Commodity Weekly Technicals

Tuesday, 28 January 2014

Technical Outlook

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For important disclosure information please see end of the document.

Technical Outlook

Market	Short term view (1-3 weeks)
S&P GSCI TR Index:	Market upside corrective, but looking for failure ahead of the 200 day ma at 4790
NYMEX Light Crude Oil:	Rally has reached the 5 month downtrend and we favour failure
ICE Brent Crude Oil:	Rally from uptrend has been short lived
NYMEX Heating Oil:	Market has failed at the top of the range at 3.20..
ICE Gasoil:	Market has rebounded to its 55 day ma – outlook remains neutral.
NYMEX Natural Gas:	Acceleration higher over-extended but market remains bid above 4.50.
RBOB Gasoline:	Consolidating, but maintain a negative bias
LME Copper:	Market easing back from the 2011-2014 resistance line at 7382.
LME Aluminium:	Negative bias while market capped by the 1835 2011-2014 downtrend
LME Nickel:	Rally has failed at tougher resistance 14880/15520 and headed back into its range
LME Zinc:	Several failures have been seen at 2100 and market is easing lower
ICE ECX Emissions Dec 2014:	Rally approaching the 2008-2013 downtrend, looking for it to stall there
Phelix January 2014:	Market is sidelined below the 4 month downtrend and 55 day ma at 36.94/37.03.

S&P GSCI Total Return Index

Market upside corrective, but looking for failure ahead of the 200 day ma at 4790

- The S&P GSCI Total Return Index continues to grind higher following the recent failure to maintain its initial break of the 2009-2014 uptrend. Rallies should find resistance at 4790/4805, the 200 day ma and the 38.2% retracement of the same move. We would expect to see the market struggle here – the current Elliott wave count on the 240 minute chart is implying failure here. Should this not be seen we will have to allow for a slightly deeper retracement (4820/45), this is the 78.6% retracement of the move down from the December peak.

- Failure here should see the recent low at 4615 retested. A close below 4615 (recent low) would be negative and target initially the 4493.50 2013 low. Failure here will target 4442/47, the 50% retracement of the move from the 2009 low to the 2011 high and the 78.6% retracement of the move from 2012. This represents our medium term downside target.

S&P GSCI Total Return Index Daily Chart

Source: CQG Inc. © 2014 All rights reserved worldwide. http://www.cqg.com Tue Jan 28 2014 10:23:31

S&P GSCI Total Return Index weekly

Market has not sustained the initial break of the 2009-2014 uptrend, may have seen a false break

 Mon Jan 27 2014 11:05:36

Nymex Light Crude Oil

Rally has reached the 5 month downtrend and we favour failure

- WTI crude oil has seen its corrective rebound from its short term target/key band of support offered by the 200 week ma, the 78.6% retracement of the move from April 2013 and June 2013 low at 92.56/91.26. This has now reached the 5 month resistance line at 97.78, directly above here lies the 200 day ma at 98.99 and we would allow for initial failure.

- Rallies should struggle on moves to here and should be contained by the 100.75 December high.

- A slide below 93.45 should be enough to alleviate upside pressure and concentrate attention on to the 91.26/30 Fibonacci retracement and June low. Failure here will target the 2010-2014 uptrend at 87.12. This is expected to hold the initial test and should provoke reversal.

- Slightly longer term we are neutral to slightly negative and we are alert to the idea that this trendline is eroded. Below 87.12 will target the base of the 2 year range at 77.28.

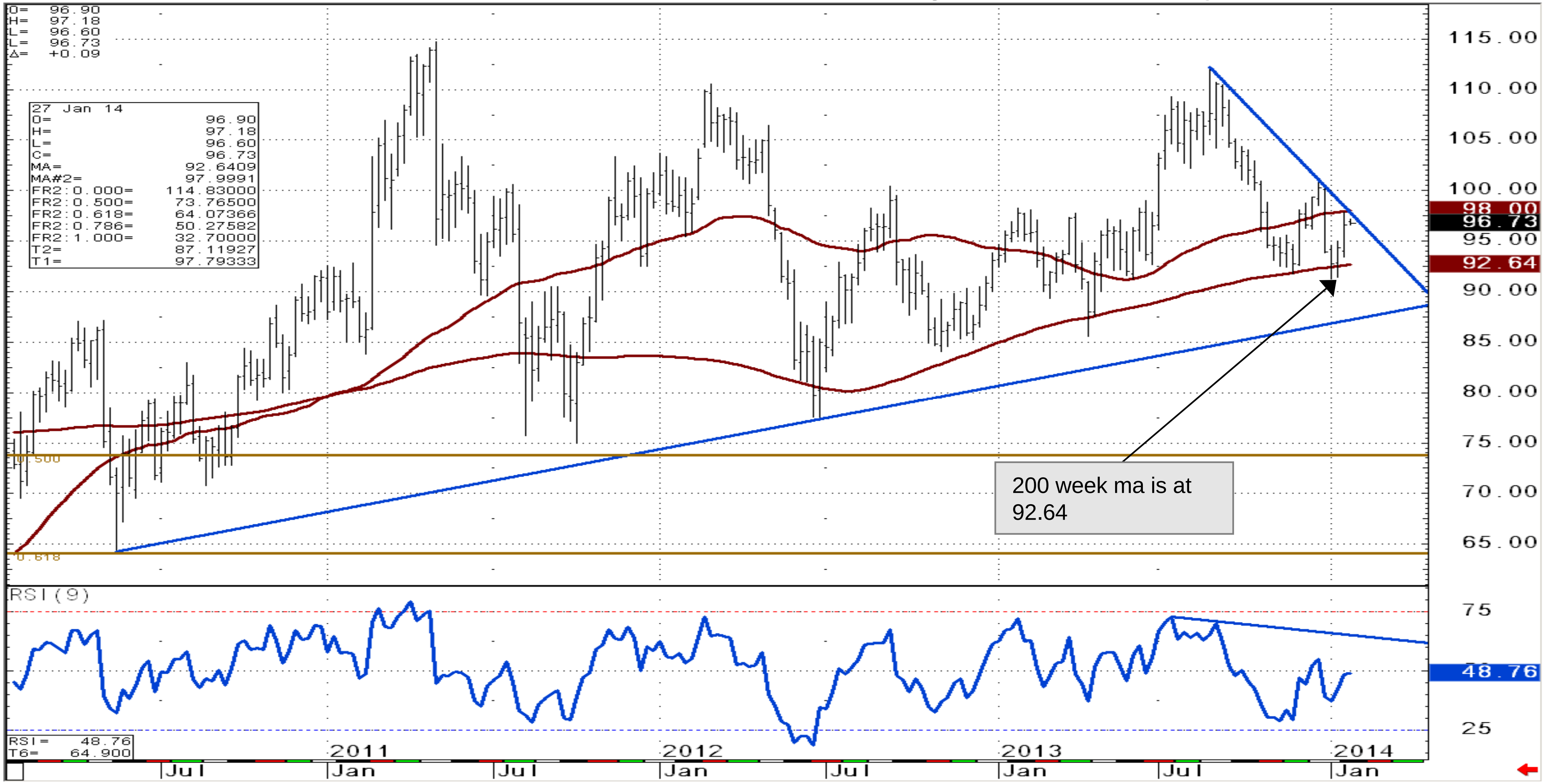
NYMEX Light Crude Oil Daily Continuation Chart

Source: CQG Inc. © 2014 All rights reserved worldwide. http://www.cqg.com Tue Jan 28 2014 10:35:35

NYMEX Light Crude Oil

200 week ma at 92.64

NYMEX Light Crude Oil Weekly Continuation Chart



Mon Jan 27 2014 11:24:22

ICE Brent Crude Oil

Rally from uptrend has been short lived

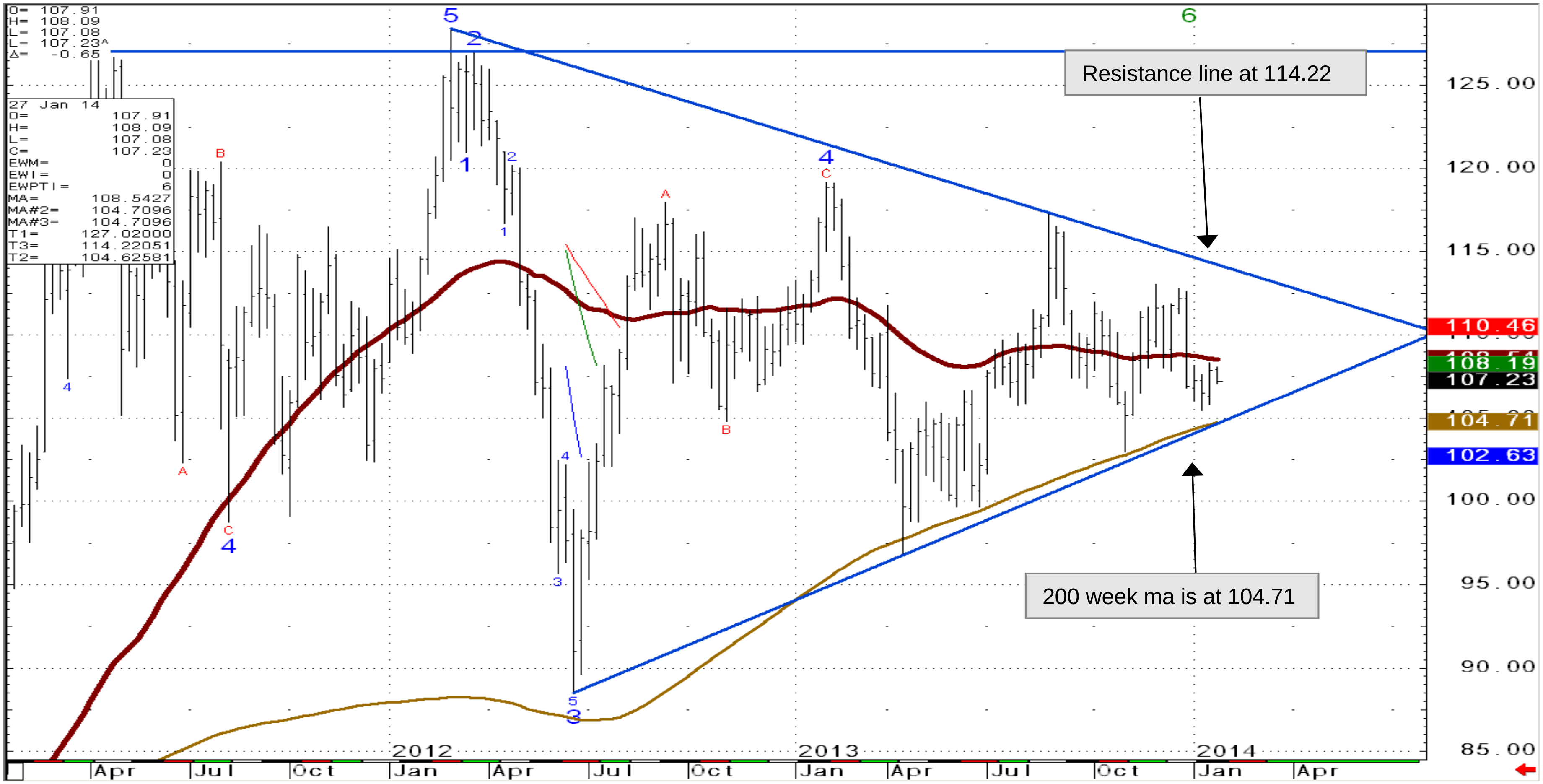
- Brent crude Oil has seen a very minor bounce from the 105.12/33 region (78.6% retracement and the 9 month support line). The market has seen only a tepid rebound, which has yet to tackle the 200 day ma at 108.94. We suspect that the market may stall here.
- Above 109.00 the recent highs at 112.80/113.02 are expected to cap the topside.
- Below 105.12 we note directly below here lies the 104.63 200 week ma and the 104.71 2012 to 2014 uptrend. This is highly likely to hold the initial test and we would exit remaining shorts.
- We are longer term negative and a close below 104.63 is expected to act as the break down point to the 102.98 November low and longer term to the 96.75 2013 low.
- Key resistance is the 114.22 2012-2014 resistance line.

ICE Brent Crude Oil Daily Continuation Chart

Source: CQG Inc. © 2014 All rights reserved worldwide. http://www.cqg.com Tue Jan 28 2014 10:51:17

ICE Brent Crude Oil - Weekly

Attention reverts to the 200 week ma at 104.71



Mon Jan 27 2014 11:53:43

Brent Vs Crude Oil weekly

Failing ahead of the 19.55 2011-2014 resistance line

Mon Jan 27 2014 11:54:33

NYMEX Heating Oil

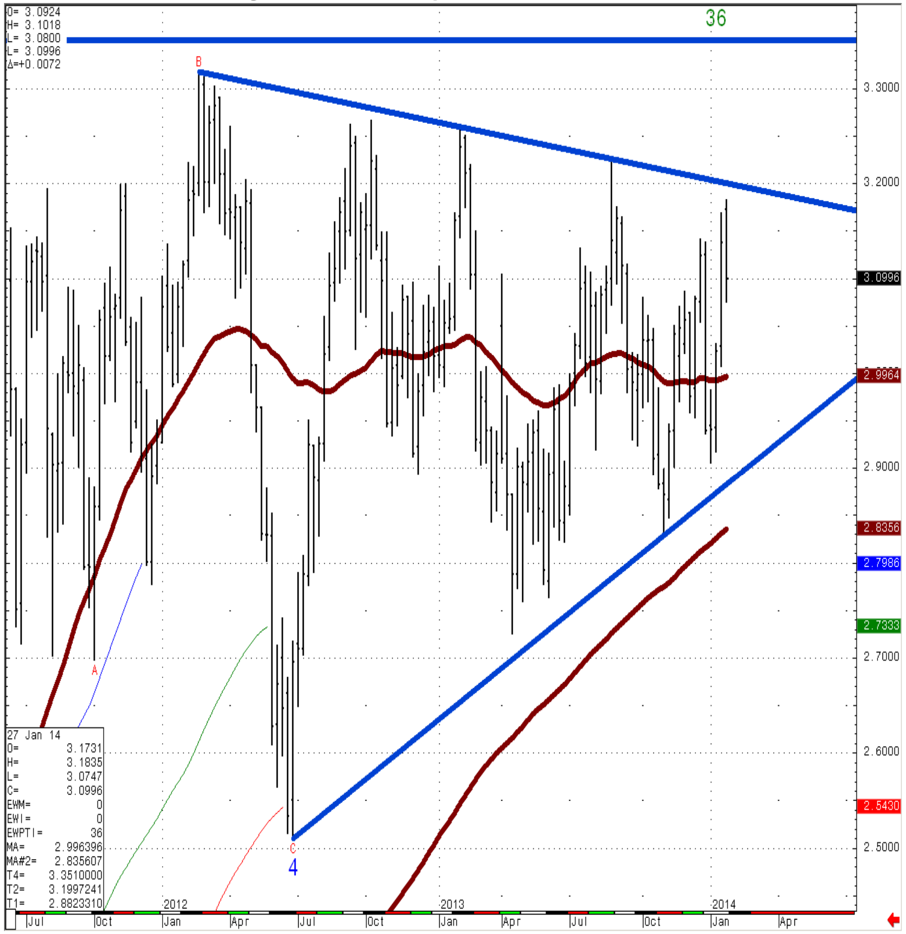
Market has failed at the top of the range at 3.20.

- NYMEX Heating Oil has maintained upside pressure and is approaching the 2012-2014 resistance line at 3.20, this has held the initial test and provoked failure. This continues to act as the break up point to the 3.33 April 2011 high.

- While capped by 3.20 the large trading range will prevail. While capped here the risk is that we slide back towards the 2012-2014 support line at 2.8823 and directly below here lies the 200 week ma at 2.8359 and 2.8222/85 represents the October 2013 low – this band remains a major break down point.

- The market is at the top of a large range and is neutral medium to longer term while within the range.

NYMEX Heating Oil Weekly Continuation Chart



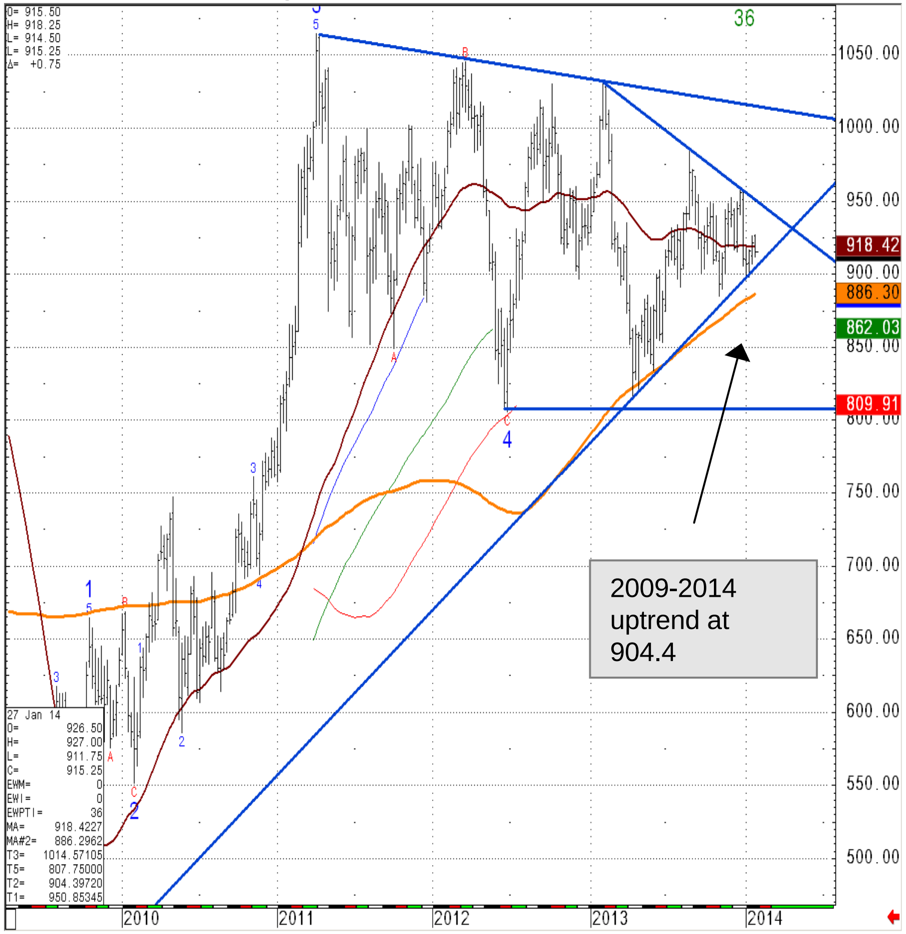
 Tue Jan 28 2014 10:52:16

ICE Gasoil

Market has rebounded to its 55 day ma – outlook remains neutral.

- ICE Gasoil no change, the market continues to hold and rebound from the 2009-2014 uptrend, this is located at 904.40. The rebound has reached the 55 day ma at 925.20 and stalled here - above here will merely neutralise the outlook.
- A close above 925.20 would introduce scope to retest the 950.85 2013-2014 resistance line (current location).
- So far this the market has been well contained within its converging range, We favour failure and a sell off back to the 2009-2014 support line at 902.22. This guards the more important 200 week ma at 886.33.
- Slightly longer term, the market is range bound in a very large range – initial parameters are 886/1014.60 and within this range the market is neutral. Key support is regarded as the 200 week ma at 885.20 and failure here will be needed to target the 815.50 April low.

ICE Gasoil weekly Continuation Chart



Source: CQG Inc. © 2014 All rights reserved worldwide. http://www.cqg.com Tue Jan 28 2014 10:54:00

NYMEX Natural Gas

Acceleration higher over-extended but market remains bid above 4.50.

› Natural Gas has seen an aggressive rally higher – this has become somewhat over-extended in the near term, however while above 4.50 we will assume an upside bias. Currently the Elliott wave count is suggesting the pullback will terminate circa 4.55/54.

› Initial upside target is 5.67/68, which is an equality measurement taken from the April 2012 low to the April 2013 high, projected from the August 2013 low. This is an interim target en route to the 6.11 January 2010 high.

› Below 4.50 would imply a return visit to the 4.07 previous 2010-2013 downtrend.

NYMEX Natural Gas Daily Continuation Chart

Source: CQG Inc. © 2014 All rights reserved worldwide. http://www.cqg.com Tue Jan 21 2014 08:19:54

NYMEX RBOB Gasoline

Consolidating, but maintain a negative bias

- RBOB Gasoline continues to hold above the 2.5882 support and we continue to look for a deeper rebound near term. However rallies are expected to be quite limited which will essentially leave the outlook unchanged – to leave the market exposed on the downside.
- We look for rallies to remain capped by the 55 week ma at 2.8434 and while capped here, the market will remain on the defensive. Nearby support is offered by 2.5882. This guards the more important 2.50 down to 2.4440 support, the November 2011 low.
- Longer term please note that the market has been contained in a converging range for some time (years). A close below 2.4440 will introduce scope for a target sub 2.000 longer term.
- We would expect price to struggle on rallies to 2.7222 and be contained by the 55 week ma at 2.8434. While capped here ma negative bias exists.

RBOB Gasoline Weekly Continuation

Tue Jan 21 2014 08:30:14

LME Copper

Market easing back from the 2011-2014 resistance line at 7382.

- LME Copper continues to ease back from key resistance offered by the 2011-2014 resistance line at 7382. The market will need to fall back below the 200 day ma at 7150 and the 6 month uptrend at 7047 in order to alleviate immediate upside pressure. We suspect that the market lacks the impetus to break higher and is just sidelined to lower for now.
- We will have to neutralise our outlook. While capped 7382-7534 (May 2013 high) then the late July low at 6721 will continue to be targeted while no daily chart close above the May peak at 7534 is seen. Below 7047 initial support is the recent low at 6910/14 – this is also the 61.8% retracement.
- A daily close above 7534 however would mean a continuation of the August advance and target the 61.8% Fibonacci retracement at 7680 and introduce potential for the 200 week ma at 7960.
- Failure at 6721 will shift attention back to major support at 6635/02 (October 2011 low, 50% retracement of the move up from 2008 to 2011 and June trough).
- Below 6635/02 would trigger another leg lower to 6037.50, the low seen in 2010.

LME Copper Weekly Chart

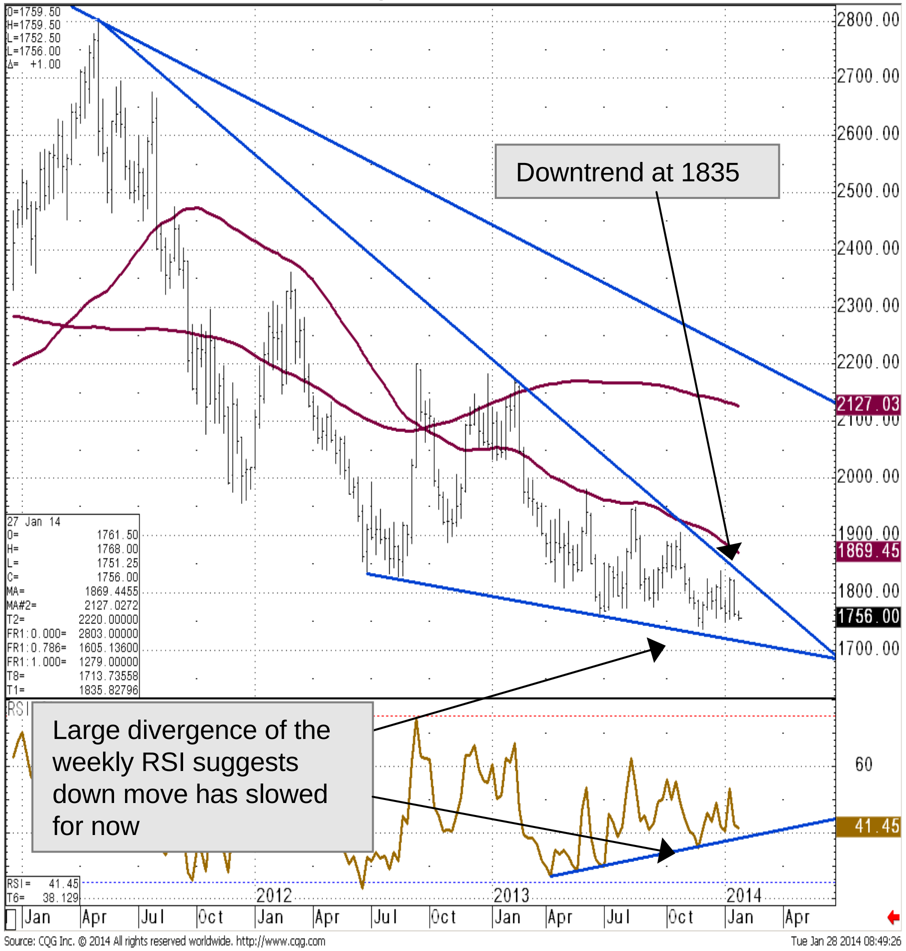
Tue Jan 28 2014 08:27:06

LME Aluminium

Negative bias while market capped by the 1835 2011-2014 downtrend

- LME Aluminium remains on the defensive and continues to weigh on the downside, while capped by the 1835 2011-2014 downtrend.
- Stabs lower are expected to hold circa the recent low of 1736 and the 2012-2014 support line at 1714 as this was accompanied by a major divergence of the weekly RSI. This reflects a severe loss of downside momentum and we suspect that the down move is in its end phase.
- We therefore suspect that we will see further lower to sideways ranging. Additional resistance is offered by the 200 day ma at 1830. This suggests that the market is not ready to break higher yet and we would allow for a retest of the 1736 recent low and possibly the 1712 2012-2014 support line.
- Directly above the market we have the 55 week ma at 1870 and the 1949/81 August and June highs and only if these were overcome would the chart picture alter enough to become more positive.
- While capped by this resistance the chart remains neutral to slightly negative. However the market may be attempting to base – to confirm this view a close above the 55 week ma is needed.

LME Aluminium Weekly Chart

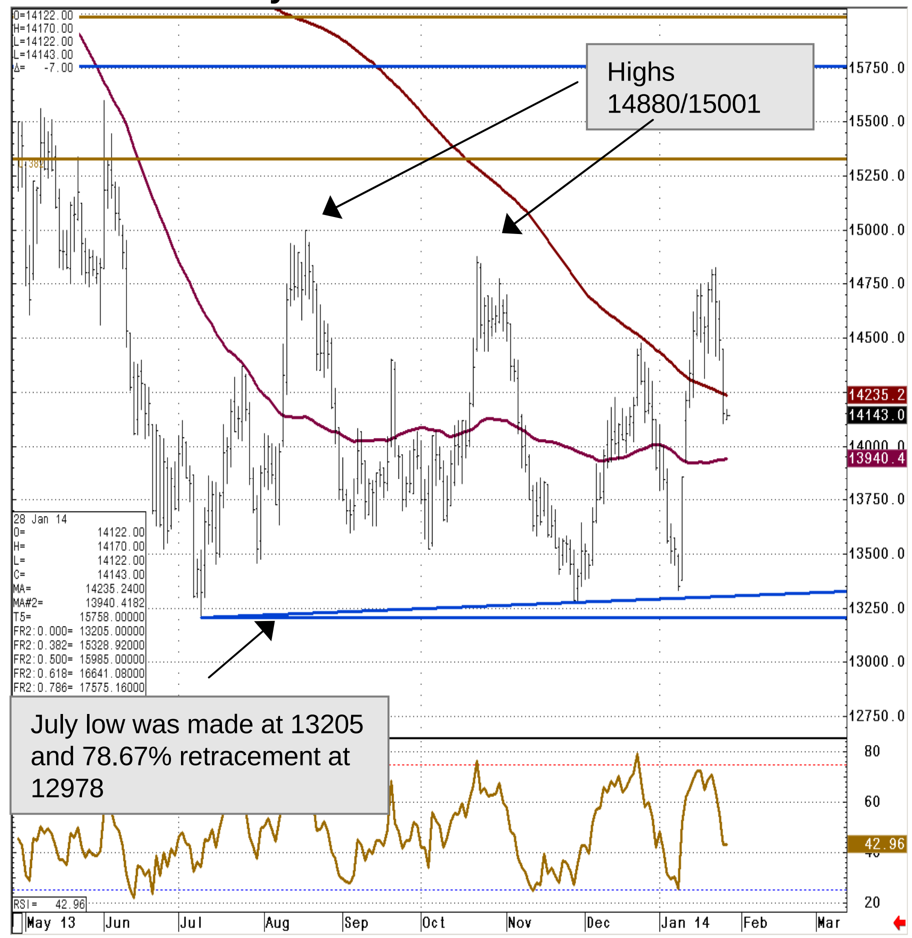


LME Nickel

Rally has failed at tougher resistance 14880/15520 and headed back into its range

- LME Nickel has rallied to and failed at the top of the 6 month range at 14880/15001 and the market has headed back into the range, very near term it is under pressure in its range. **Rallies will need to clear the 15001 August high AND the 15520 2012-2014 downtrend to negate downside pressure**. It is possible that the market is attempting to base from a longer term perspective and while the 12978 support holds we are neutral.
- A weekly close above 15520 would see a rally towards the 17224, 23.6% retracement of the move down from 2011.
- Major support remains 13205, the 2013 low and the 12978 78.6% retracement of the 2008-2011 rise. This could very well continue to hold the downside short term.
- A weekly close below 12978 will push the 12844 April 2009 high and then the 11925 mid-May 2009 low into the picture.

LME Nickel Daily Chart



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Tue Jan 28 2014 09:25:48

LME Zinc

Several failures have been seen at 2100 and market is easing lower.

- LME Zinc while we were somewhat surprised to see the market fail at 2100 and again sell off towards the 2000 level it essentially leaves our outlook still unchanged. The Elliott wave count is suggesting that the retracement should terminate circa 1987/58 and then rally to the 2142/78.6% retracement of the move down from the 2013 high.
- Above here will introduce scope to the 2230 the 2013 high. Key resistance is the 2009-2014 downtrend located at 2246.
- Key support is the 2010-2014 uptrend at 1858 followed by the more shallow 1807 2011-2013 support line.
- The market is currently bid in its range, but is expected to struggle at 2230/50 and remain capped there to leave the overall longer term outlook still neutral.

LME Zinc Weekly Chart

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Tue Jan 28 2014 09:51:19

ICE ECX Carbon Emissions Dec 2014

Rally approaching the 2008-2013 downtrend, looking for it to stall there

- December 2014 ICE ECX Carbon Emissions have spiked higher today to 5.94 and scurried back lower, the spike is exhaustive and we are highly likely to see a reaction lower. The up move is likely to struggle here we have the twin perils of the 6.06 September 2013 high AND the 6.13 2008-2014 down trend – this is highly likely to hold the initial test.

- We would allow for a retracement to the 5.23/5.07 region (the 50% and 61.8% retracements). The market has recently spent some time base building circa 4.50. In this vicinity we find both the 200 day ma at 4.62 and the 4.33/50% retracement of the move seen this year and we continue to view this as the short term floor for the market..

- A weekly CLOSE above 6.13 is needed to confirm the trendline break. The market will then face tough resistance extending to 7.00. There is the April 2012 low at 6.97 and the 23.6% retracement of the move down from the 2008 peak at 7.00.

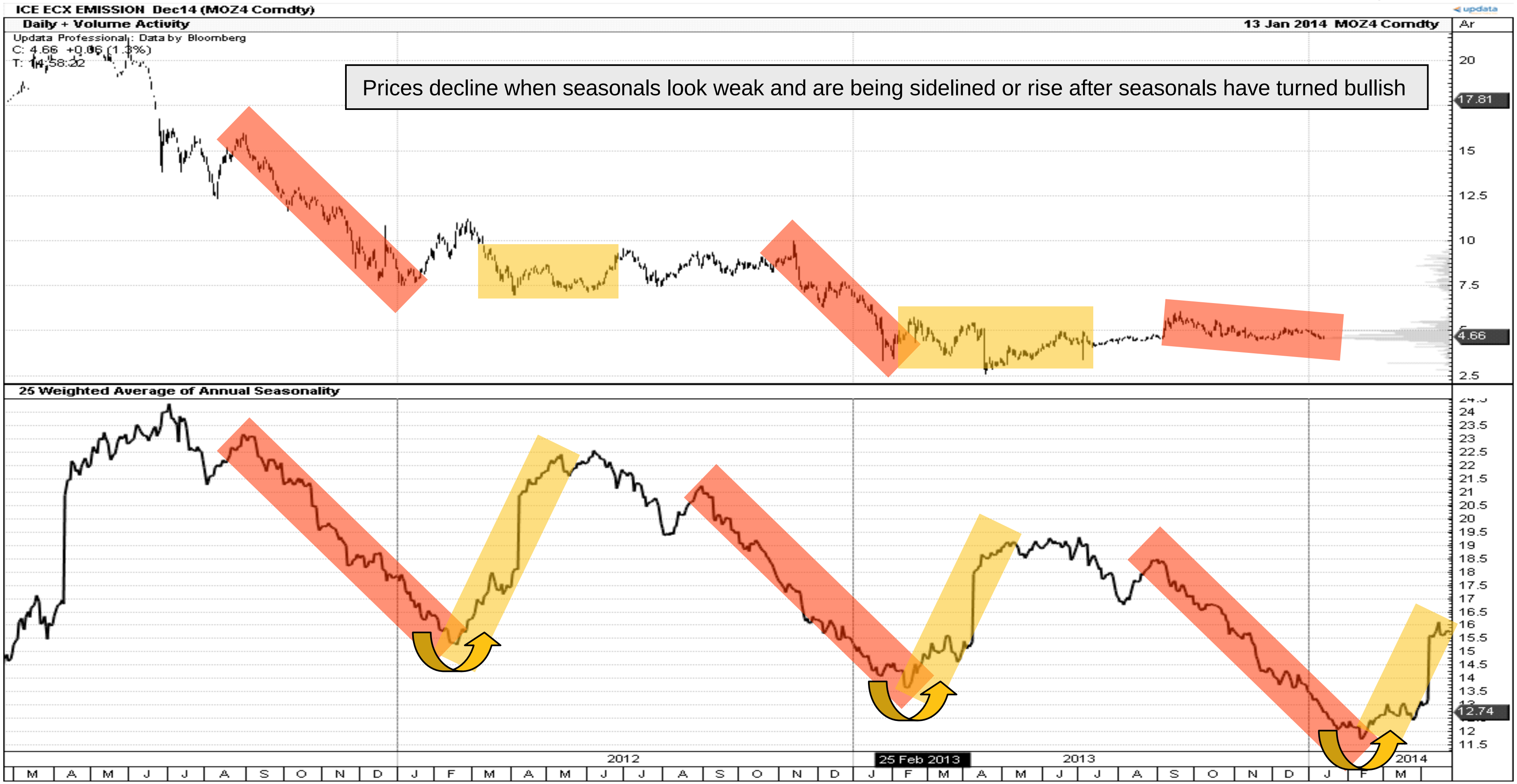
ICE ECX Carbon Emissions Dec 2014 Weekly Chart

Source: CQG Inc. © 2014 All rights reserved worldwide. http://www.cqg.com Tue Jan 28 2014 10:12:27

December 2014 Carbon Emissions – Price and Seasonality Chart

Seasonality points to prices stabilising/rising during the first half and falling in the second half of the year

December 2014 Carbon Emissions – Price and Seasonality Charts



Phelix January 2014

Market is sidelined below the 4 month downtrend and 55 day ma at 36.94/37.03.

- The Phelix Jan 2014 contract is consolidating below its 4 month downtrend and 55 day ma at 36.94 and 37.03. The market is sidelined below here and while capped here we remain unable to rule out stabs lower.
- A CLOSE above here is needed to introduce upside scope to the 37.71 200 day ma.
- While capped by the 55 day ma at 37.03 we will consider that risks remain on the downside.
- Below 35.80, we will have to rely on Fibonacci extensions and point and figure in order to offer potential targets. Below 35.80 the first of our targets is 35.28, the equality measurement of the move down from September to October taken from the November peak. Beyond this we have 35.10/00, which is a point and figure target taken from the 60 minute chart.

Phelix January 2014 Daily Chart

Additional Information

S&P GSCI

The S&P GSCI is world-production weighted; the quantity of each commodity in the index is determined by the average quantity of production in the last five years of available data. Such weighting provides the S&P GSCI with significant advantages, both as an economic indicator and as a measure of investment performance.

For use as an economic indicator, the appropriate weight to assign each commodity is in proportion to the amount of that commodity flowing through the economy (i.e., the actual production or consumption of that commodity). For instance, the impact that doubling the price of corn has on inflation and on economic growth depends directly on how much corn is used (or produced) in the economy.

From the standpoint of measuring investment performance, production weighting is not only appropriate but also vital. The key to measuring investment performance in a representative fashion is to weight each asset by the amount of capital dedicated to holding that asset. In equity markets, this representative measurement of investment performance is accomplished through weighting indices by market capitalization.

For commodities, there is no direct counterpart to market capitalization. The problem is that commodities, and the related price risks, are held in a variety of ways – long futures positions, over-the-counter investments, long-term fixed price purchasing contracts, physical inventory at the producer, etc. - making a complete accounting of capital dedicated to holding commodities from the time they are produced to the time they are consumed infeasible. A simple way to achieve a close analogue to true market capitalization, abstracting from differences in inventory patterns, is to note that the net long position of the economy is proportional to the quantity produced - hence, production weighting.

The S&P GSCI Total Return Index measures the returns accrued from investing in fully-collateralized nearby commodity futures;

Other technical analysis reports we publish are:

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Wednesday:	**Daily Market Technicals (FX), Commodity Currencies Weekly Techn., Strategic Technical Themes;**
Thursday:	**Daily Market Technicals (FX), Asian Currencies Weekly Technicals;**
Friday:	**Daily Market Technicals (FX), Fixed Income Weekly Technicals.**

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