

Commodity Weekly Technicals

Tuesday, 11 February 2014

Technical Outlook

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Technical Outlook

Market	Short term view (1-3 weeks)
S&P GSCI TR Index:	Market has eroded the 200 day ma, but struggling to maintain upside pressure
NYMEX Light Crude Oil:	Rally is again approaching the 100.75 December high – the risk has increased for a break higher
ICE Brent Crude Oil:	Strong rebound suggests further recovery BUT looking for 112.80/113.94 to hold the topside
NYMEX Heating Oil:	Looking for dips to hold above the 55 and 200 day ma
ICE Gasoil:	Market has not sustained the break of the 2009-2014 908.73 uptrend and is back in its range.
NYMEX Natural Gas:	Move lower will ideally stabilise 4.55/50
RBOB Gasoline:	Consolidating, and capable of re-challenging the 55 week ma at 2.8398
LME Copper:	Market continues to weaken following recent failure at the 2011-2014 resistance line at 7343.
LME Aluminium:	New 4 year lows, target 1605/78.6% retracement.
LME Nickel:	Rally has recently failed at tougher resistance 14880/15520 and is back in middle of range.
LME Zinc:	Has rebounded from the 55 week ma at 1944 and should attempt to recover further
ICE ECX Emissions Dec 2014:	The market has eroded the 2008-2013 downtrend and target 6.97/7.00

S&P GSCI Total Return Index

Market has eroded the 200 day ma, but struggling to maintain upside pressure

- › The S&P GSCI Total Return Index has managed to clear the 200 day ma but is already looking a little tired. The Elliott wave count on the 240 minute chart is also implying failure here circa 4850/53. We look for a slide back to the 4615 January low.
- › 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.
- › Above 4853 (Fridays high) we will have to allow for a slightly deeper retracement (4865), this is the 50% retracement of the move down from the August peak and possibly the 4908 end of December peak.

S&P GSCI Total Return Index Daily Chart



S&P GSCI Total Return Index weekly

Market is trading back at the 55 and 200 week ma at 4820/32



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Mon Feb 10 2014 09:19:04

Nymex Light Crude Oil

Rally is again approaching the 100.75 December high – the risk has increased for a break higher

- › WTI crude oil's held over the 55 day ma at 96.36 and saw another topside attempt. The market has once again approaching the 100.75 December high and the risk has increased for a break above here. A close above the 100.75 December high would introduce scope to the 104.20/38 October high and the 61.8% retracement of the move down from August. Above here would target the 107.75/78.6% retracement.
- › The market is now bid while above the 96.36 55 day ma. Failure at 96.36 55 day ma would trigger losses to the recent low at 91.30/24, where we suspect that the market will once again hold. The 91.30/24 band represents the January and June low and Fibonacci retracement.
- › Short term Elliott wave counts have turned more positive and while we would allow for a move to 107.75 and possibly even 110/112. We have little to suggest that a move will be sustained beyond here.

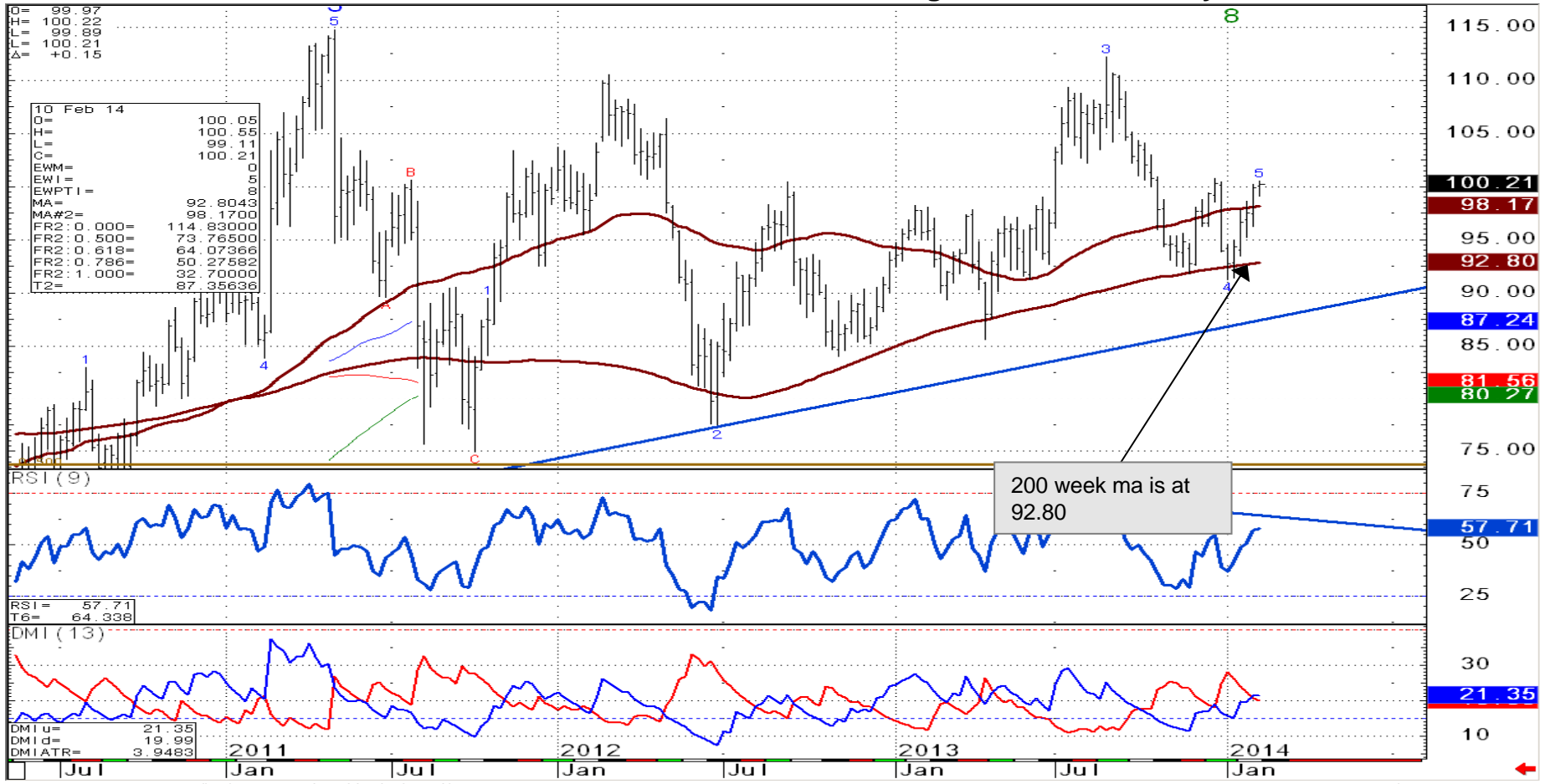
NYMEX Light Crude Oil Daily Continuation Chart



NYMEX Light Crude Oil

200 week ma at 92.80

NYMEX Light Crude Oil Weekly Continuation Chart



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Tue Feb 11 2014 08:21:01

ICE Brent Crude Oil

Strong rebound suggests further recovery BUT looking for 112.80/113.94 to hold the topside.

- › Brent crude Oil saw has seen a very strong bounce off the 105.12/75 region (78.6% retracement and the 9 month support line) and this has introduced scope to the 111.21 resistance line and potential to the recent highs at 112.80/113.02, which are again expected to cap the topside.
- › Near term a slide back below the 200 day ma at 107.94 is needed to alleviate immediate upside pressure and cast attention back to 105.12. Below 105.12 we note directly below here lies the 104.95 200 week ma and the 105.01 2012 to 2014 uptrend. This is major support and it is possible that this will again hold the downside. However downside risks have increased.
- › We change our longer term bias to neutral. Only a close below 104.94 would 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 113.94 2012-2014 resistance line (see weekly chart on the next slide..)

ICE Brent Crude Oil Daily Continuation Chart



ICE Brent Crude Oil - Weekly

In middle of large range 104.95-113.94



Brent Vs Crude Oil weekly

Failing ahead of the 19.41 2011-2014 resistance line, expected to narrow further



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Tue Feb 11 2014 08:24:41

NYMEX Heating Oil

Looking for dips to hold above the 55 and 200 day ma

- › NYMEX Heating Oil, please note that we are using an adjusted continuation chart as the rollover has a large gap. Referring to this chart, there is no change - the market is in the middle of a large contracting range bordered by 2.80 and 3.21. Near term it has stalled at 3.0610, the high from the end of December but while dips lower hold over the 55 and 200 day ma at 2.9707 and 2.9372 it is still bid in its range.
- › It is capable of challenging the 2012-2014 resistance line at 3.21, this continues to act as the break up point to the 3.33 April 2011 high.
- › While capped by 3.21 the large trading range will prevail. While capped here the risk is that we slide back towards the 2012-2014 support line at 2.80 and directly below here lies 2.7775 November low.
- › The market is neutral medium to longer term while within the range.

NYMEX Heating Oil Adjusted Daily Continuation

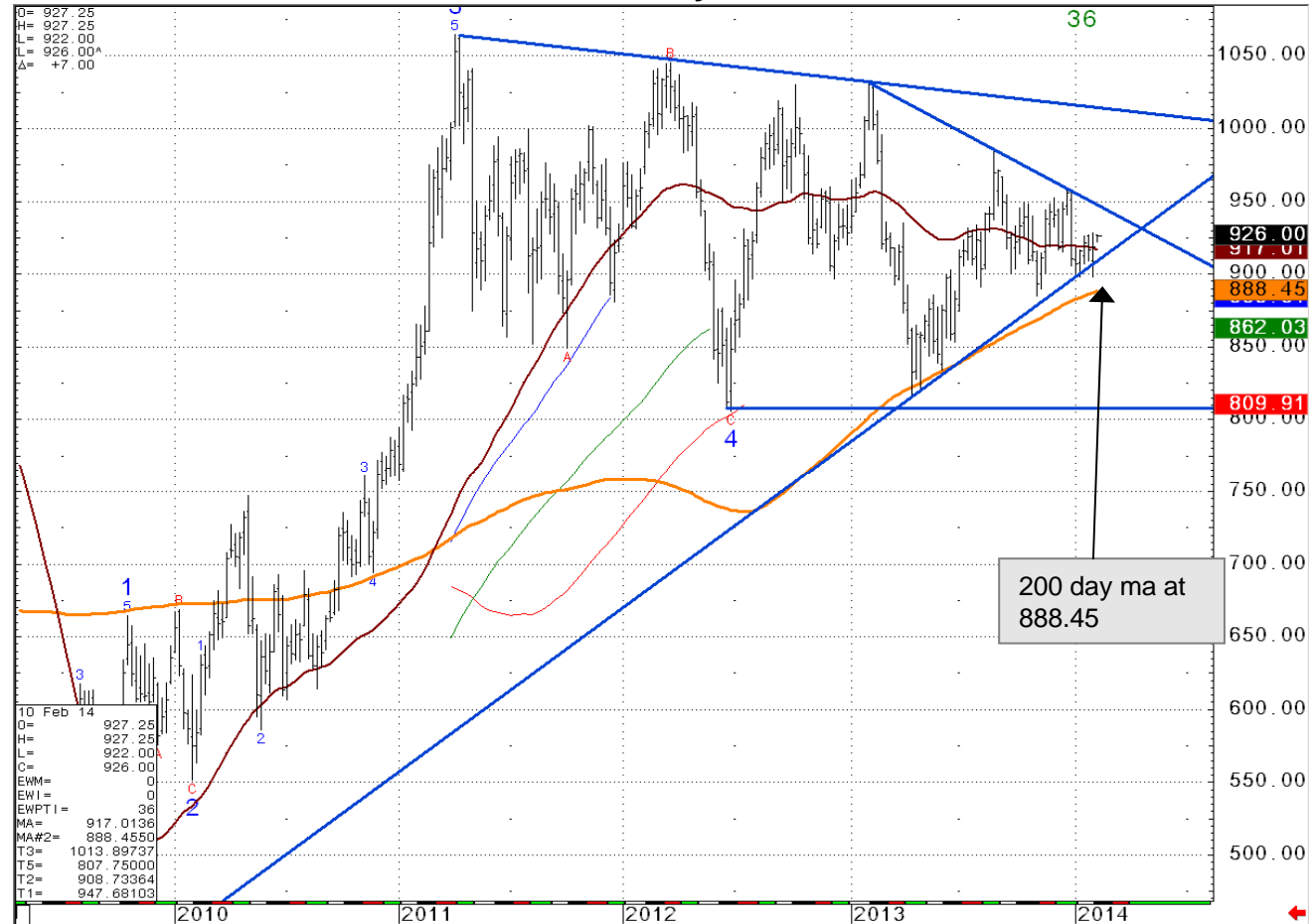


ICE Gasoil

Market has not sustained the break of the 2009-2014 908.73 uptrend and is back in its range.

ICE Gasoil weekly Continuation Chart

- › ICE Gasoil has eroded the 2009-2014 uptrend, this is located at 908.73. This together with the 888.45 200 week ma represents key support and this has again held the downside.
- › Rallies are again approaching the 927 end of January high and above here the 2013-2014 downtrend at 947.68 offers tough overhead resistance.
- › The 888.45 zone also represents a key break down point for the market longer term. It is starting to look exposed. Longer term we are negatively biased and below the 200 week ma we target the 815.50 2013 low.



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Mon Feb 10 2014 10:37:50

NYMEX Natural Gas

Move lower will ideally stabilise 4.55/50

- › Natural Gas has seen a sharp sell off and will shortly encounter stronger support circa 4.55-4.50 (50% retracement of the move up from November and the December 2013 high). We would expect to see signs of stabilisation in this vicinity and favour recovery. Failure here would trigger another leg lower to the 4.2750/61.8% retracement.
- › Near term rallies will need to regain the 5.05 resistance in order to alleviate downside pressure and re-target 5.67/68, which was an equality measurement taken from the April 2012 low to the April 2013 high, projected from the August 2013 low. The market recently peaked at 5.725 and sold off sharply.
- › Beyond 5.7250 lies the 6.11 January 2010 high.

NYMEX Natural Gas Weekly Continuation Chart



NYMEX RBOB Gasoline

Consolidating, and capable of re-challenging the 55 week ma at 2.8398

- › RBOB Gasoline has seen a very strong rally and appears to have positioned itself to challenge the 55 week ma at 2.8398. The market continues to hold above the 2.5882 support (mid January low) and is currently bid near term. Slightly longer term we suspect that the market is exposed on the downside.
- › We look for rallies to remain capped by the 55 week ma at 2.8398 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.

RBOB Gasoline Weekly Continuation



LME Copper

Market continues to weaken following recent failure at the 2011-2014 resistance line at 7343.

- › LME Copper continues to ease lower following its recent failure at key resistance offered by the 2011-2014 resistance line at 7343. The market has eroded the 200 day ma and its 6 month uptrend and this has effectively left attention on the 6910 November low.
- › While capped 7343-7534 (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.
- › Only 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



LME Aluminium

New 4 year lows, target 1605/78.6% retracement.

- › LME Aluminium has dropped into new 4 year lows reaching 1670, the equality move October 2013 to December 2013 taken from the end of December peak. This has so far held the initial test, however the rebound from here is expected to struggle at the 1736 early December low.
- › We are in new 4 year lows and the only support we have of note is the 1605 78.6% retracement of the move from 2009 to 2011. This is considered to be the last defence for the 20 year support line at 1358/59.
- › The market will remain offered while capped by the 2011-2014 downtrend at 1822 and the trend line resistance is reinforced by the 200 day ma at 1820. Directly above the market we have the 55 week ma at 1856 and only should we see a move above here would this negative bias be called into question.

LME Aluminium Daily Chart

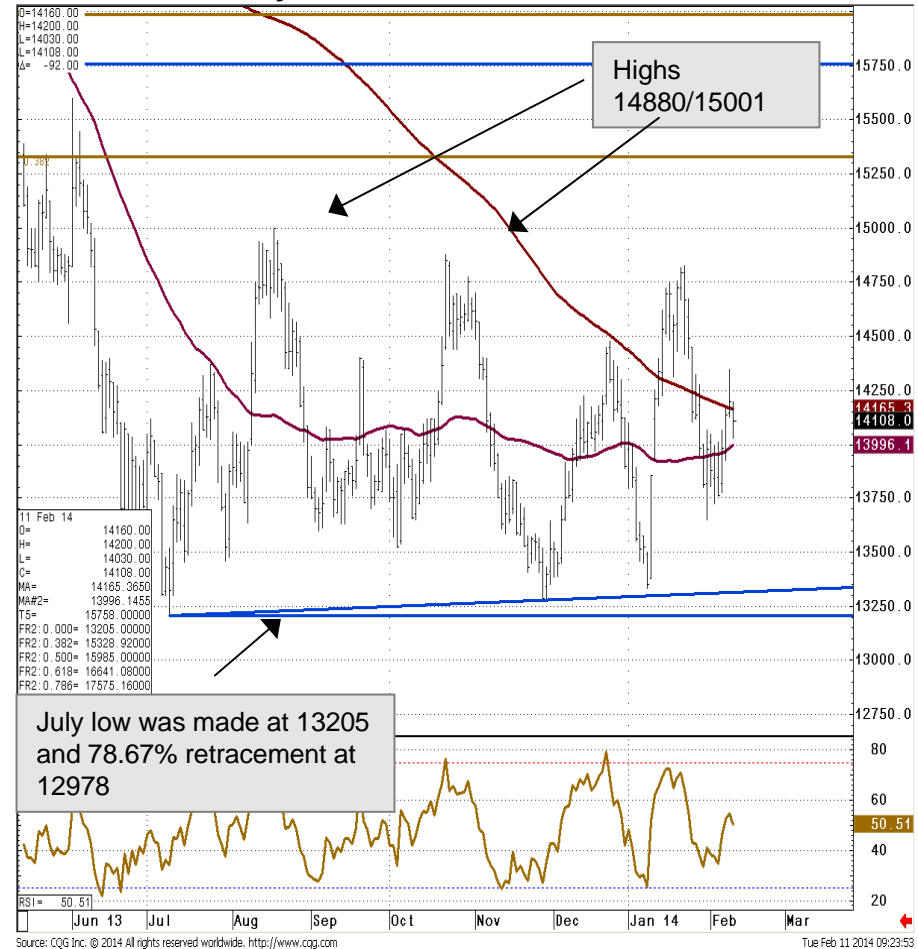


LME Nickel

Rally has recently failed at tougher resistance 14880/15520 and is back in middle of range.

- › LME Nickel is in the middle of its range having recently rallied to and failed at the top of the 6 month range at 14880/15001. We look for it to come under pressure. Rallies will need to clear the 15001 August high AND the 15325 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 15325 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



LME Zinc

Has rebounded from the 55 week ma at 1944 and should attempt to recover further

- › LME Zinc has reacted back to its 55 week ma at 1944 and rebounded from here. We should see an attempt to recover towards the 2009 August high and then the 2100/08 resistance once more.
- › Above here will introduce scope to the 2230 the 2013 high. Key resistance is the 2009-2014 downtrend located at 2242.
- › Key support is the 2010-2014 uptrend at 1861 followed by the more shallow 1807/08 2011-2013 support line.

LME Zinc Weekly Chart



ICE ECX Carbon Emissions Dec 2014

The market has eroded the 2008-2013 downtrend and target 6.97/7.00

- > December 2014 ICE ECX Carbon Emissions has eroded the 2008-2014 down trend at 6.0250 and the September 2013 high at 6.06.
- > The pull back from 6.74 currently being seen is indicated to terminate circa 6.20-5.88 for further gains. Initial targets are the April 2012 low at 6.97 and the 23.6% retracement of the move down from the 2008 peak at 7.00. This is tough overhead resistance and likely to hold the initial test, however we note that the Elliott wave count on the 240 minute chart is likely to terminate at 7.58.
- > The market will remain bid while above the 5.57 uptrend, support ahead of there is the 6.06 September 2013 high.

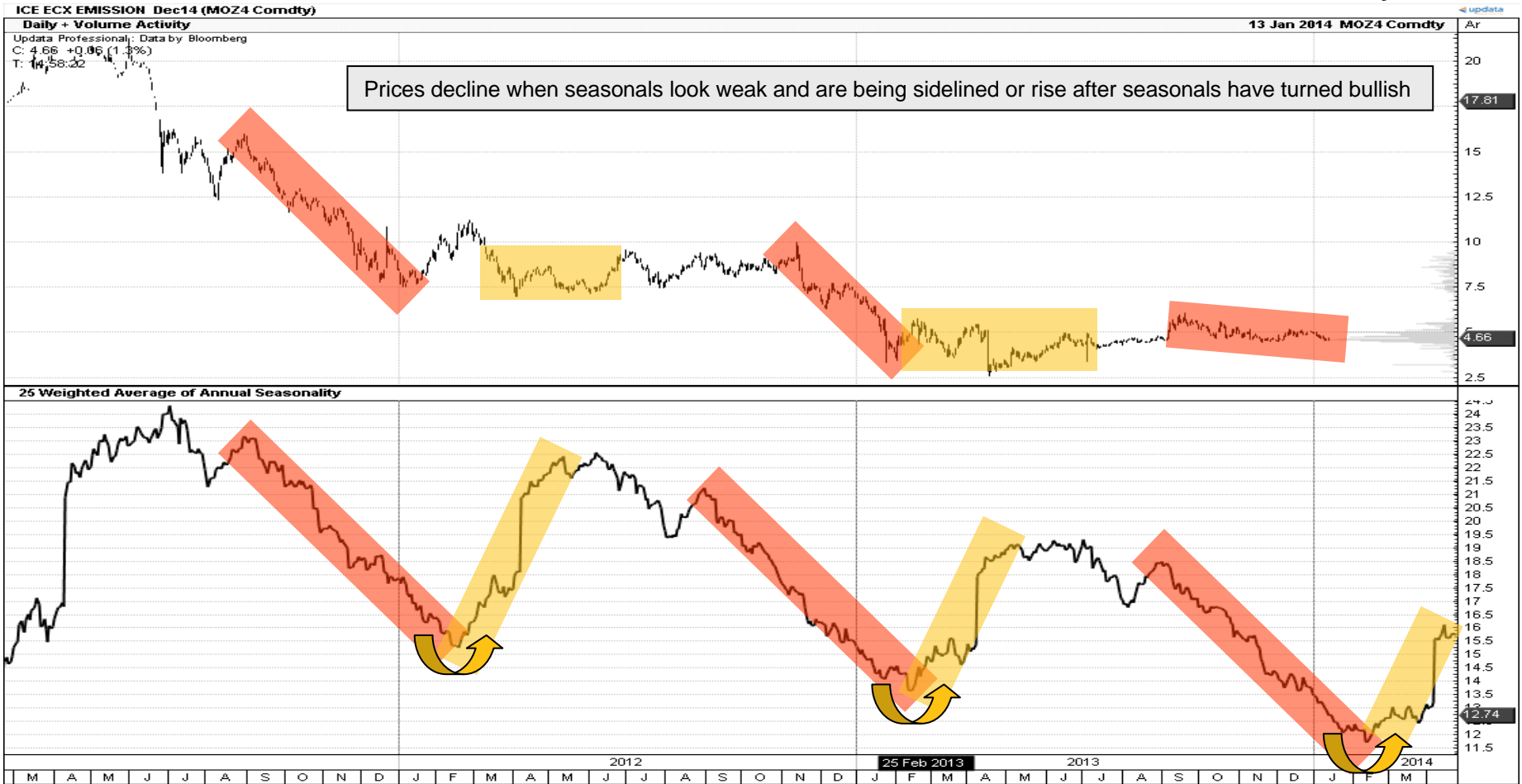
ICE ECX Carbon Emissions Dec 2014 Weekly Chart



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



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;

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Daily Market Technicals

FX Outlook



For important disclosure information please see pages 14 and 15.

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Strategic Technical Themes

Weekly Outlook and Technical Highlights



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FX Emerging Markets Weekly Technicals

Technical Outlook



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Asian Currencies Weekly Technicals

Technical Outlook



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Fixed Income Weekly Technicals

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Friday: Daily Market Technicals (FX), Fixed Income Weekly Technicals.

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