



## Week 34

19<sup>th</sup> August -25<sup>th</sup> August 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

### Energy

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

**Stay BEARISH** key 110.00 support area now drawing near (Sep-08)  
**Stay BEARISH** still on lookout for rebound sign after positive RSI divergence (Sep-08)  
**Stay BEARISH** awaiting reaction at support area now (Sep-08)

### Metals

- + Gold
- + Silver
- + High Grade Copper

**Stay BEARISH** after failure of key supports (Dec-08)  
**Stay BEARISH** after failure of key supports (Sep-08)  
**Stay BEARISH** with 320.00/315.00 initial target (Sep-08)

### Grains and Softs

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

**Stay BEARISH** with lower support now under attack (Nov-08)  
**Stay SQUARE** s/term positive reaction seen after test towards 768.00 May low (Dec-08)  
**Stay BULLISH** but s/term resistance coming from a 76.4% region (Oct-08)  
**Stay BEARISH** after recent key support failure (Dec-08)  
**Go BEARISH** after further s/term weakness (Dec-08)  
**Stay SQUARE** awaiting reaction around key 76.4% support (Dec-08)

### Other

- + Orange Juice
- + CRB Index

**Stay BEARISH** after failure of key supports (Sep-08)  
**Stay BEARISH** after final up-wave completed



## Energy

**Crude Oil** and **Heating Oil** have stayed weak s/term, and any temporary recovery attempt has yet to materialise. The former has approached a key support area. Substantial weakness in **Natural Gas** dominates the picture here, but momentum indications still hint that bears may be tiring.

### Summary

#### Energy

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- + Natural Gas
- + Heating Oil

#### Metals

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- + High Grade Copper

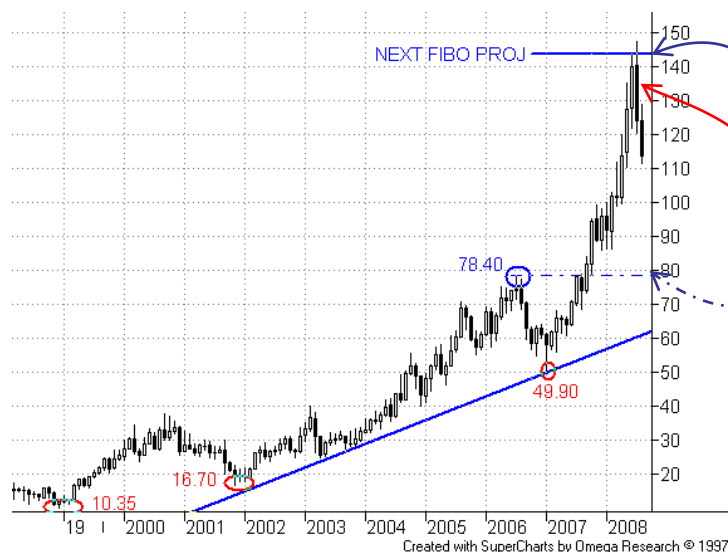
#### Grains and Softs

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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.

The next Fibo target that we had been looking at on this long term chart, around **143.95**, was briefly eroded.

Reaction around this level has been negative, in Jul producing a **reversal month**, but, otherwise, the long term chart structure remains sound.



## Energy: Light Crude Oil (NYMEX)

### Summary

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

#### Metals

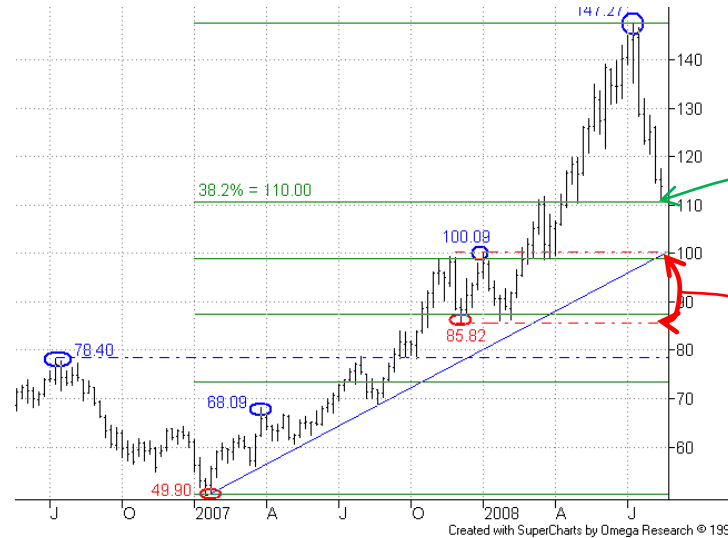
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#### Other

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- + CRB Index



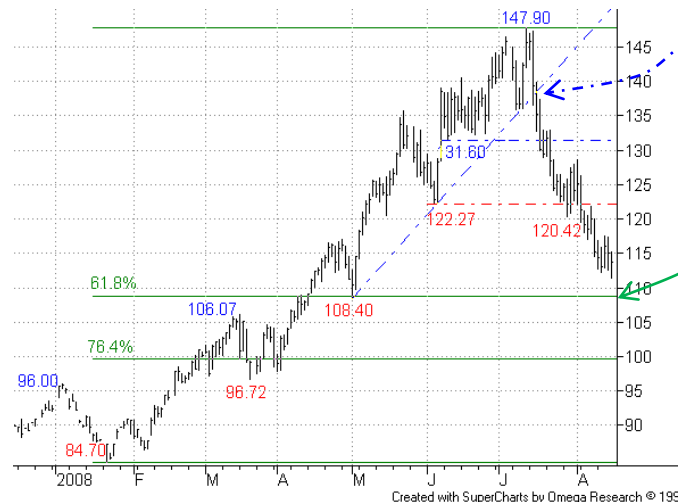
### Weekly Chart – Continuation

We are now looking at some part-retracement levels of the rise from early 2007.

38.2% is the first important level, around **110.00** – this has now been neared, and may not give way easily.

So it is unclear as yet whether lower key support at 100.09/85.82 (old Nov-07/Feb-08 trading range) can be tested.

### Daily Chart – Sep-08



The breach of the rising support line proved the precursor to a substantial setback.

S/term support has so far failed to materialise. Note lower 61.8% at 108.85 lies not much below the 38.2%/110.00 level on the weekly chart.

This remains a very interesting support area.



## Energy: Light Crude Oil (NYMEX)

### Summary

#### Energy

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

#### Metals

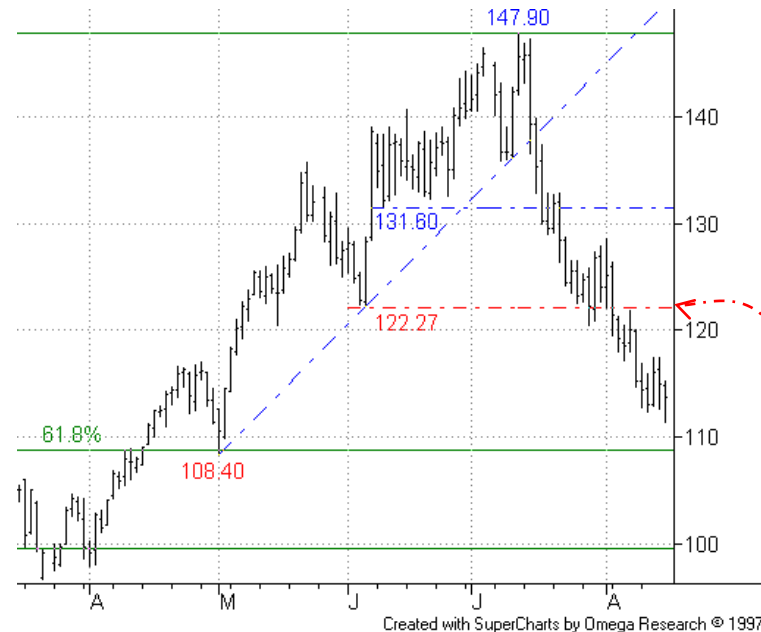
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#### Other

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### Daily Chart – Sep-08

We have dropped our previous reference to a very oversold RSI (momentum) indicator – it remains so, but is no longer a useful sign for us.

We had been prepared for a move lower towards the 110.00 area, and this has been happening.

It is unclear what later downside risk there is, but we keep in mind Jul's reversal month. In any event, we view overall weakness as just a correction against the longer term uptrend.

**Any shorts will likely favour further profit-taking towards 110.00.**

Note immediate resistance from the 122.27 05-Jun low, and then the 131.60 area.

We maintain a bearish stance for now but remain reluctant to chase the market at the moment.



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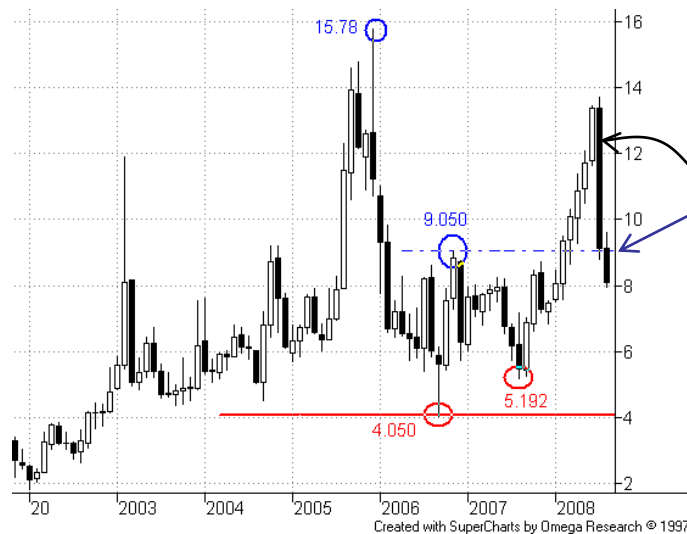
- + Soybeans
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## Energy: Natural Gas (NYMEX)

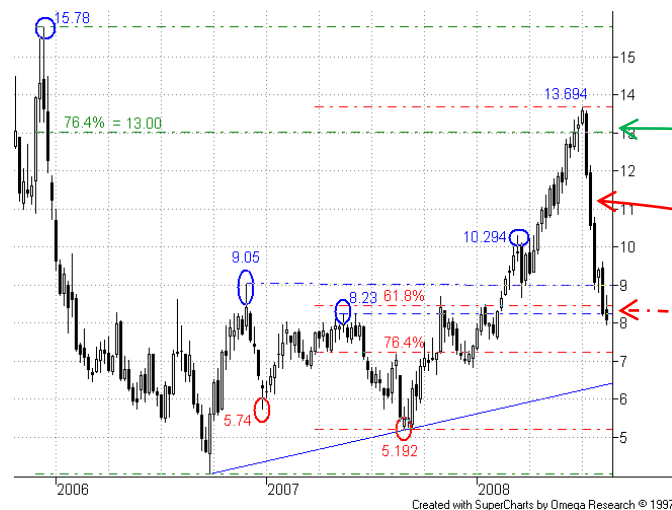
### Monthly Chart – Continuation:



A long term base formed above the 9.05 Nov-06 high - this high reverted to a support point.

However, the sharp drop back produced a pronounced reversal month, and has now breached this support.

### Weekly Chart – Continuation



Price action was unable to hold above the 76.4% level round 13.00.

Subsequent action produced some significant down weeks.

Supports here have not been working well.

More



## Energy: Natural Gas (NYMEX)

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#### Metals

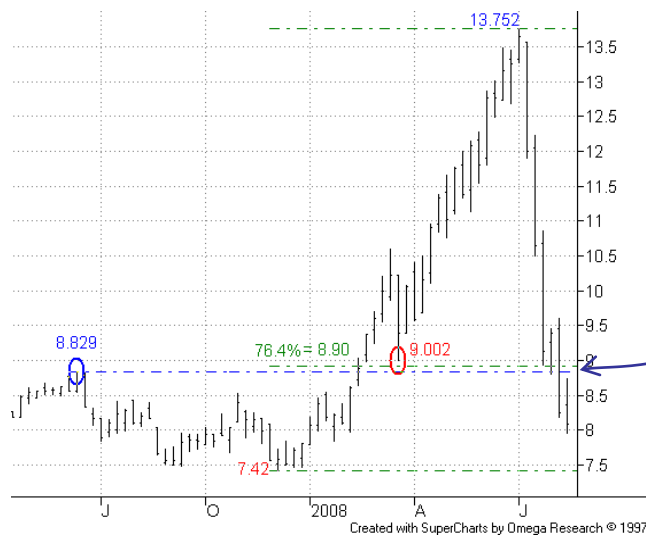
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### Weekly Chart – Sep-08:

On the weekly chart of the front month, failure of a key support area around 76.4% has been disappointing.

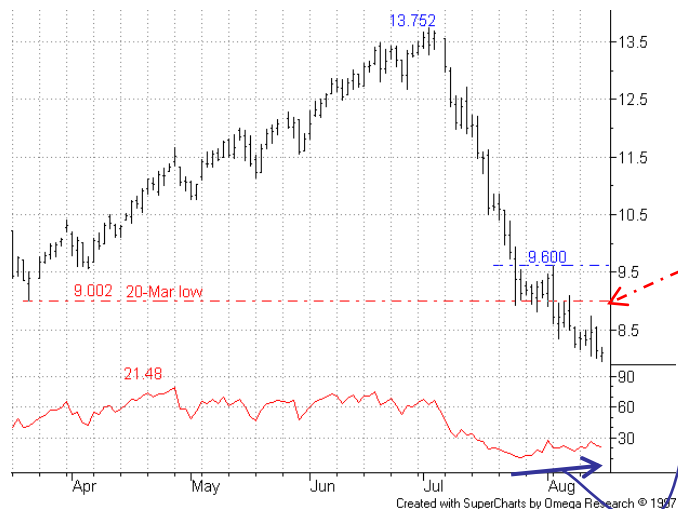
We are currently keeping an eye on the daily chart for signs of any bear fatigue.

### Daily Chart – Sep-08:

We had already observed a possible positive divergence on the RSI – this now looks clearer.

Are bears finally tiring? – we stay on the alert for a recovery phase - a rally back through 9.002 20-Mar low would be the first bull sign now.

We maintain a neutral/bearish stance, remaining ready for a recovery attempt.





## Energy: Heating Oil (NYMEX)

### Summary

#### Energy

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#### Metals

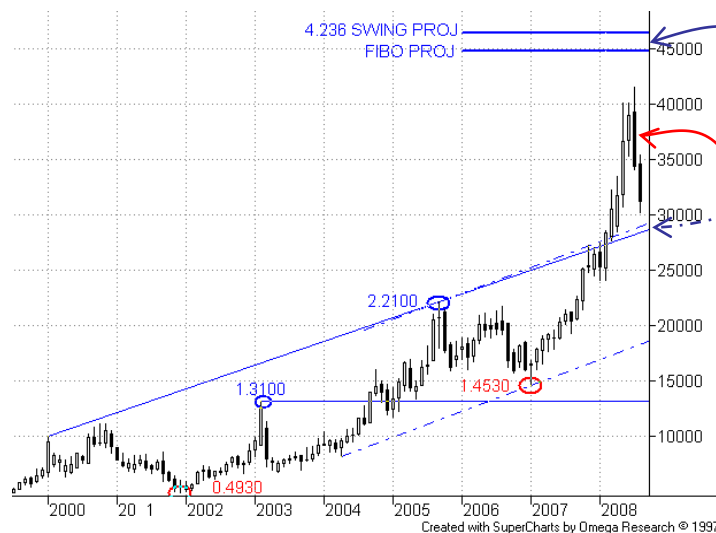
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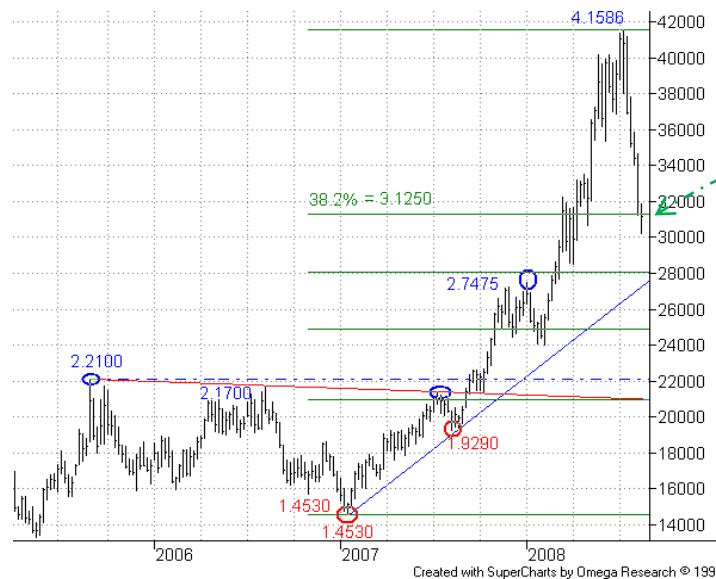


### Monthly Chart – Continuation:

After breaking through resistance from the rising line off the Jan-00 high and long term bull channel top projection the bull move stayed strong.

However, the next major Fibo targets, around **4.4900** and **4.6600**, remain out of reach for now.

Like Crude Oil, Jul produced a **reversal month**, providing the backdrop to a pause in long term uptrend.



### Weekly Chart – Continuation:

The pullback has now eroded the 38.2% (3.1250) level of the whole upmove from early 2007.

This suggests that a medium term correction/consolidation phase is indeed in progress, and delays any future retest/breach of the 4.1586 Jul peak.

More



## Summary

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We had previously noted a support area coming from 3.0520/3.0150 – now currently being tested.

Any s/term rally should encounter resistance from around the -3.5851 05-Jun low.

We maintain a bearish stance for now.



## Metals

**Gold** remains bearish, having broken further support, but it is still **Silver** which is leading the way – key support which we thought could prompt a bounce has not worked. A pullback in **Copper** has been deeper than expected, and the picture remains clearly negative s/term.

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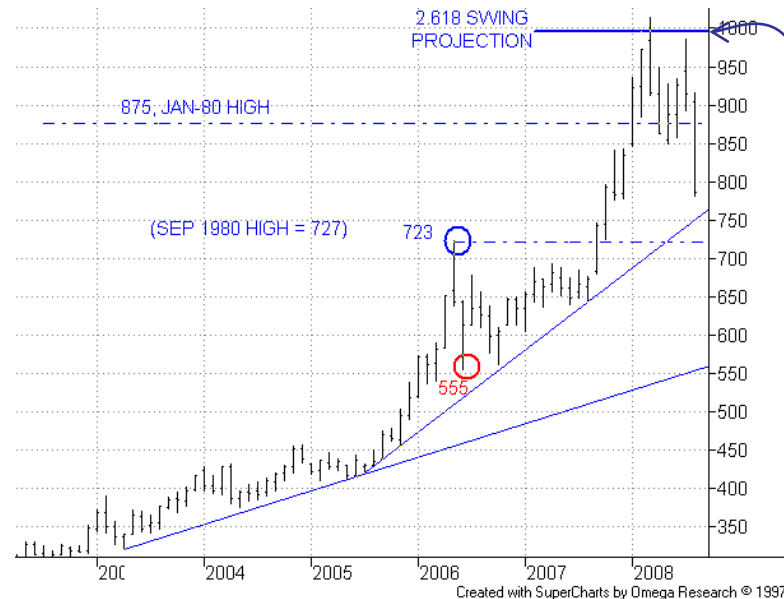
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## Metals: Gold (COMEX)



### Monthly Chart - Continuation:

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

In the process the 2.618 swing projection off prior 723-555 2006 pullback at **995** was also achieved.

More recent action has struggled to hold above 875.00, exposing the rising support line around 755.00.

The long term bull run looks to have stalled for now.



## Metals: Gold (COMEX)

### Summary

### Energy

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

### Metals

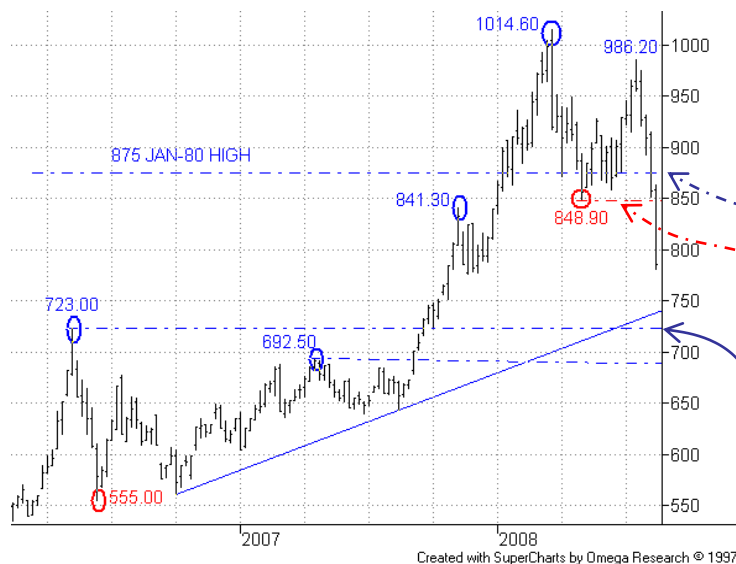
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### Other

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- + CRB Index



### Weekly Chart – Continuation:

The old 875.00 peak from 1980 has been decisively broken.

The current structure indicates that bull momentum has currently waned.

The break below the 848.90 May low now further delays any eventual challenge of the 1014.60 Mar peak.

Next interesting support comes from around the 723.00 May-06 high.

### Weekly Chart – Dec-08:

On the weekly chart of the front month note how the bear channel base projection has been breached.

We had previously noted the 76.4% **771.00** area, which neatly coincides with the 1.618 swing target off prior 858.80-999.40 rally, at **772.00**.

There could still be interesting support here.



More



## Metals: Gold (COMEX)

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### Metals

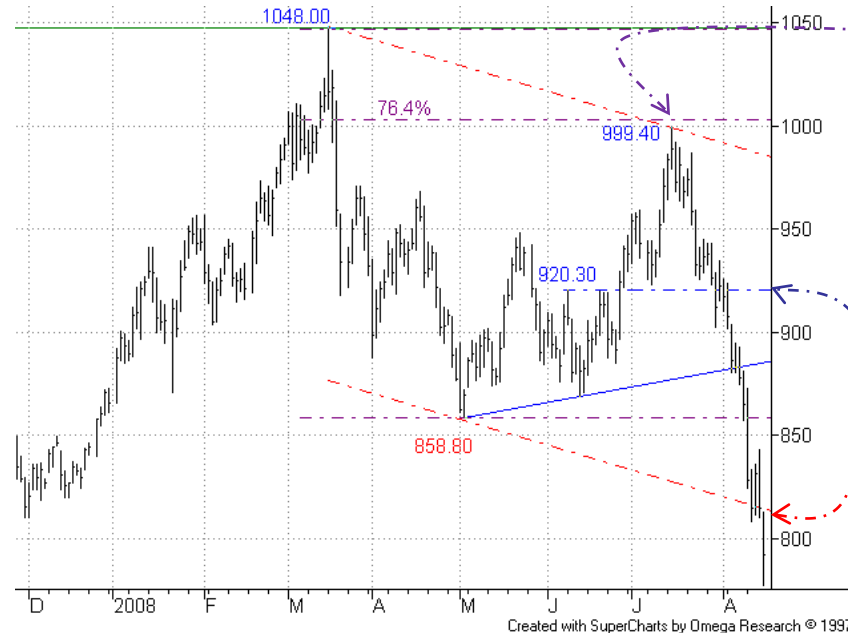
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- + CRB Index



### Daily Chart – Dec-08:

After failing near a 76.4% level subsequent losses have become quite dramatic.

The 858.80 May low, which we hadn't seen as that important as support, was easily breached, and the bear channel base only provided very s/term support.

At this stage any s/term recovery will be viewed as corrective (i.e. temporary) ahead of further weakness – and an opportunity for sellers.

First interesting resistance here comes from that 858.80 low, ahead of the old rising support/return line near 885.00 currently.

We wouldn't be looking for a deep recovery at this stage.

We maintain a bearish stance now.

More



## Metals: Silver (COMEX)

### Summary

### Energy

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

### Metals

- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

- + Soybeans
- + Wheat
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- + Coffee
- + Cotton No.2

### Other

- + Orange Juice
- + CRB Index



### Monthly Chart – Continuation:

On our very long term continuation chart the overall recovery was repelled near the 38.2% level.

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



### Weekly Chart – Continuation:

The old 14.97/14.72 highs have quickly been broken, with the bear move now clearly impulsive.

Next Fibo support here lies around 12.33, a 76.4% level.



## Metals: Silver (COMEX)

### Summary

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- + Light Crude Oil
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### Metals

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### Grains and Softs

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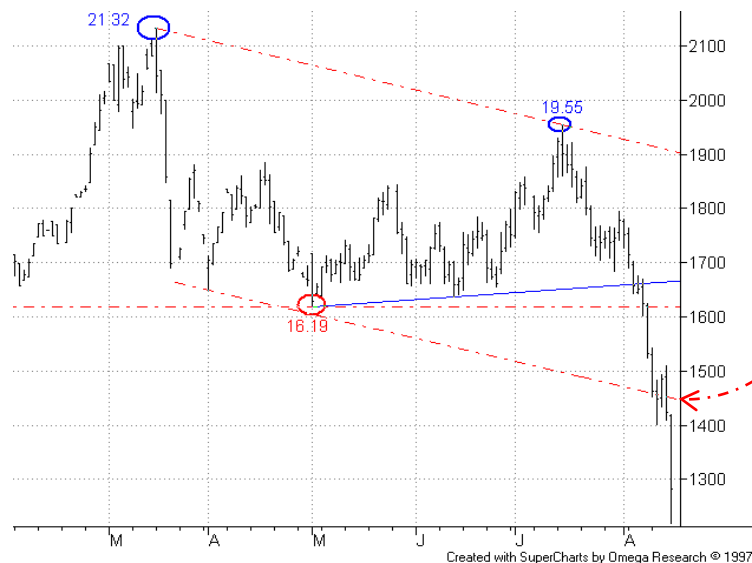
- + Orange Juice
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### Weekly Chart – Sep-08:

Last Thursday our Update suggested support could be seen from the 76.4%/1.618 swing area – this has not worked out.

Below the 12.08 Aug-07 low note the next Fibo projection, 2.618 swing off prior 16.19-19.55 upmove, around **10.75**.



### Daily Chart – Sep-08:

The bear channel base barely slowed Silver's descent.

The current move is strong and impulsive, and any s/term rally will be viewed as temporary at this stage.

First interesting resistance now lies some way off at the 16.19 May-08 low.

We maintain a bearish stance here.

More



## Metals: High Grade Copper (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

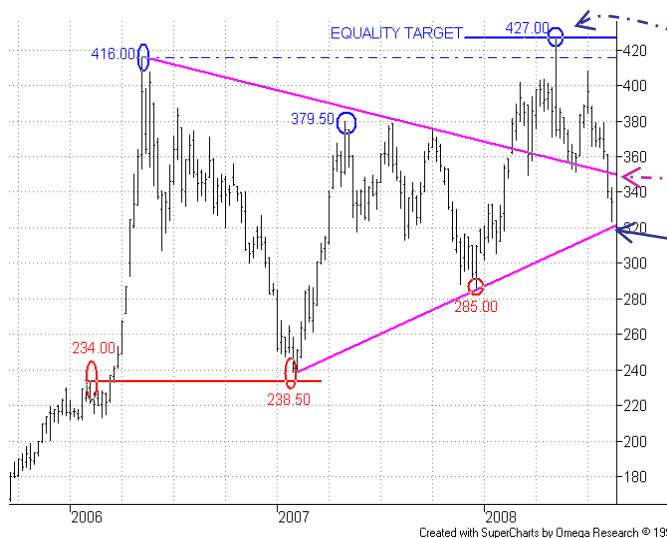
### Monthly Chart – Continuation:



The bullish break from a large triangular pattern that developed since the major 2006 high has been followed by a notable slip back.

It has not quite been negated, but see below.

### Weekly Chart – Continuation:



The drop back from 427.00 (which was an equality target) initially found support from the former triangle top, but this has now failed.

Failure of the triangle's underside around 320.00 would completely negate the pattern.



## Metals: High Grade Copper (COMEX)

### Summary

### Energy

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

### Metals

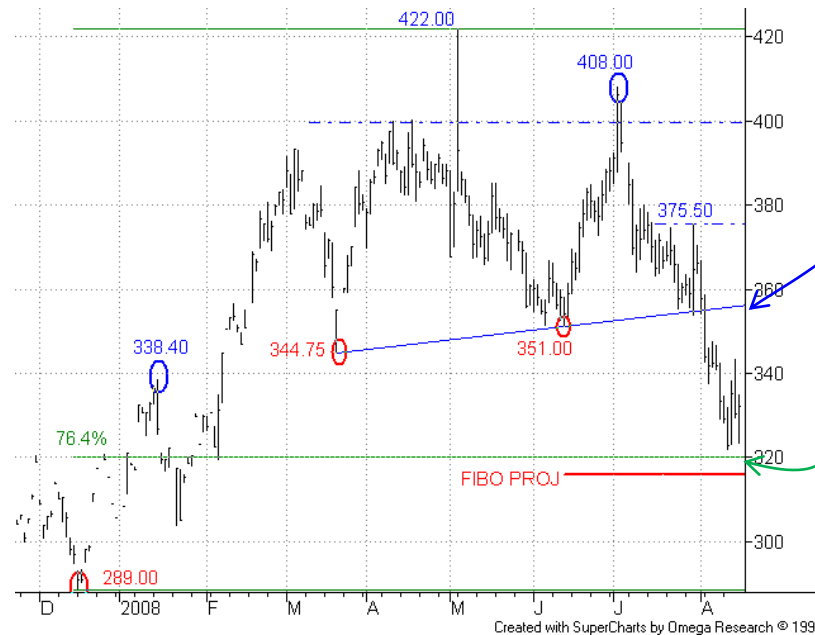
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### Grains and Softs

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### Other

- + Orange Juice
- + CRB Index



### Daily Chart – Sep-08:

The break of the rising support line and 351.00 12-Jun low confirmed the bears are in control.

With a type of top formation in place an initial bear move towards the **320-315** area (76.4% and a Fibo projection) is being seen, as we anticipated. This coincides nicely with key support on the weekly chart.

S/term rallies to be viewed as corrective only, and note initial resistance from the old rising support/return line at 355.00. But a recovery through higher 375.50 is needed to provide bulls with fresh hope.

We maintain our bearish stance for now.





## Grains and Softs

**Soybeans** have remained s/term bearish, currently testing a key support area. **Wheat** has s/term remained above an important support point. **Cocoa** has breached a further key support now, while **Coffee** is in a vulnerable position too. Technicals in **Cotton** still allow for a possible rebound, but key support is now under threat. **Sugar** has slipped back after a nice recovery in July.

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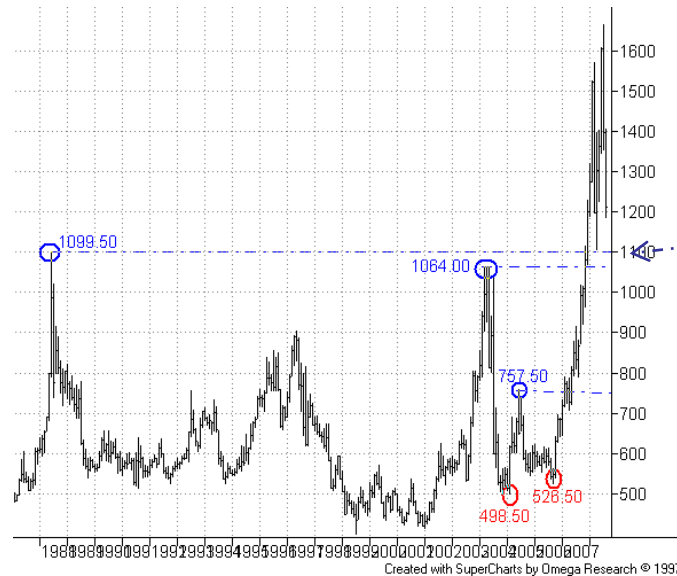
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- + Cocoa
- + Coffee
- + Cotton No.2

### Other

- + Orange Juice
- + CRB Index

## 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 became support points.

The first of these was tested earlier on, but is starting to come back into focus.



## Grains and Softs: Soybeans (CBOT)

### Summary

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### Metals

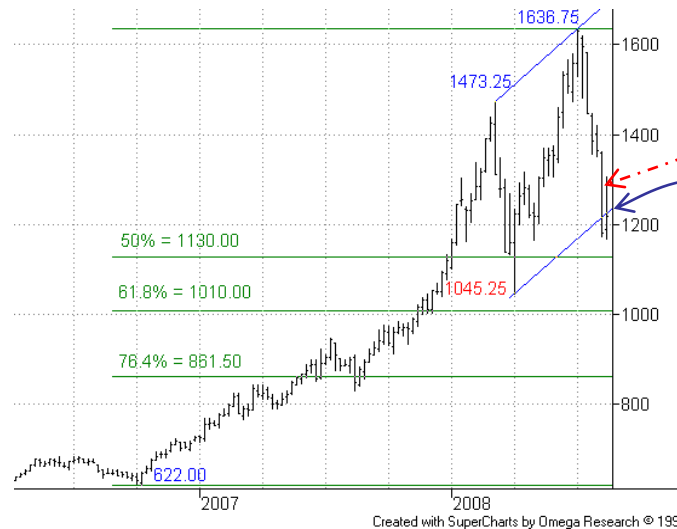
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### Other

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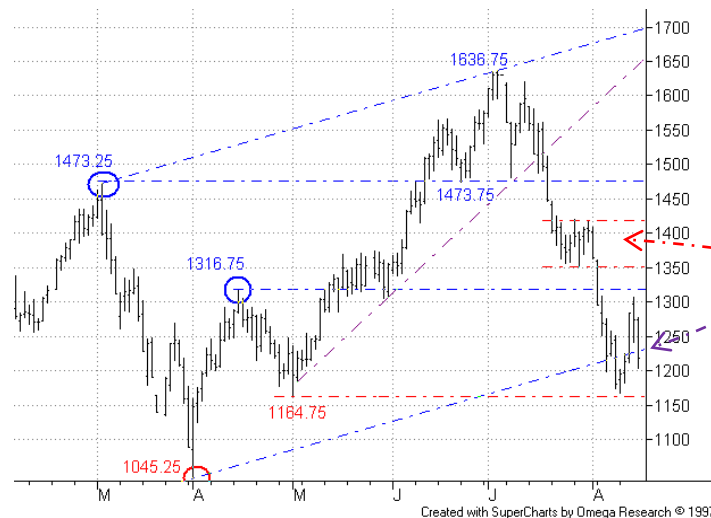


### Weekly Chart – Nov-08:

The strong slip back from the Jul high begins to change the chart structure.

**Breach of the bull channel base projection has additional bearish implications.**

On the weekly chart of the front month we keep in mind the retracement levels of the 2006-2008 upmove now.



### Daily Chart – Nov-08:

The bull channel base projection has been eroded, but s/term relief has been found from the 1164.75 01-May low.

Below here there is not much in the way of a return to 1045.25 Apr low.

Resistance to any s/term correction comes from the 1352/1421 congestion area.

We continue to hold a s/term bearish stance.

More



## Grains and Softs: Wheat (CBOT)

### Summary

### Energy

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

### Metals

- + Gold
- + Silver
- + High Grade Copper

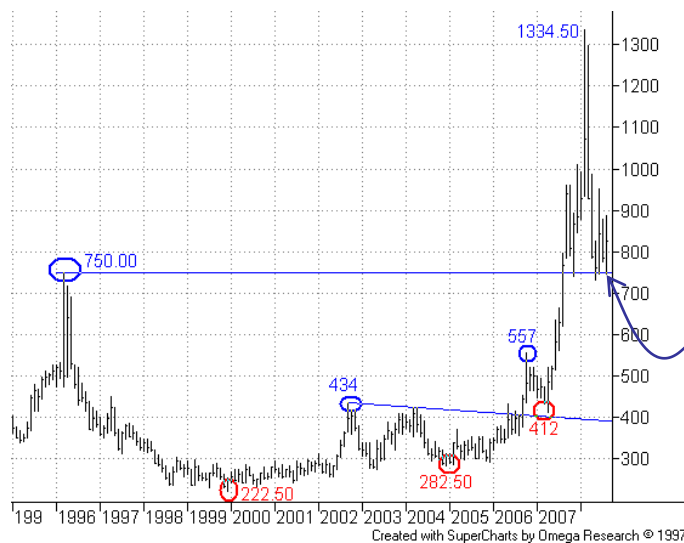
### Grains and Softs

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- + Wheat
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- + Cocoa
- + Coffee
- + Cotton No.2

### Other

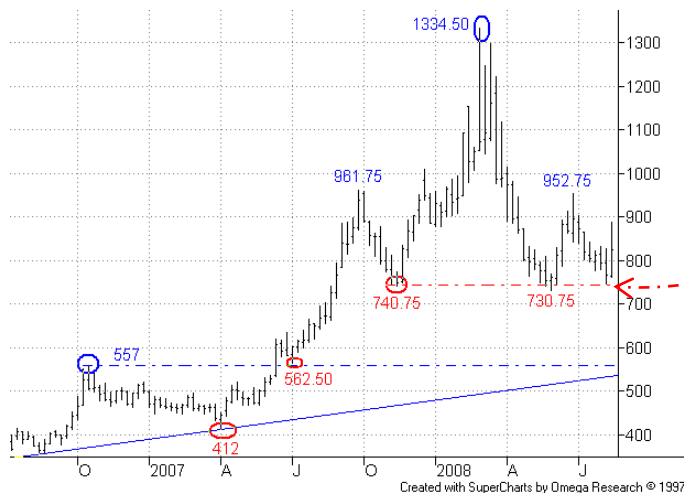
- + Orange Juice
- + CRB Index

### Monthly Chart - Continuation:



The old 750.00 high area is now the first significant support point – it worked effectively back in mid-Nov and has again managed to contain recent losses.

### Weekly Chart - Continuation:



The marked drop back from the 1334.50 Feb high came back to the level of the Nov-07 low – and support was found here.

Should the 740.75/730.75 lows be broken it would be a medium term bear sign (with an over-sized Head & Shoulders pattern then also in place).

More



## Grains and Softs: Wheat (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 – Dec-08:

S/term support has been found from the 768.00 late May low.

So far gains above the 877.00 area have not been sustained – but the break of the falling resistance line is still mildly encouraging.

Meanwhile the risk is a drop and close below 768.00, providing a fresh bear signal.

We maintain a neutral stance for the time being.

More



## Grains and Softs: Sugar (ICE)

### Summary

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- + Natural Gas
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### Metals

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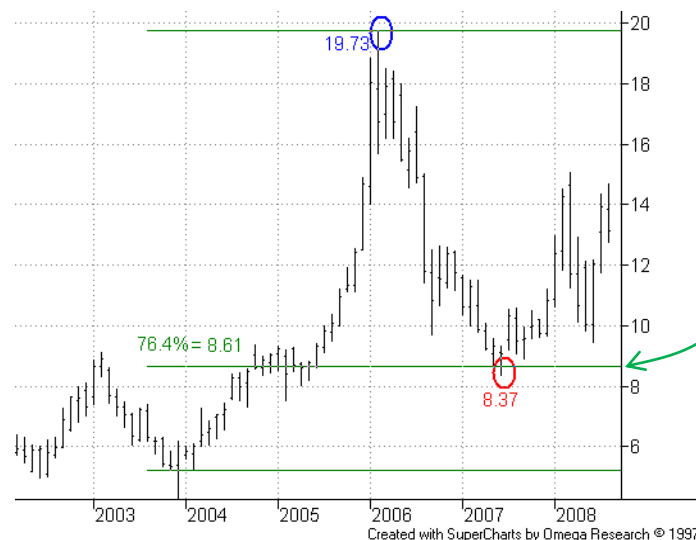
### Grains and Softs

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

### Other

- + Orange Juice
- + CRB Index

### Monthly Chart - Continuation:



The 76.4% level has provided good long term support.

### Weekly Chart - Continuation:



Recovery from the 9.44 Jun low has been strong.

15.07-40 resistance remains key above.



## Grains and Softs: Sugar (ICE)

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### Other

- + Orange Juice
- + CRB Index



### Daily Chart – Oct-08:

Recent strength has again failed to hold above the 76.4% retracement level.

Higher resistance offered by a channel top projection is beginning to converge on the 15.43 Mar high.

Ideally s/term weakness will hold above rising support, otherwise the picture could turn sour.

Any remaining longs may refine stops to just below this support line around 12.20 currently.

We maintain a s/term bullish stance for now.

More



## Grains and Softs: Cocoa (ICE)

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### Metals

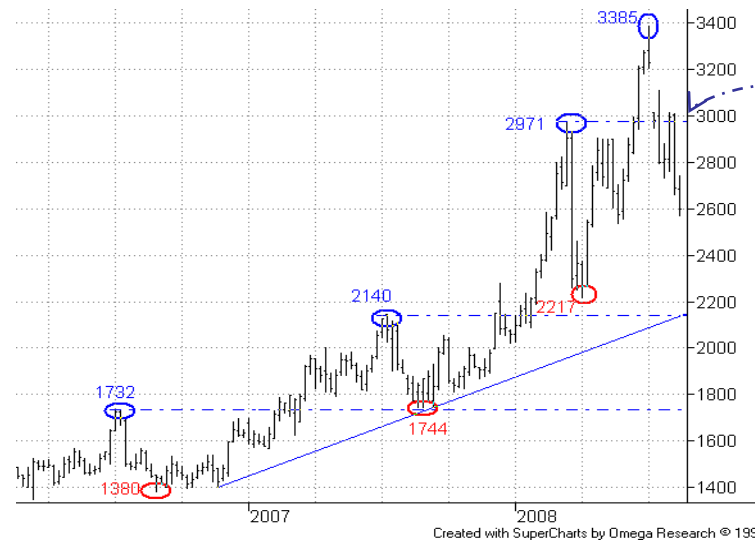
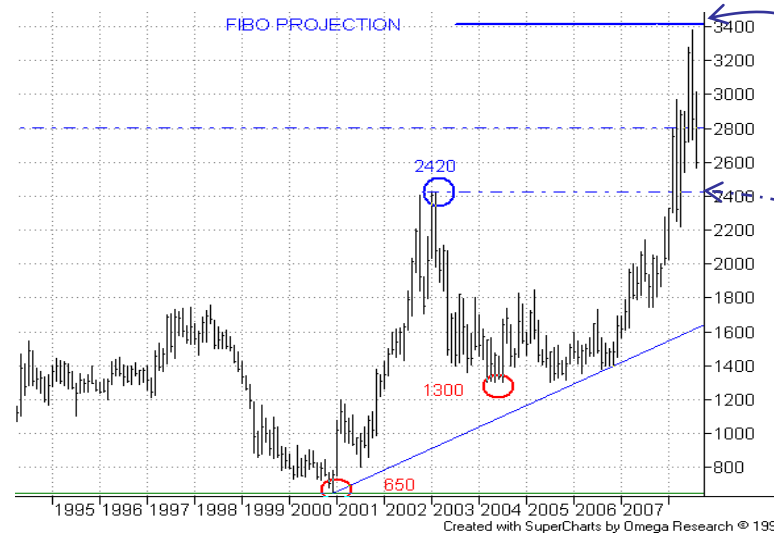
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### Other

- + Orange Juice
- + CRB Index


[More](#)



## Grains and Softs: Cocoa (ICE)

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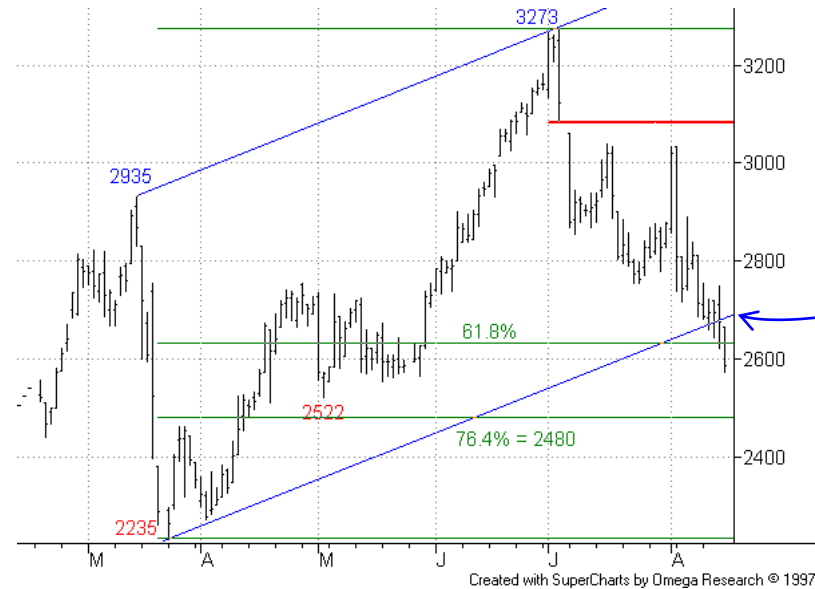
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### Other

- + Orange Juice
- + CRB Index



### Daily Chart – Dec-08:

Weakness has now seen a break of the bull channel base projection (and 61.8% level) – this is the next sign of momentum loss, and postpones any subsequent retest of the early Jul peak.

The next s/term target is now the 76.4% retracement at 2480.

We maintain a bearish stance now.





## Grains and Softs: Coffee (ICE)

### Summary

### Energy

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

### Metals

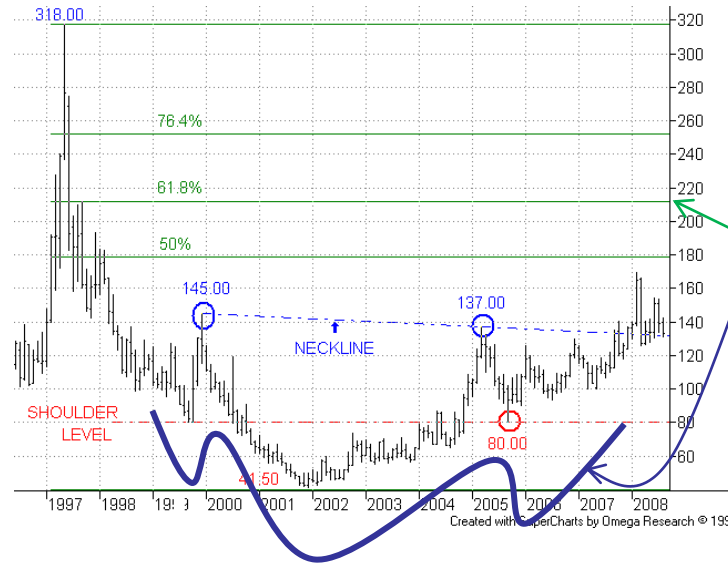
- + Gold
- + Silver
- + High Grade Copper

### 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:

Recovery from the 125.85 Mar low started to accelerate, but the latest setback has moderated the pace.

There are support levels on the daily chart that have to hold, otherwise a continuing bullish picture is postponed.

More



## Grains and Softs: Coffee (ICE)

### Summary

### Energy

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

### Metals

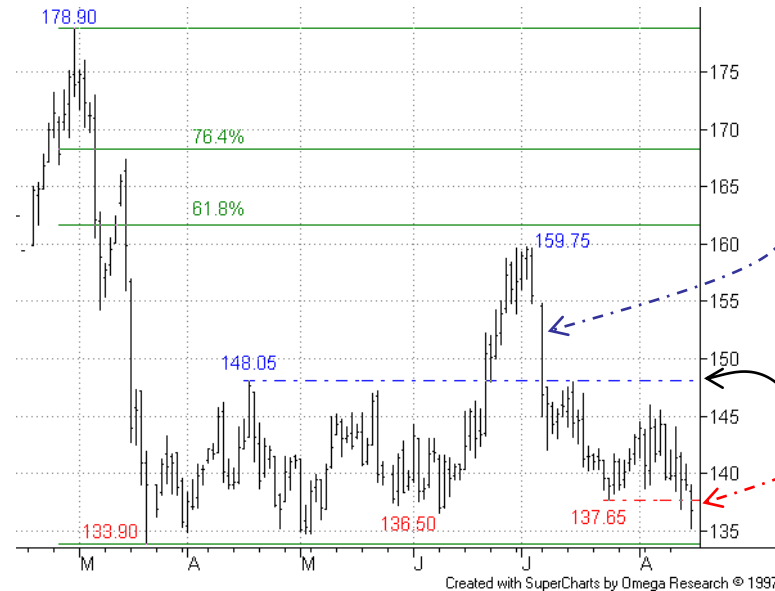
- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

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

### Other

- + Orange Juice
- + CRB Index



### Daily Chart – Dec-08:

Recovery out of a base formation was short-lived.

We keep in mind the long term inverse Head and Shoulders on the monthly chart which can still favours medium/long term bulls, but note that a failure of the 133.90 Mar low would confirm that another bear leg was well underway.

Meanwhile last week's drop through 137.65 24-Jul low is the latest bear sign.

At this stage a recovery back through the 148.05 area would be required to shake off the bulls' blues.

We adopt a bearish stance now.

More



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

### Summary

### Energy

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

### Metals

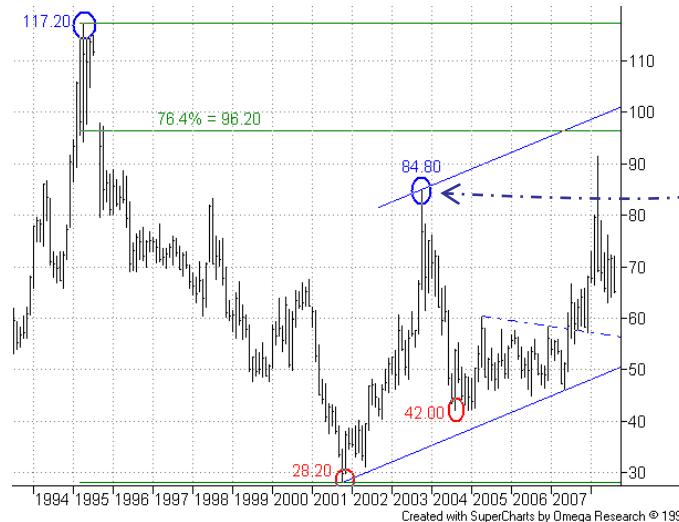
- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

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

### Other

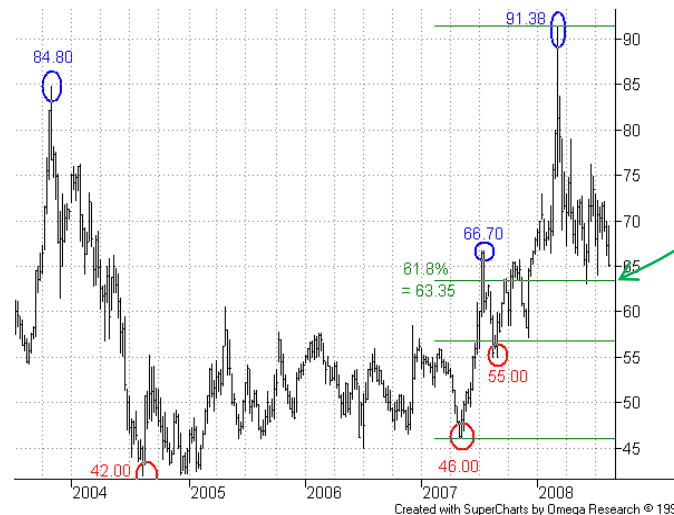
- + Orange Juice
- + CRB Index



### 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 strong slip back finally found support on the continuation chart from the 61.8% level, around 63.35 on the continuation chart.

Now look at the weekly chart of the front month...



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

### Summary

### Energy

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

### Metals

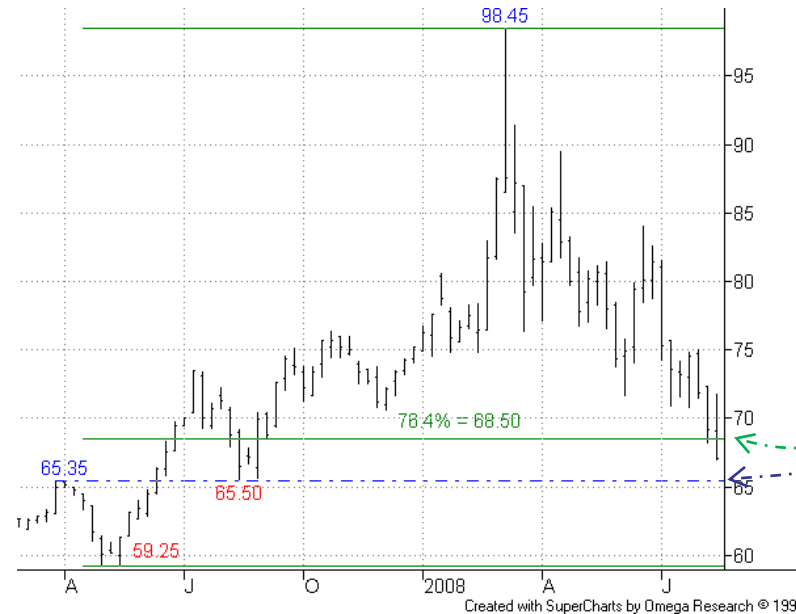
- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

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

### Other

- + Orange Juice
- + CRB Index



### Weekly Chart – Dec-08:

On this chart the market has slipped back to erode the 76.4% level of the upmove from the May-07 59.25 lows.

Still the chance of a residual effect from this retracement level but now keep in mind the 65.35 Apr-07 high, which provided support later that year.



## 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 – Dec-08:

The market has continued to disappoint those seeking a rebound.

The falling support line has now been tested.

We still note the positive divergence on the RSI indicator, justifying staying on the alert for a recovery attempt.

A rally and close above 75.00 is still needed to provide an initial bull signal.

We hold a neutral stance for now.



## Other

The **Orange Juice** chart remains bearish, with supports still failing. The **CRB index** chart recently completed a final upleg, and is now seen as medium term bearish.

### Summary

#### Energy

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

#### Metals

- + Gold
- + Silver
- + High Grade Copper

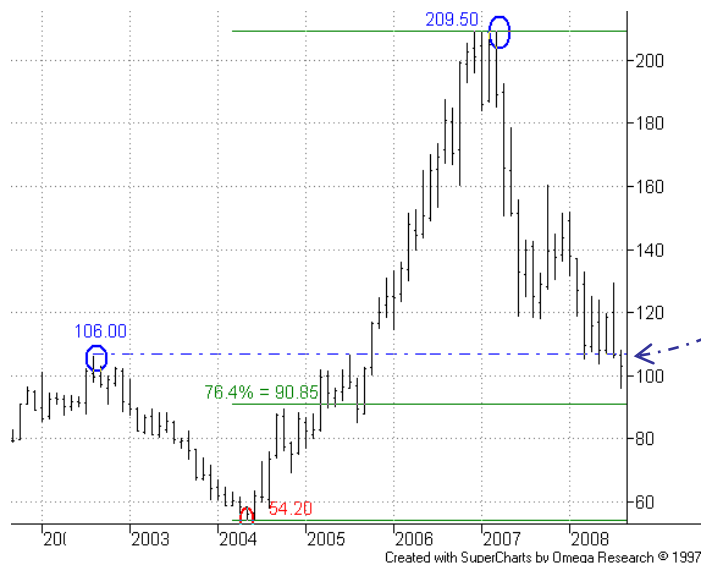
#### Grains and Softs

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

#### Other

- + Orange Juice
- + CRB Index

### Other: Orange Juice (ICE)

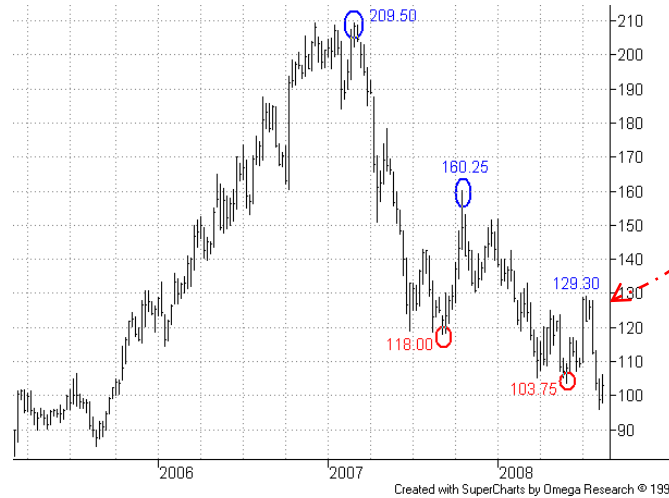




## Other: Orange Juice (ICE)

### Weekly Chart – Continuation:

The recovery off 103.75 May low was, in the end, disappointing.



#### Summary

#### Energy

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

#### Metals

- + Gold
- + Silver
- + High Grade Copper

#### Grains and Softs

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

#### Other

- + Orange Juice
- + CRB Index

More



## Other: Orange Juice (ICE)

### Summary

### Energy

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

### Metals

- + Gold
- + Silver
- + High Grade Copper

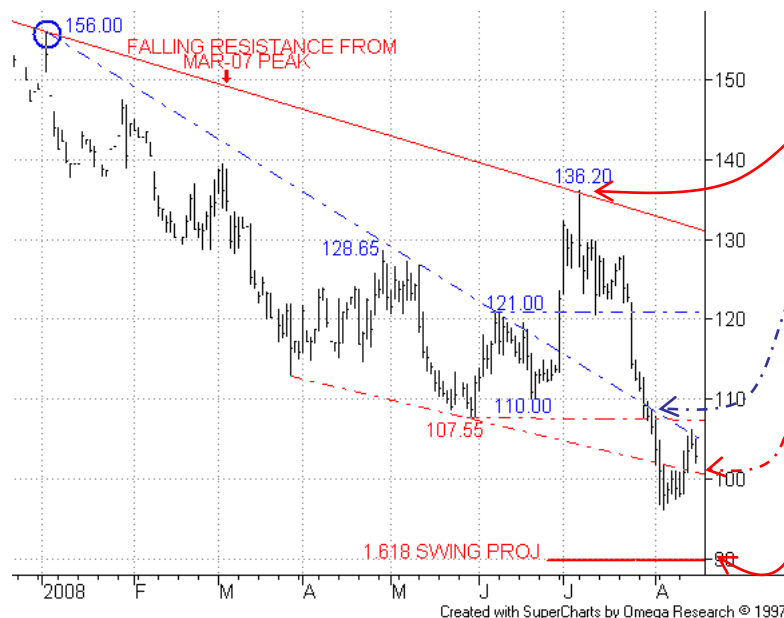
### Grains and Softs

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

### Other

- + Orange Juice
- + CRB Index

### Daily Chart – Sep-08:



Failure at the long term falling resistance line from the Mar-07 peak was decisive.

The picture has become increasingly bearish after breaks of support from 121.00 06-Jun high, the falling old resistance/return line near 109.00 and now, the recent falling support line.

The next downside target remains **89.85**, 1.618 swing target off prior 107.55-136.20 recovery (this lies not far from the 90.85 76.4% level on the monthly chart).

Initial resistance is now offered by the 107.55 29-May low.

We maintain a bearish stance now.





## Other: CRB Index (CBOT)

### Summary

### Energy

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

### Metals

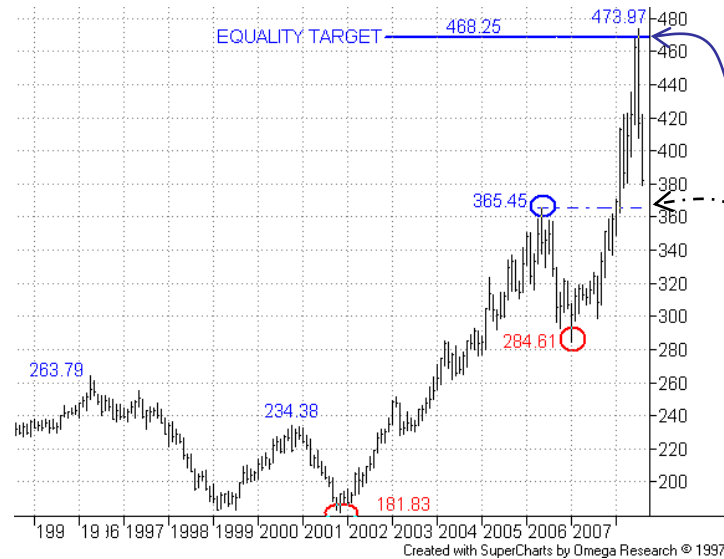
- + Gold
- + Silver
- + High Grade Copper

### Grains and Softs

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

### Other

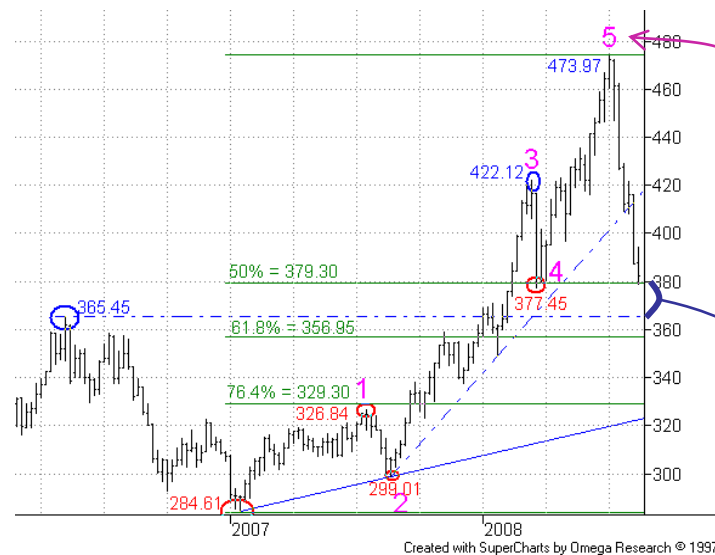
- + Orange Juice
- + CRB Index



### Monthly Chart – Continuation:

The strong recovery from the early 2007 284.61 low reached the '181.83-365.45' equality target off 284.61 low, at **468.25**.

First major support here is the 365.45 May-06 peak.



### Weekly Chart – Continuation:

For many weeks we had wondered if the last upleg, from 377.45 Mar low, was a final, 5<sup>th</sup> wave.

**This looks to be right, and a medium term bear phase is now implied...**

All eyes on the 379.30/365.45 support area – now being neared.

More



## Other: CRB Index (CBOT)

### Summary

### Energy

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

### Metals

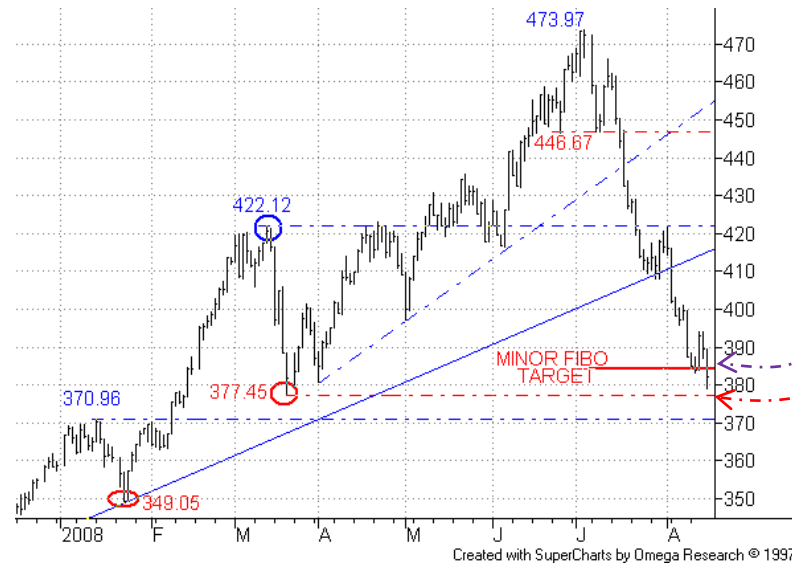
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### Grains and Softs

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

### Other

- + Orange Juice
- + CRB Index



### Daily Chart

S/term recovery has remained elusive here.

Our small Fibo projection around 384.75 seemed to work for a few days, but now the base of the final upleg of the previous bull phase, at 377.45, is under threat.

(Also keep in mind the 365.45 May-06 high as potential support)

First resistance of note to any rebound could come from the old rising support/return line around 416.00 currently.

We maintain a bearish stance now, with no sign of bear fatigue showing.



## SEVEN DAYS AHEAD

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