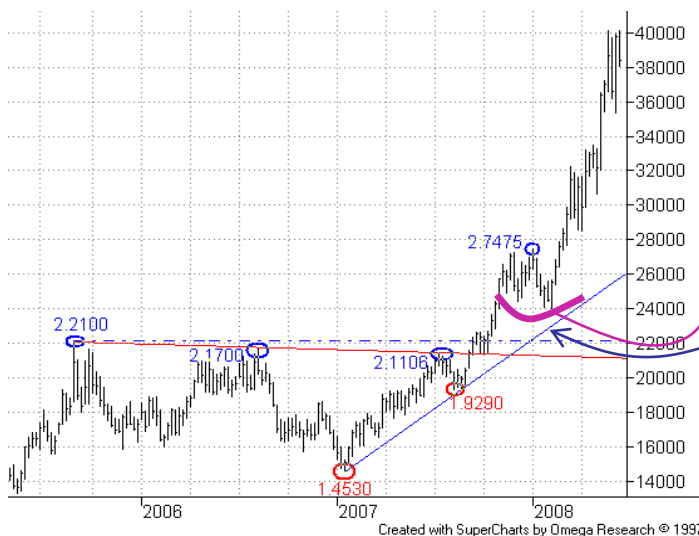
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Monthly Chart – Continuation:

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.



Energy: Heating Oil (NYMEX)

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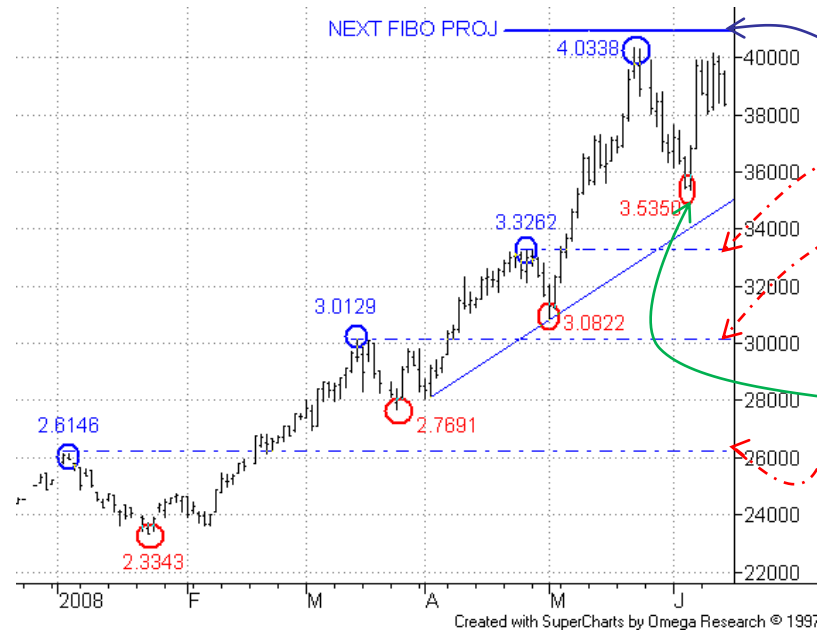
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Daily Chart – Jul-08:

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 may be kept just below the 3.5350 05-Jun low for now.

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**.

(We'll be looking at the Aug contract next week)



Metals

After the bearish outlook for **Gold** faded we still think there could be a more positive development 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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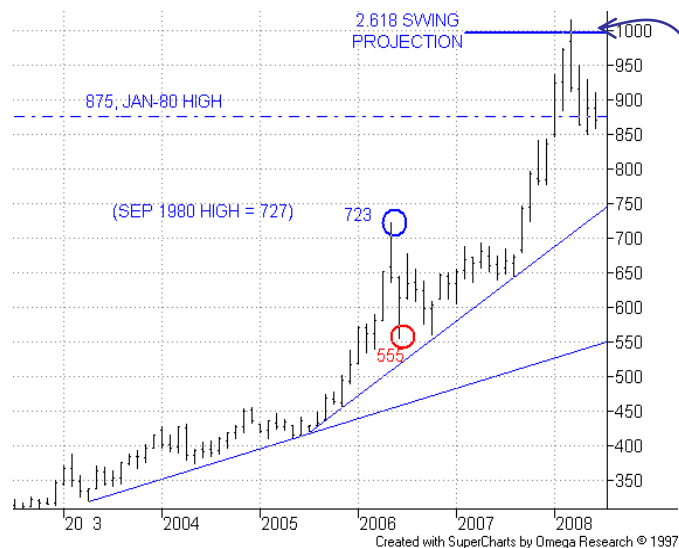
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Other

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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

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Metals

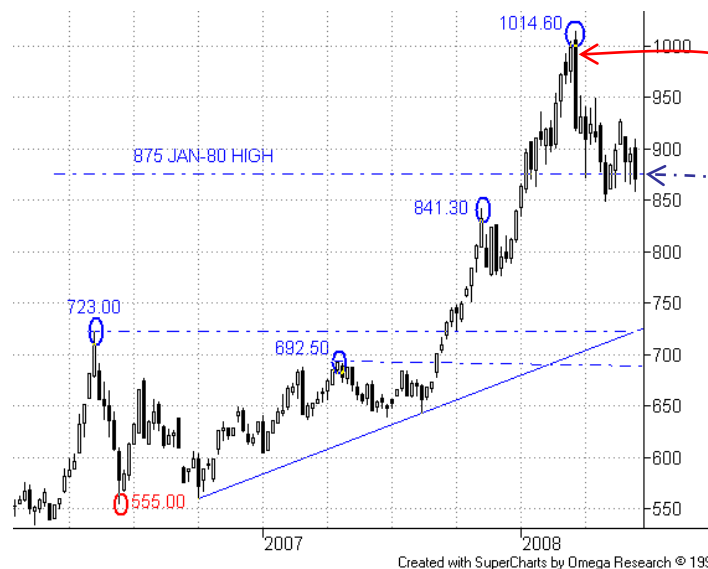
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Weekly Chart – Continuation:

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

This 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 better bull scope now (see below).



Metals: Gold (COMEX)

Summary

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Metals

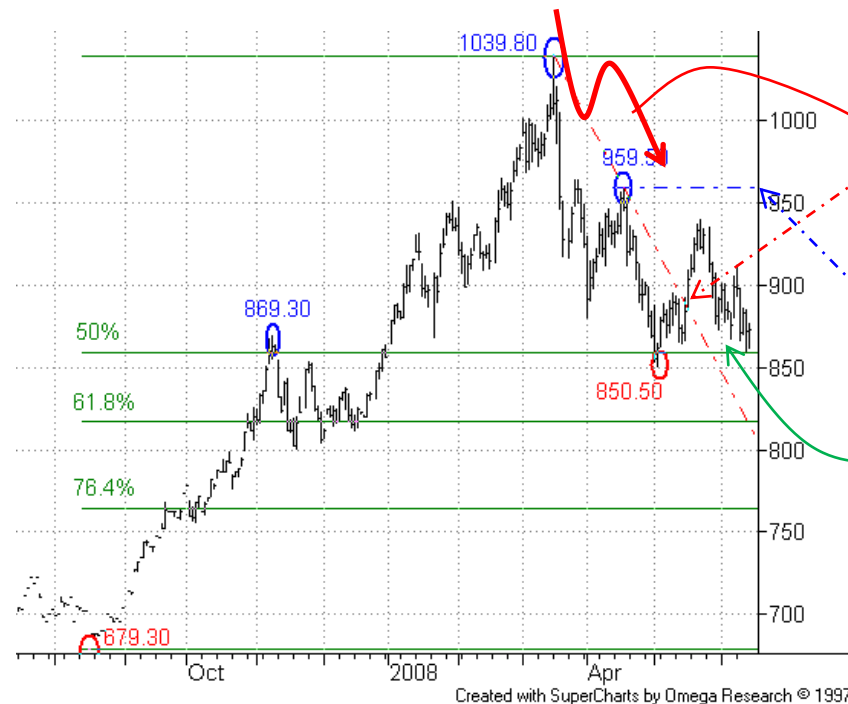
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Daily Chart – Aug-08:

The picture remains the same here.

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 still wait for a close above the 900.00 area – **this has not happened as yet.**

We retain a neutral/bullish stance now.



Metals: Silver (COMEX)

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Metals

- + Gold
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Grains and Softs

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Other

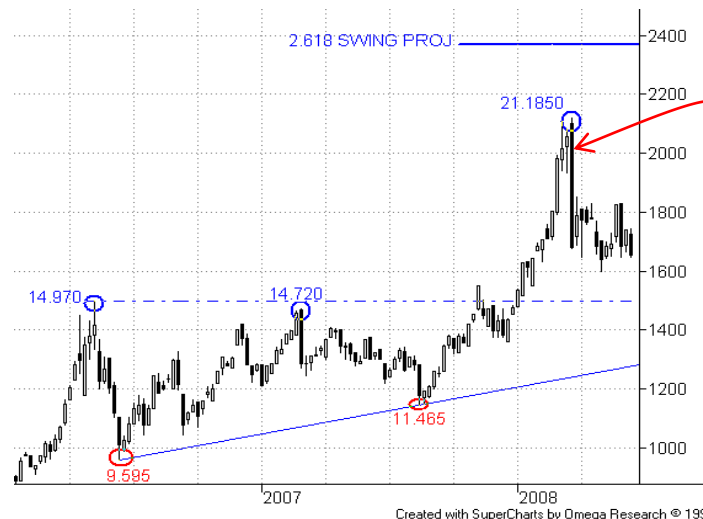
- + Orange Juice
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Monthly Chart – Continuation:

On our very long term continuation chart the overall recovery has so far retraced to the 38.2% level.

It seemed to prompt a reversal, marked by a sharp reversal week in March.



Weekly Chart – Continuation:

This key reversal week was very strong.

It marked a medium term turning point.

The impulsive (strong) nature of the 2007-08 recovery was upset.



Metals: Silver (COMEX)

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Metals

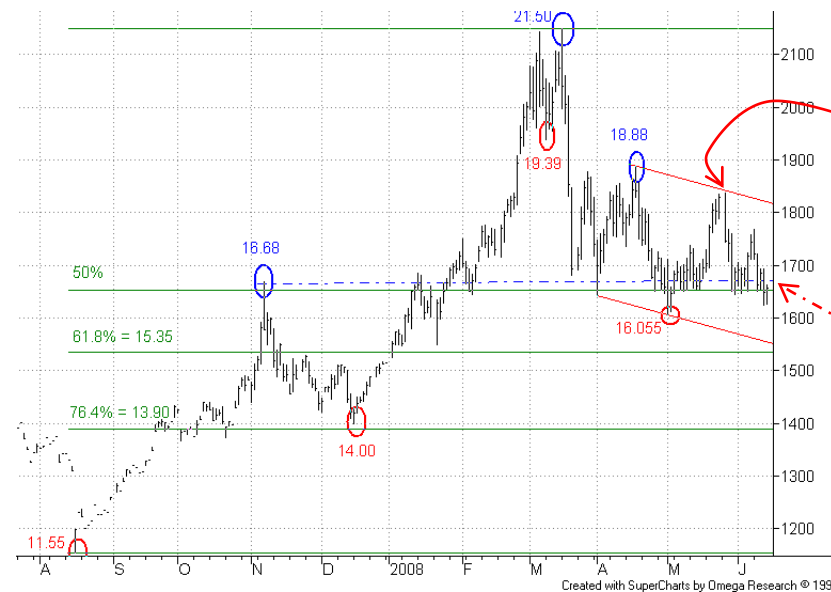
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Daily Chart – Jul-08:

No changes here.

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.**

The old support area of 50% and 16.68 07-Nov high has been eroded, but to no great significance yet.

Any speculative longs with stops just below the 16.055 01-May low will maintain positions, but stops just below 16.45 30-May low will have been triggered now.

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.

More



Metals: High Grade Copper (COMEX)

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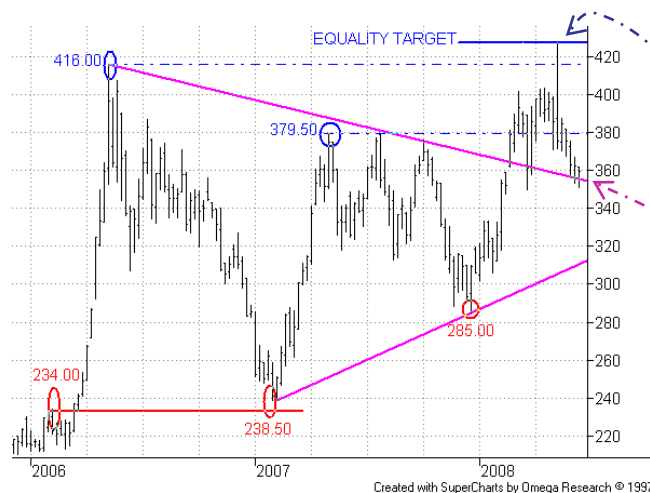
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Monthly Chart – Continuation:



The bullish break from a large triangular pattern that developed since the major 2006 high is clear, and still looks valid.

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

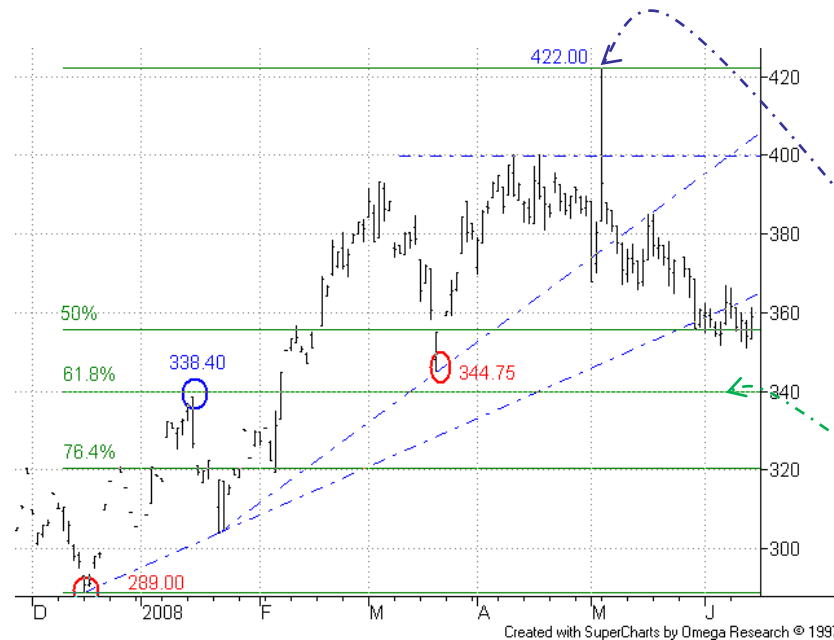
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It has been right to hold to a bearish outlook here, although weakness is still viewed as just corrective ahead of a fresh leg up.

This follows high price rejection after the 05-May spike high to the 422.00 area on the Sep contract.

We still note the area of the 344.75 20-Mar low and 338.40 14-Jan high. This area, as with the old Jul contract, combines with the 61.8% level (at 339.80) to offer interesting key support.

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 remained s/term bullish, with the former in the strongest position. **Cocoa** also looks quite strong, while **Sugar** and **Cotton** have given initial bullish signals.

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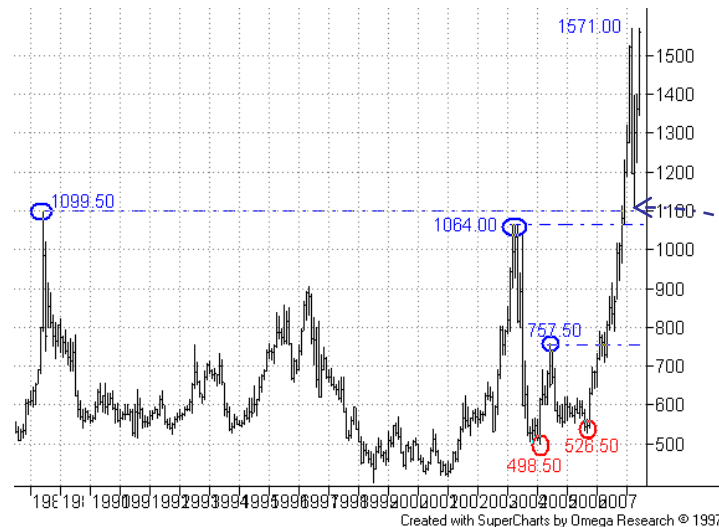
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Other

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Grains and Softs: Soybeans (CBOT)



Monthly Chart - Continuation:

After the early 2008 move into new high ground the old 1988 1099.50 and 2004 1064.00 highs now represent support points.

The first of these has been tested, and held.



Grains and Softs: Soybeans (CBOT)

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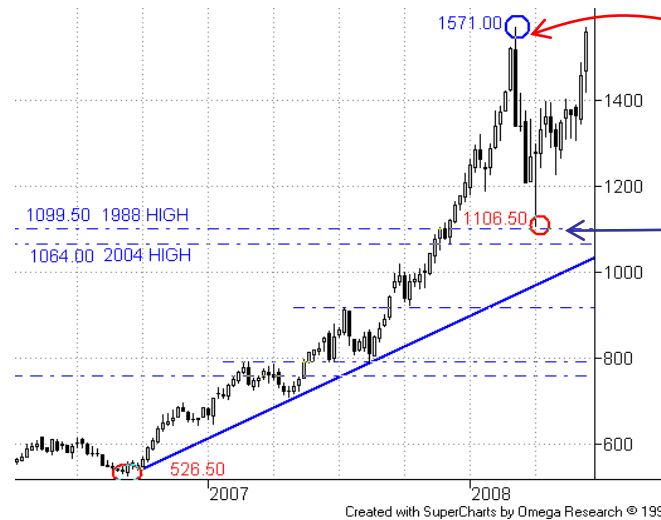
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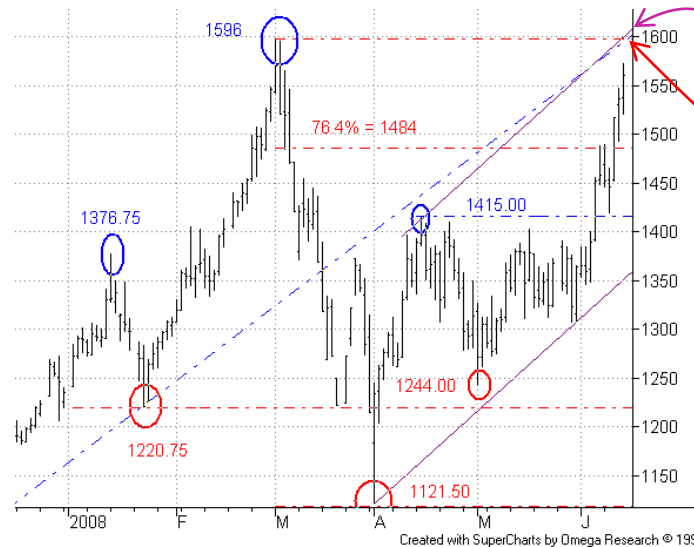
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Weekly Chart – Continuation:

The **key reversal/outside week** from Mar marked a temporary top.

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



Daily Chart – Jul-08:

The breach of 76.4% now leaves the way clear to **key resistance centered around the 1596 Mar peak** – the old rising return line and bull channel top projection combine to offer an important hurdle.

A s/term pullback from near here would not surprise.

The 1415 15-Apr high is now first interesting support.

We remain s/term bullish here.

More

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The old 750.00 high area is now the first significant support point – it worked effectively back in mid-Nov and has again come under pressure.



There has been a marked drop
back from the 1334.50 Feb high –
some 45% !

Price has now come back to the level of the Nov-07 low – initial support has been found.



Grains and Softs: Wheat (CBOT)

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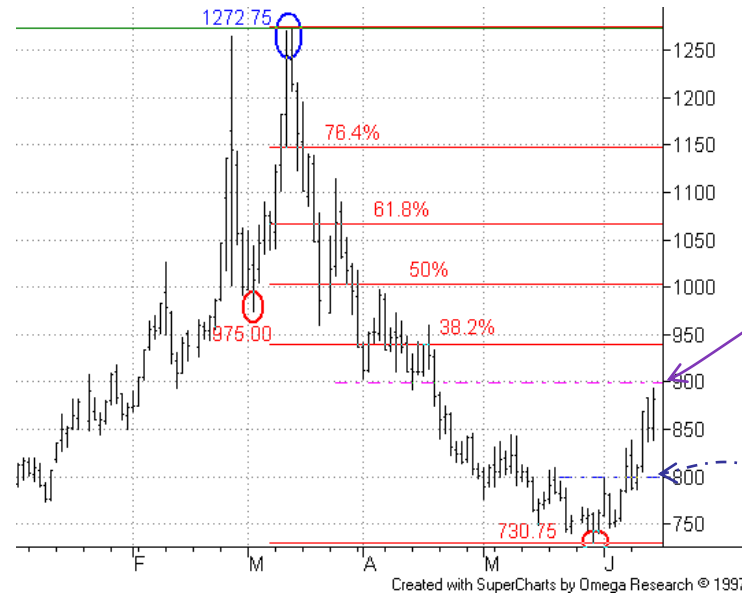
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Other

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- + CRB Index



Daily Chart – Jul-08:

We have been right to adopt a s/term bullish stance now (an earlier positive divergence on the RSI indicator helped here).

Last week we noted that the 900 area was potential resistance.

890-900 was a partial profits target for us, but those waiting for modest dips for entry may not have got on board.

However, any s/term pullback may at this stage just be a correction ahead of another upleg, offering another chance for buyers – the 800 may offer a degree of support.

Retracement levels have been marked in, but clearer bull targets will emerge following further fresh price action.

We maintain a s/term bullish stance for now.

More



Grains and Softs: Sugar (ICE)

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Grains and Softs: Sugar (ICE)

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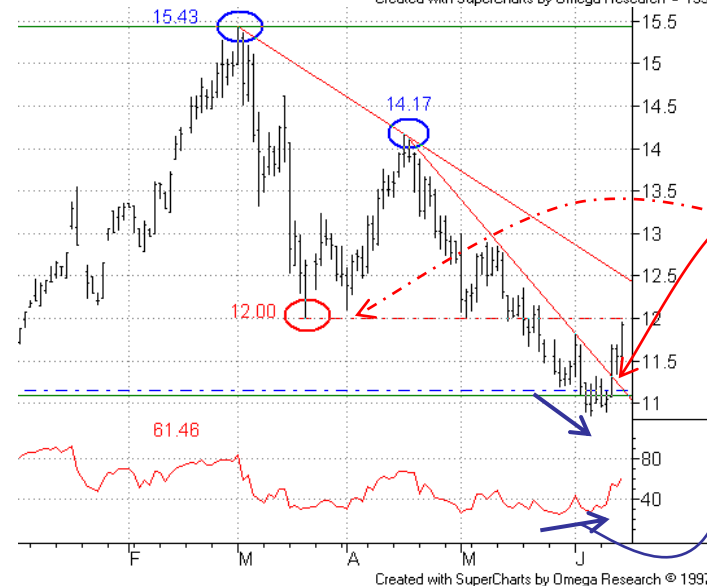
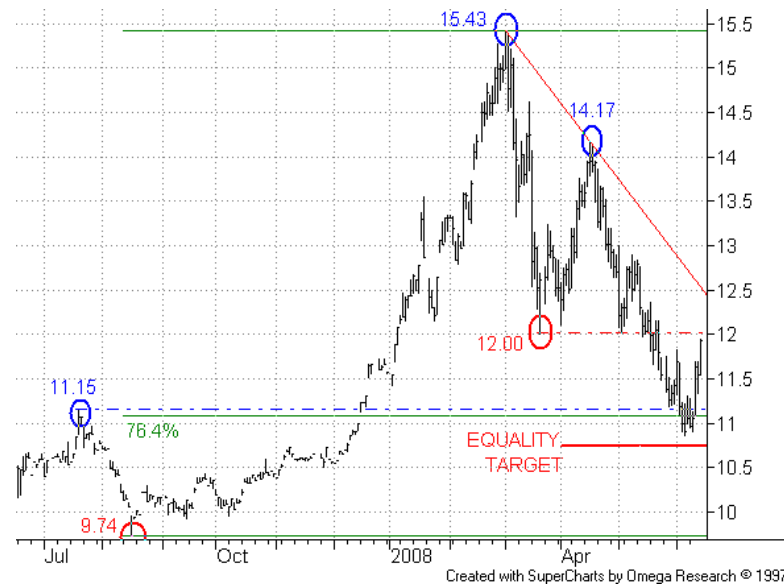
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Daily Chart – Oct-08:

On the new Oct contract the Jul-07 high and 76.4% level also combined to offer potential key support – but here it was **only briefly eroded**.

A slightly lower equality target was just missed.

Are the bears finally tiring?

Looking closer...

We had already noted a small positive divergence on the RSI, suggestive of s/term bear fatigue.

The break through the first falling resistance line has now given an initial bull signal, noting 12.00 as first interesting resistance.

Speculative buyers on dips would initially have stops just below the 10.86 05-Jun low.

We will take a somewhat aggressive s/term bullish stance now.

More



Grains and Softs: Cocoa (ICE)

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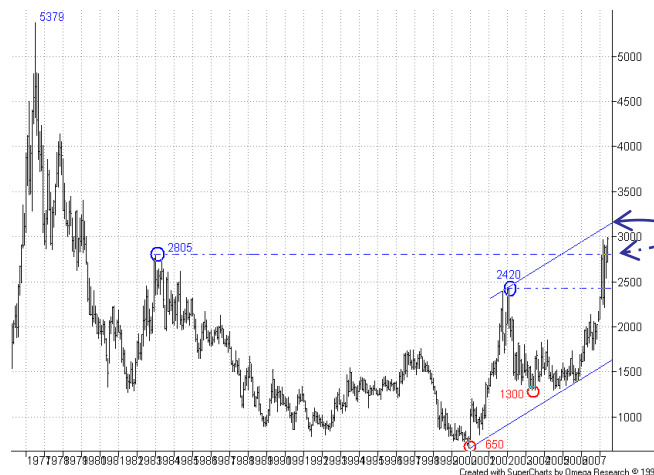
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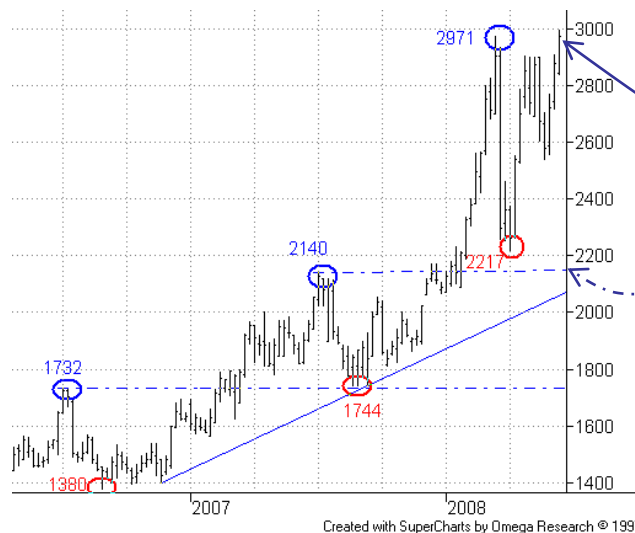
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Monthly Chart – Continuation:

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:

There has now been a complete recovery following the drop back from the 2971 Mar peak.

Support was found above the 2140 Jul-07 high (a logical place for a rebound), **also preserving medium term momentum**.

More



Grains and Softs: Cocoa (ICE)

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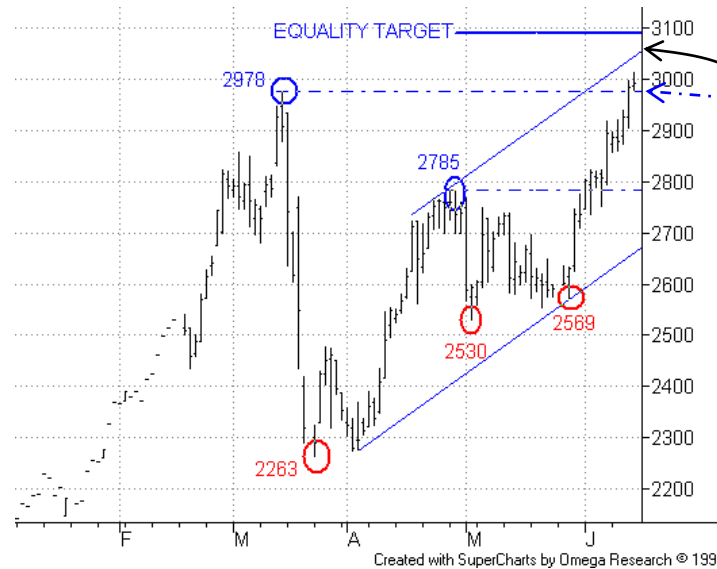
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Daily Chart – Sep-08:

We are right to be bullish and, now, the previous peak at 2978 has been eroded.

First resistances to keep an eye on are the bull channel top projection around **3060** currently, and an equality target at **3090**.

We wouldn't want to chase the market up here – some sort of pause may well be induced.

First support now comes from the 2785 28-Apr high – **buyers on dips will likely have stops at least below here.**

We maintain a bullish stance here.



Grains and Softs: Coffee (ICE)

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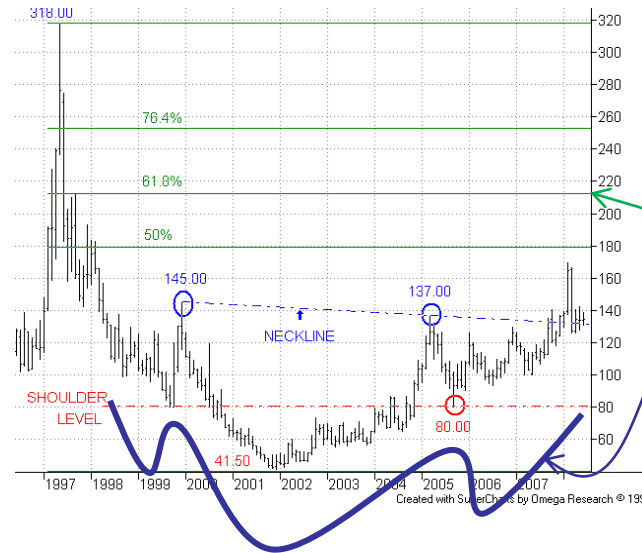
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Monthly Chart – Continuation:



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.

More



Grains and Softs: Coffee (ICE)

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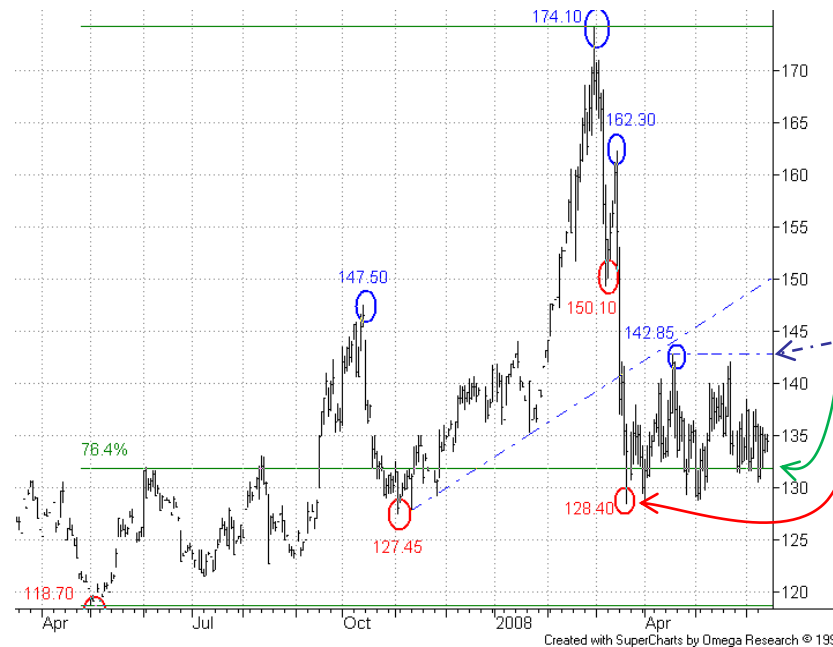
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- + Silver
- + High Grade Copper

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 (130.80 in Sep-08 contract) remains first key support – a break below this would turn focus on 119.50 (a 1.618 swing target) and then the 118.70 May-07 low.

At this stage a recovery through the 142.85 17-Apr high (145.30 in Sep-08 contract) would in theory complete a small base pattern.

Note possible resistance, however, from the rising return line around 150.00 currently.

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 (130.80 in Sep) 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

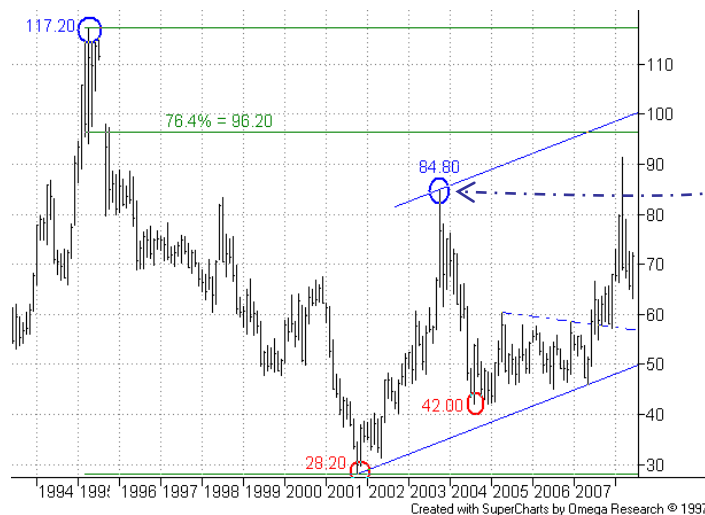
- + Gold
- + Silver
- + High Grade Copper

Grains and Softs

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

Other

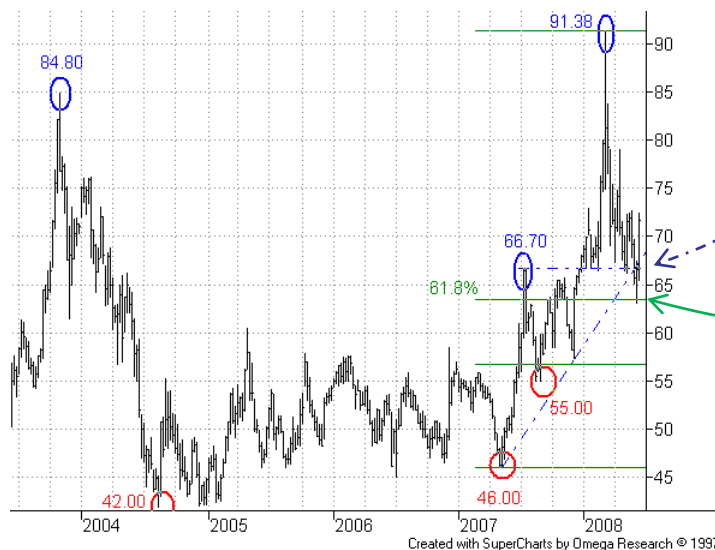
- + Orange Juice
- + CRB Index



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 broke the significant 66.70 Jul-07 high and rising support line.

But, support on the continuation chart has emerged from the 61.8% level.

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:

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

A strong bounce has breached both the 68.52 01-May low and the falling resistance line – this gives a bullish signal now.

Next resistance would come from the 72.69 20-May high plus the old rising return line at 73.30.

We accordingly switch our stance to bullish, but would not be chasing the market at this point.



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, but is a final upleg unfolding..?.

Summary

Energy

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

Metals

- + Gold
- + Silver
- + High Grade Copper

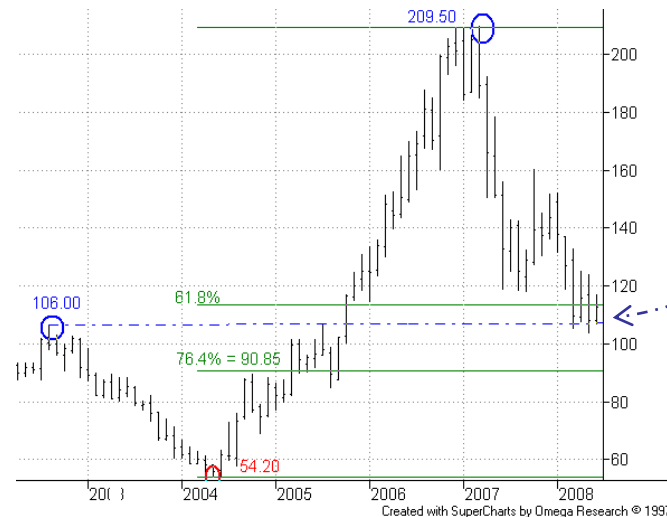
Grains and Softs

- + 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

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- + Wheat
- + Sugar 11
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- + Cotton No.2

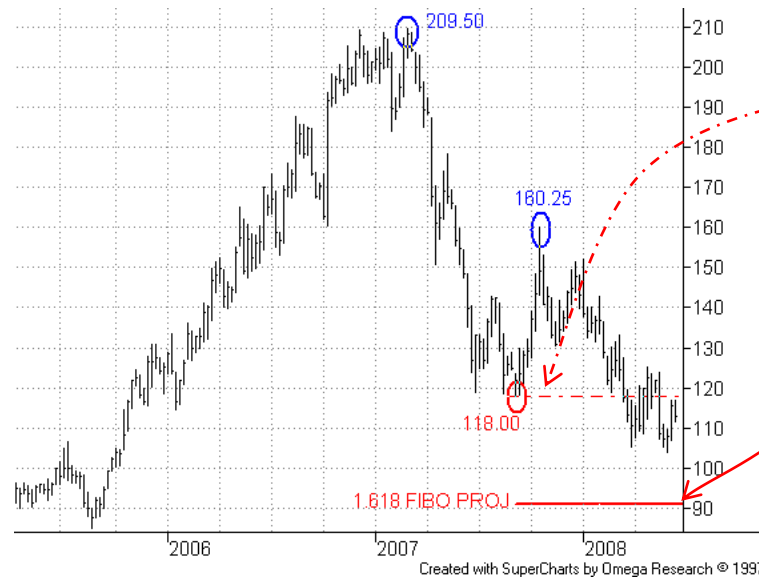
Other

- + 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

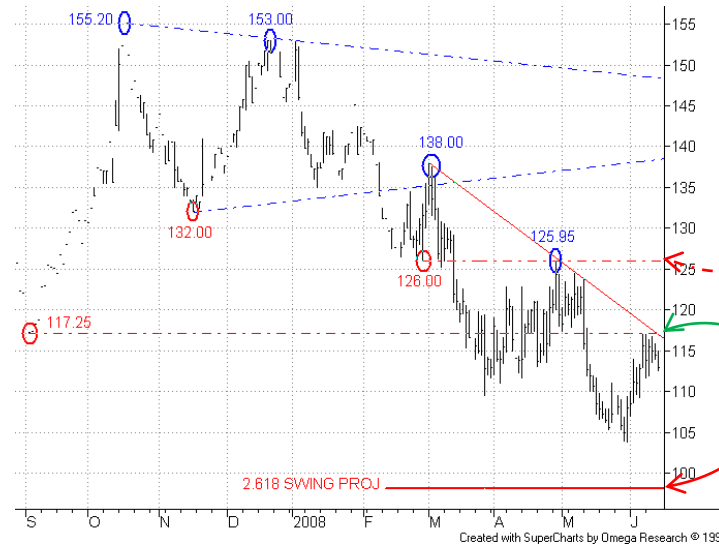
- + Gold
- + Silver
- + High Grade Copper

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**.

Note how the old 117.25 Sep-07 low and falling resistance line look to have combined to keep the s/term bounce in check.

Stops on any shorts will probably still be held just above the falling resistance line now, say around **118.00**.

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

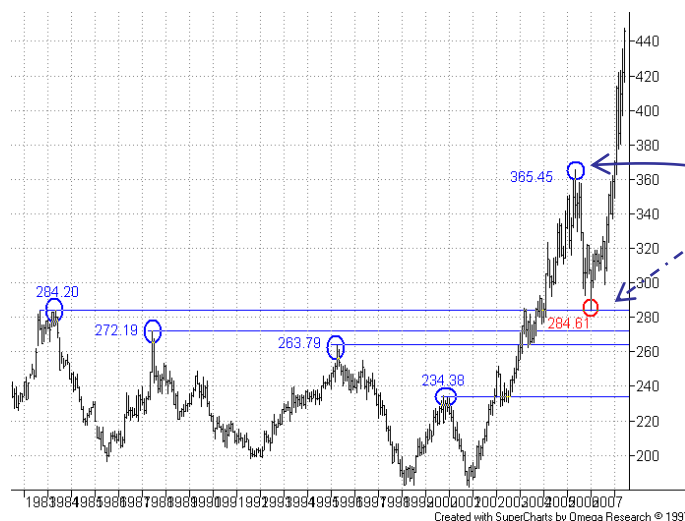
- + Gold
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- + High Grade Copper

Grains and Softs

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- + Cotton No.2

Other

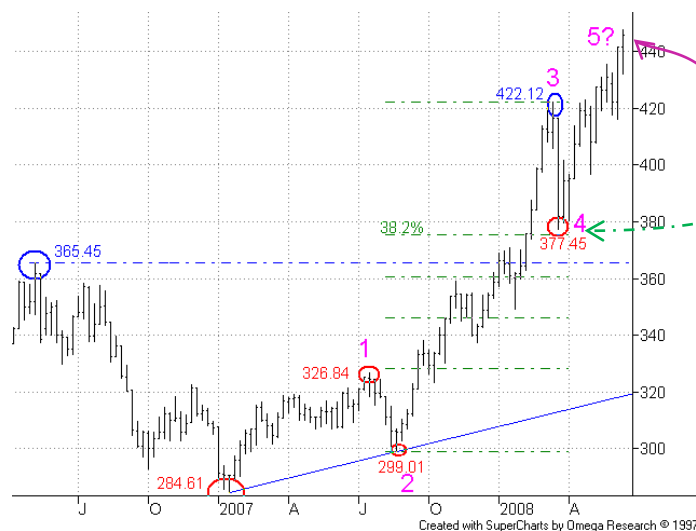
- + Orange Juice
- + CRB Index



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, 5th one from the 284.61 Jan-07 low...

More



Other: CRB Index (CBOT)

Summary

Energy

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

Metals

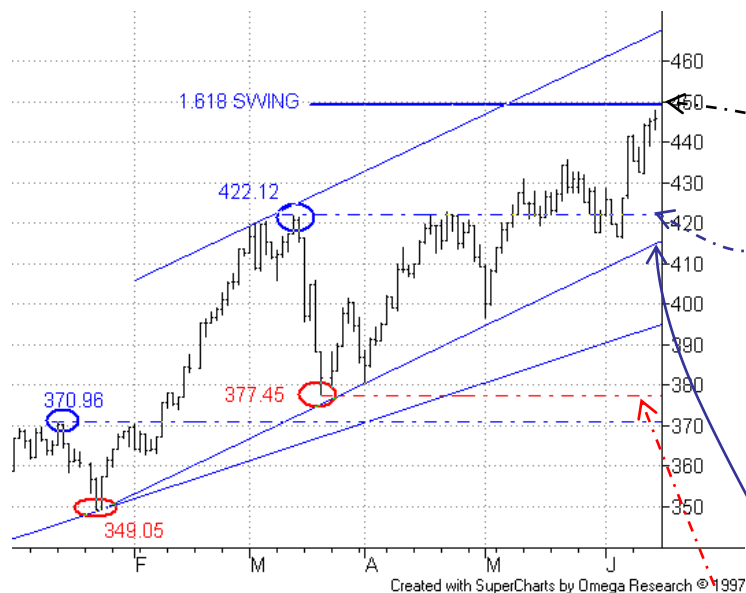
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Grains and Softs

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Other

- + Orange Juice
- + CRB Index



Daily Chart

The breach of the 422.12 peak took time but was 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 has now been reached.

This lies within this year's bull channel top projection near 468.00, 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 416.00, 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.



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