Commodity Weekly Technicals

Tuesday, 25 February 2014

Technical Outlook

Karen Jones
+44 207 475 1425
Karen.jones@commerzbank.com

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 is approaching the top of the converging range at 5019
NYMEX Light Crude Oil:	Looking for small retracement back to the 55 and 200 day moving averages
ICE Brent Crude Oil:	Market has rallied to and halted at the 110.65 resistance line
NYMEX Heating Oil:	Has extended its rally to the 78.6% retracement resistance at 3.0905 and is stalling
ICE Gasoil:	Market has rallied towards and is expected to remain capped by the 2013-2014 downtrend at 944.50
NYMEX Natural Gas:	Market is viewed as having topped at 6.49, looking for near term rallies to now struggle at 5.90
RBOB Gasoline:	Has reached the 55 week ma and should consolidate.
LME Copper:	Market has again remain capped by the 2011-2014 resistance line at 7305.
LME Aluminium:	Strong rebound has stalled at the 1788/90 double Fibo retracement. Maintain a longer term negative bias while below 1809/14.
LME Nickel:	Market is again stalling ahead of a re-challenge tough resistance at 14880/15325.
LME Zinc:	Has rebounded from the 55 week ma at 1942.24 and should attempt to recover further towards the 2100/08 December and January highs.
ICE ECX Emissions Dec 2014:	Has reached the top of its 2013-2014 channel at 7.25, allow for a retracement into the 6.26/06 band

S&P GSCI Total Return Index

Market is approaching the top of the converging range at 5019

› The S&P GSCI Total Return Index has taken out the 4908 December 2013 peak and the 4923/61.8% retracement of the move down from August and is now approaching the top of the converging trading range at 5019, where we suspect that it will stall and slump back into the range.

› In this vicinity also lies the 78.6% retracement of the move down from August at 5007. We have a support line at 4809 and while above here there will remain an upside bias.

› A break below the support line is necessary to signal a slide back to the 4615 January low.

› From a longer term perspective the market is trading in the midst of a large converging range between the limits of 4576 and 5019 and is therefore considered to be neutral.

S&P GSCI Total Return Index Weekly Chart

Source: CQG Inc. © 2014 All rights reserved worldwide. http://www.cqg.com Mon Feb 24 2014 10:22:17

Nymex Light Crude Oil

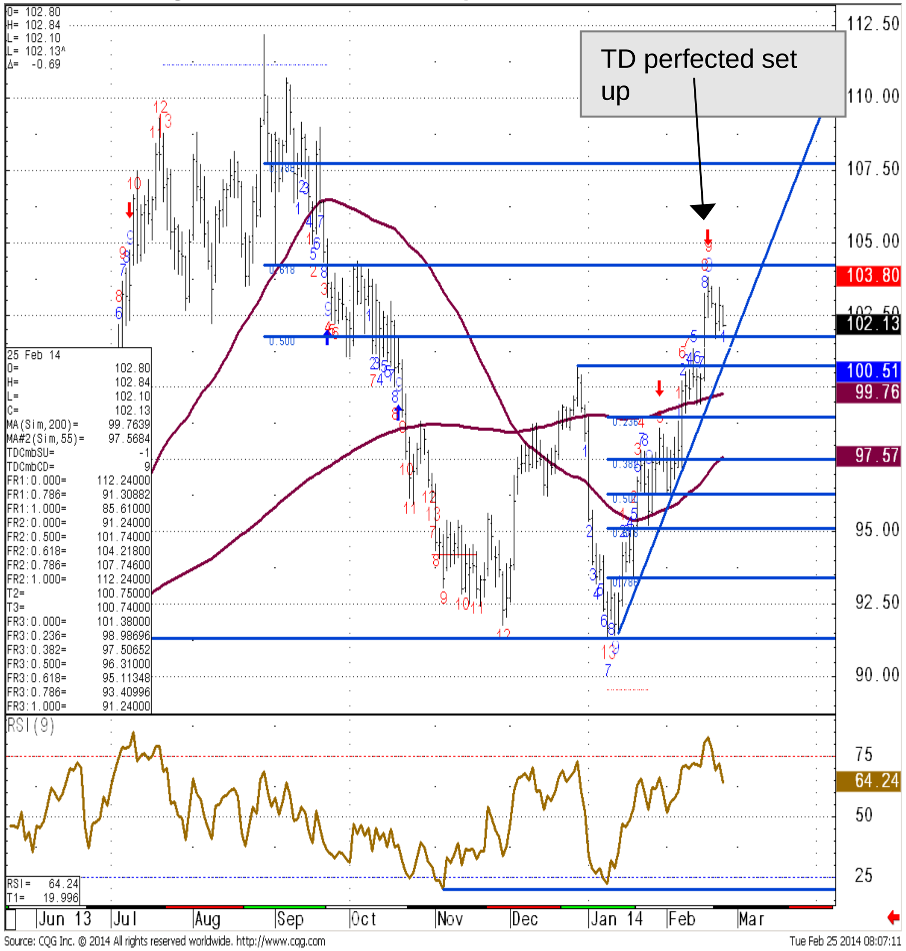
Looking for small retracement back to the 55 and 200 day moving averages

- WTI crude oil's recent high of 103.29, was accompanied by a TD perfected set up. These often depict areas where market moves are likely to struggle and we would allow for a small retracement back towards the 99.76 200 say ma. Provided that the market stabilises between here and the 97.57 55 day ma, we look for the market to recover and re-attempt the topside.

- Above 103.29 targets 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. This is regarded as the last defence for the 112.62 2013 high.

- Failure the 55 day ma would suggest upside impetus has been lost and 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.

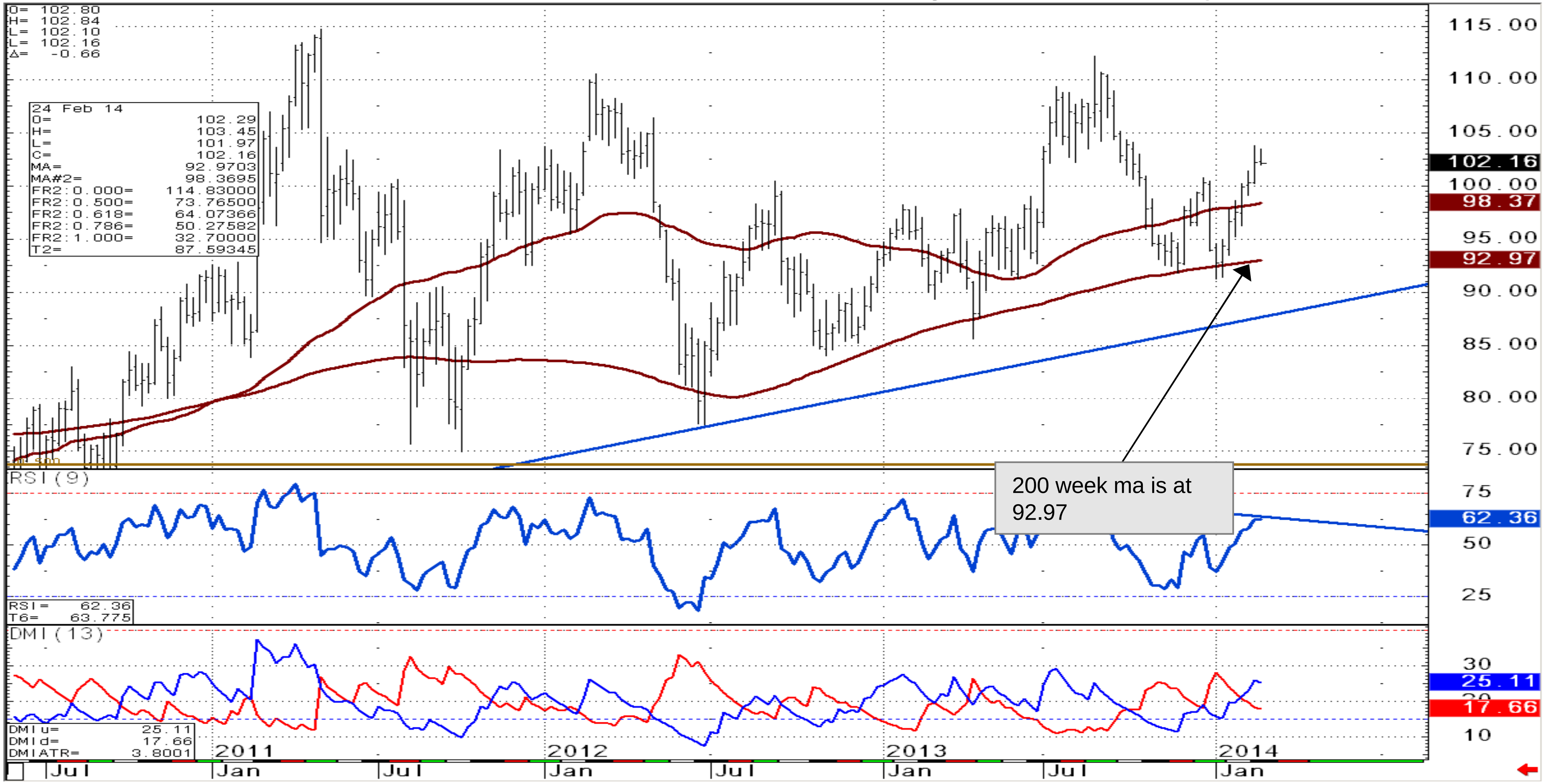
NYMEX Light Crude Oil Daily Continuation Chart



NYMEX Light Crude Oil

The market is recovering off its 200 week ma at 92.97

NYMEX Light Crude Oil Weekly Continuation Chart



Tue Feb 25 2014 08:09:11

ICE Brent Crude Oil

Market has rallied to and halted at the 110.65 resistance line

- Brent crude Oil has rallied to and stalled at the 110.65 resistance line and we should see this market ease lower. Near term a slide back below the 200 day ma at 108.23 is needed to alleviate immediate upside pressure and cast attention back to 105.40/12. The recent low and the 78.6% retracement.
- This is also the location of the 200 week ma and the 2012 to 2014 uptrend. This is major support and it likely that this will again hold the downside.
- Above 110.65 would introduce potential to the recent highs at 112.80/113.02, which are again expected to cap the topside.
- We change our longer term bias to neutral. Only a close below 105.12 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 113.65 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 105.17-113.65, market is longer term sidelined

Source: CQG Inc. © 2014 All rights reserved worldwide. http://www.cqg.com
Mon Feb 24 2014 12:50:09

Brent Vs Crude Oil weekly

Narrowing bias

Source: CQG Inc. © 2014 All rights reserved worldwide. http://www.cqg.com

Tue Feb 25 2014 08:13:14

NYMEX Heating Oil

Has extended its rally to the 78.6% retracement resistance at 3.0905 and is stalling.

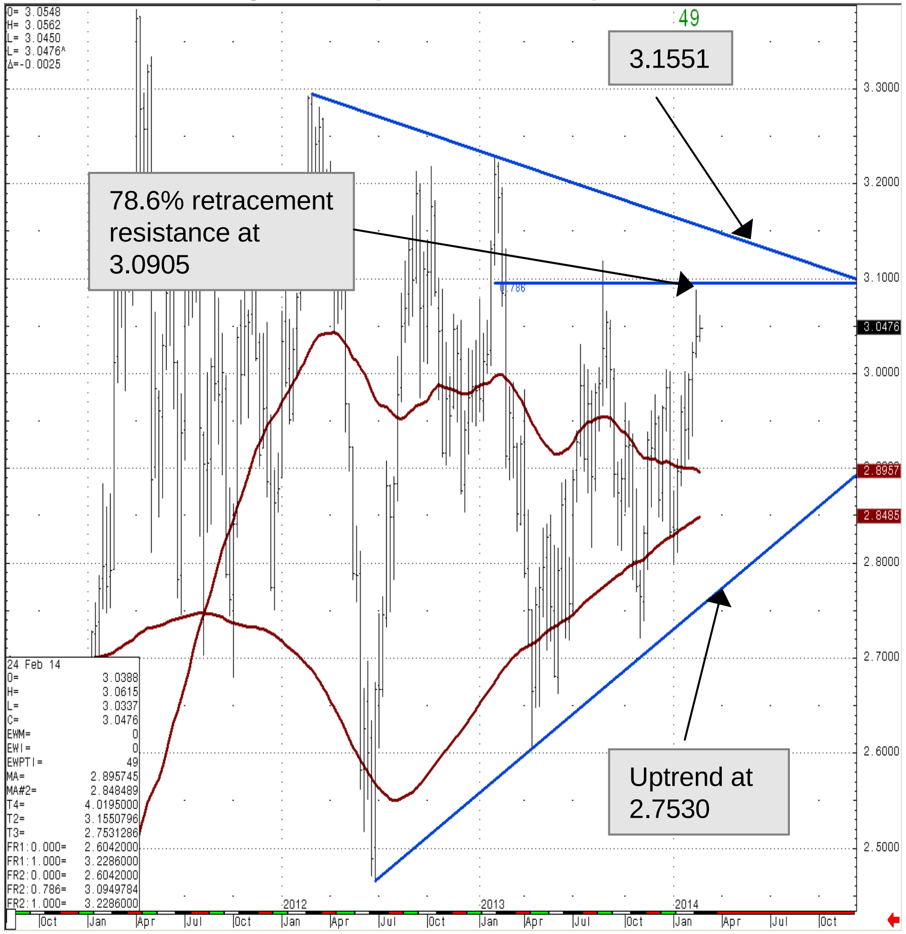
- NYMEX Heating Oil, please note that we are using an adjusted continuation chart as the rollover has a large gap. Referring to this chart, the market extended towards and is stalling just ahead of the 78.6% retracement of the move down from February 2013. This is located at 3.0905/50 and we are not surprised that this has held the initial test. Provided that dips lower hold over the 2.9925 accelerated support line, we should see upside pressure maintained.

- Slightly longer term, the market is in the middle of a large contracting range bordered by 2.8063 and 3.2129. Above 3.0905, it is capable of challenging the 2012-2014 resistance line at 3.1551, this continues to act as the break up point to the 3.33 April 2011 high.

- While capped by 3.1551 the large trading range will prevail. While capped here, the risk is that we slide back towards the 2012-2014 support line at 2.7530 and directly below here lies 2.7210 November low.

- The market is neutral medium to longer term while within the range.

NYMEX Heating Oil Adjusted Weekly Continuation



Source: CQG Inc. © 2014 All rights reserved worldwide. http://www.cqg.com Tue Feb 25 2014 08:18:56

ICE Gasoil

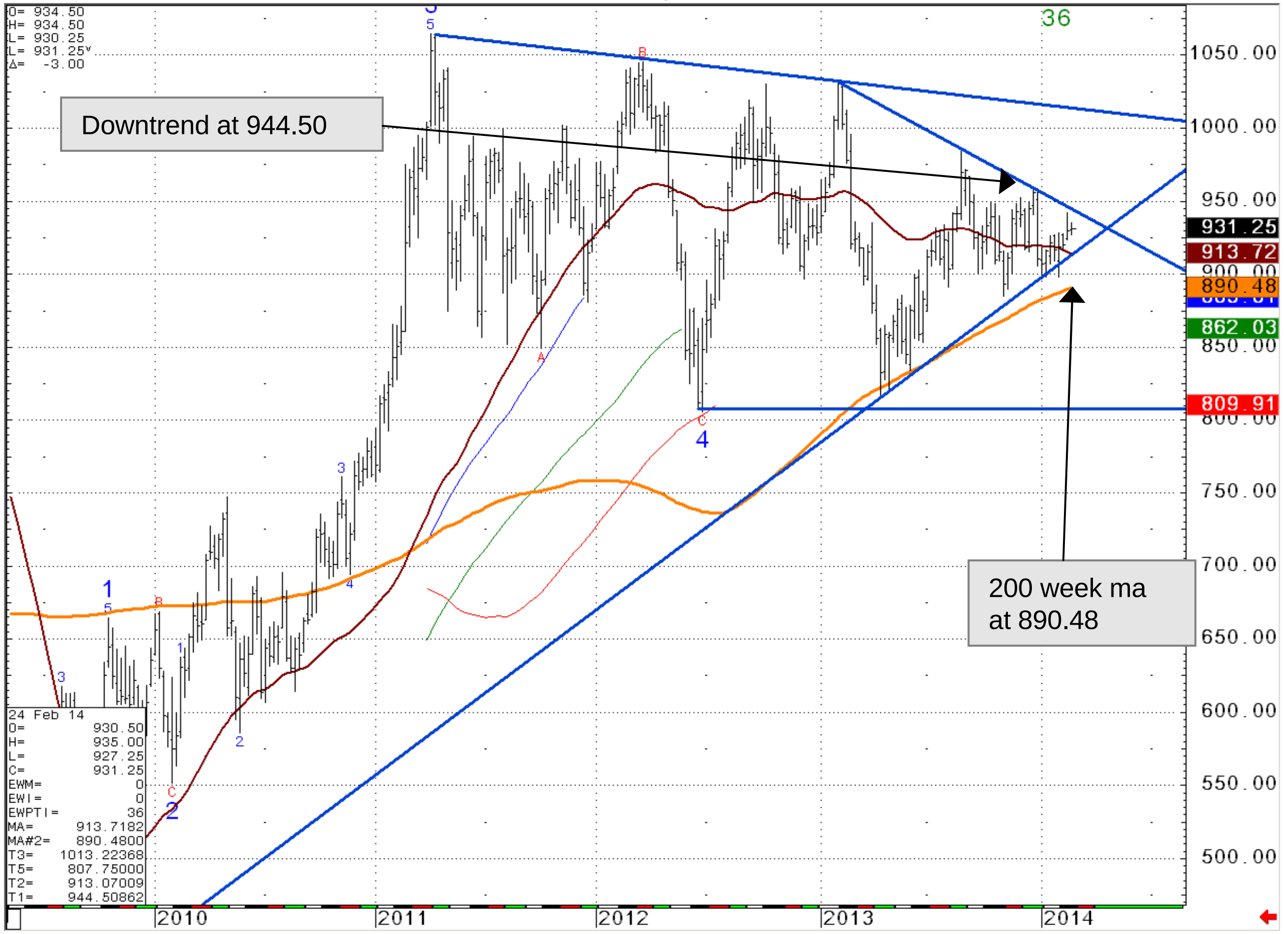
Market has rallied towards and is expected to remain capped by the 2013-2014 downtrend at 944.50

- ICE Gasoil has rallied towards the 2013-2014 downtrend at 944.50, this offers tough overhead resistance. This is expected to hold the topside and provoke failure

- Key supports are the recent lows around 898 and the 890.48 200 week ma. The 200 week ma also represents a key break down point for the market longer term.

- Medium term we are neutral. Longer term we are negatively biased and below the 200 week ma we target the 815.50 2013 low.

ICE Gasoil weekly Continuation Chart



Source: CQG Inc. © 2014 All rights reserved worldwide. http://www.cqg.com
Tue Feb 25 2014 08:21:04

NYMEX Natural Gas

Market is viewed as having topped at 6.49, looking for near term rallies to now struggle at 5.90.

- Natural Gas has seen a massive acceleration higher to 6.49, which met the 6.40/38.2% retracement of the entire move from 2008 to 2012. The emphatic rejection of price from here suggests some unfinished business on the downside.

- We note the triple divergence of the daily RSI and when coupled with the 13 count on the weekly chart, this suggests that the market has in fact topped at 6.49.

- The daily Elliott wave count are suggesting a retracement to 5.13 then 4.75, however we suspect this sell off will extend all the way back to the 4.56/57/61.8% retracement and mid February low.

- We have some near term support at 5.30 but rallies are likely to struggle near term at 5.90 ish (50% retracement of the recent sell off.

NYMEX Natural Gas Weekly Continuation Chart

Source: CQG Inc. © 2014 All rights reserved worldwide. http://www.cqg.com Tue Feb 25 2014 08:58:14

Natural Gas

Natural Gas weekly chart

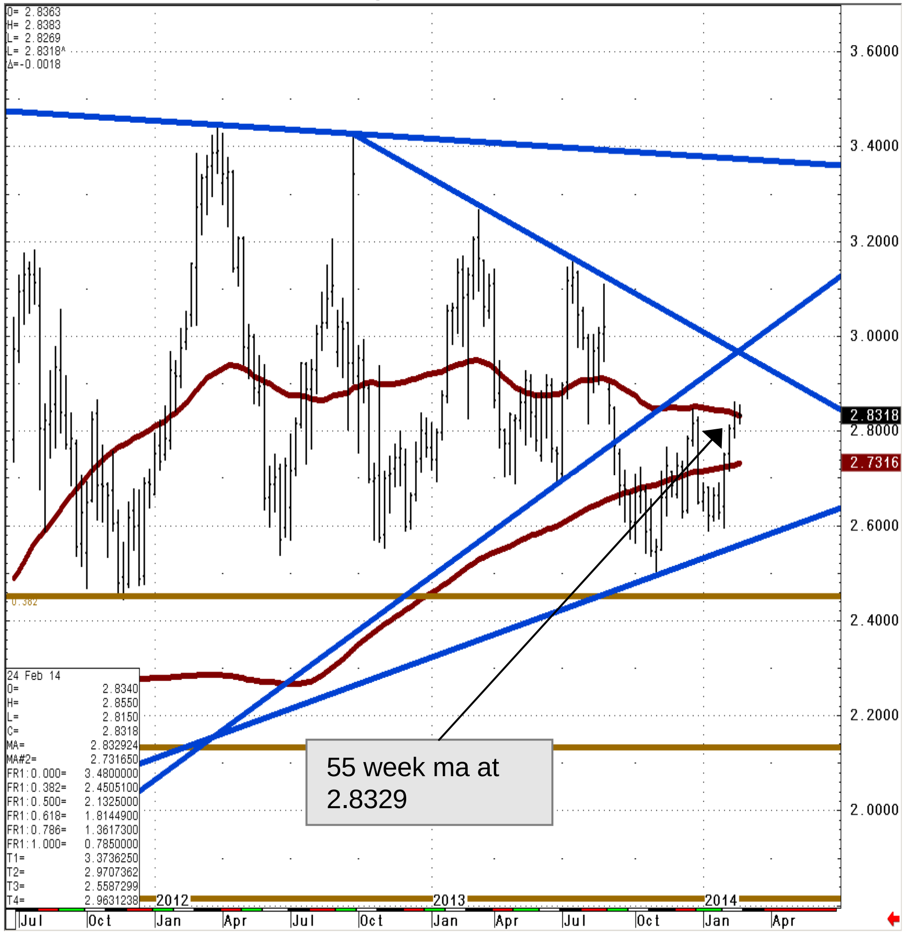
Natural Gas monthly chart

NYMEX RBOB Gasoline

Has reached the 55 week ma and should consolidate.

- RBOB Gasoline has met the 55 week ma at 2.8329. We would allow for some consolidation here and for a small retracement to the 2.7745 200 day ma and possibly the 55 day ma at 2.7037. The market is however slowly grinding higher and at this stage we remain unable to rule out further moves higher towards the 2012-2014 downtrend at 2.96 which should provoke failure.
- Slightly longer term we are neutral
- The 55 day ma at 2.7037 guards the 2.5940 recent low and the more important support offered by 2.50 down to 2.4440, 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



Source: CQG Inc. © 2014 All rights reserved worldwide. http://www.cqg.com Tue Feb 25 2014 09:41:46

LME Copper

Market has again remain capped by the 2011-2014 resistance line at 7305.

- LME Copper rallies have again been rejected by the 7305 2011-2014 resistance line. While capped here our negative bias remains entrenched and we should see support offered by the recent low at 7016 and the 6910 November low re-tested.
- Directly above here, resistance extends to 7534 (May 2013 high) and while capped here, the late July low at 6721 will continue to be targeted
- 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 7944.
- 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

Source: CQG Inc. © 2014 All rights reserved worldwide. http://www.cqg.com
Tue Feb 25 2014 09:51:21

LME Aluminium

Strong rebound has stalled at the 1788/90 double Fibo retracement. Maintain a longer term negative bias while below 1809/14.

- LME Aluminium has seen a very strong rebound from just ahead of 1670, the equality move October 2013 to December 2013 taken from the end of December peak. The rebound has reached the double Fibonacci retracement at 1788/90 and is already stalling. However key resistance remains the 2011-2014 downtrend at 1809 and while capped by 1809, a negative bias will remain.

- The market needs to break back below the 1736 December low in order to alleviate immediate upside pressure. This guards the 1670 region and 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 is expected to remain capped by the 2011-2014 downtrend at 1809 and the trend line resistance is reinforced by the 200 day ma at 1814. Directly above the market we have the 55 week ma at 1844 and only should we see a move above here would this negative bias be called into question.

LME Aluminium Daily Chart

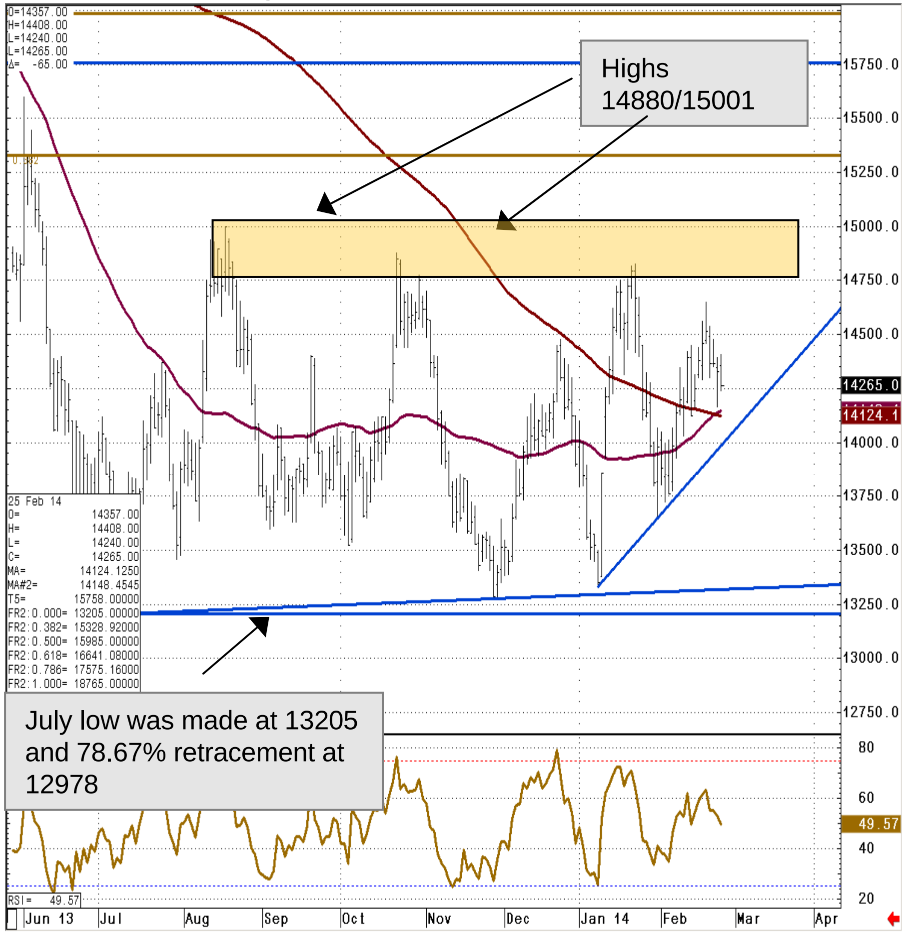
Source: CQG Inc. © 2014 All rights reserved worldwide. http://www.cqg.com Tue Feb 25 2014 10:07:40

LME Nickel

Market is again stalling ahead of a re-challenge tough resistance at 14880/15325.

- LME Nickel is bid in its range and looks to be shaping up to re-challenge the top of the 6 month range at 14880/15001. Rallies will need to clear the 15001 August high AND the 15195 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.
- The market is bid in its range while above the 13985 minor support line. A weekly close above 15195 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



Source: CQG Inc. © 2014 All rights reserved worldwide. http://www.cqg.com Tue Feb 25 2014 10:14:39

LME Zinc

Has rebounded from the 55 week ma at 1942.24 and should attempt to recover further towards the 2100/08 December and January highs.

- LME Zinc continues to rebound from its 55 week ma at 1939. It is poised to encounter the 2100/08 resistance once more (December and January highs). Very near term the market is immediately bid above its 55 day ma at 2024.

- Above here will introduce scope to the 2230 the 2013 high. Key resistance remains the 2009-2014 downtrend located at 2237.

- Key support is the 2010-2014 uptrend at 1864 followed by the more shallow 1809 2011-2014 support line.

LME Zinc Weekly Chart

Source: CQG Inc. © 2014 All rights reserved worldwide. http://www.cqg.com   Tue Feb 25 2014 10:17:48

ICE ECX Carbon Emissions Dec 2014

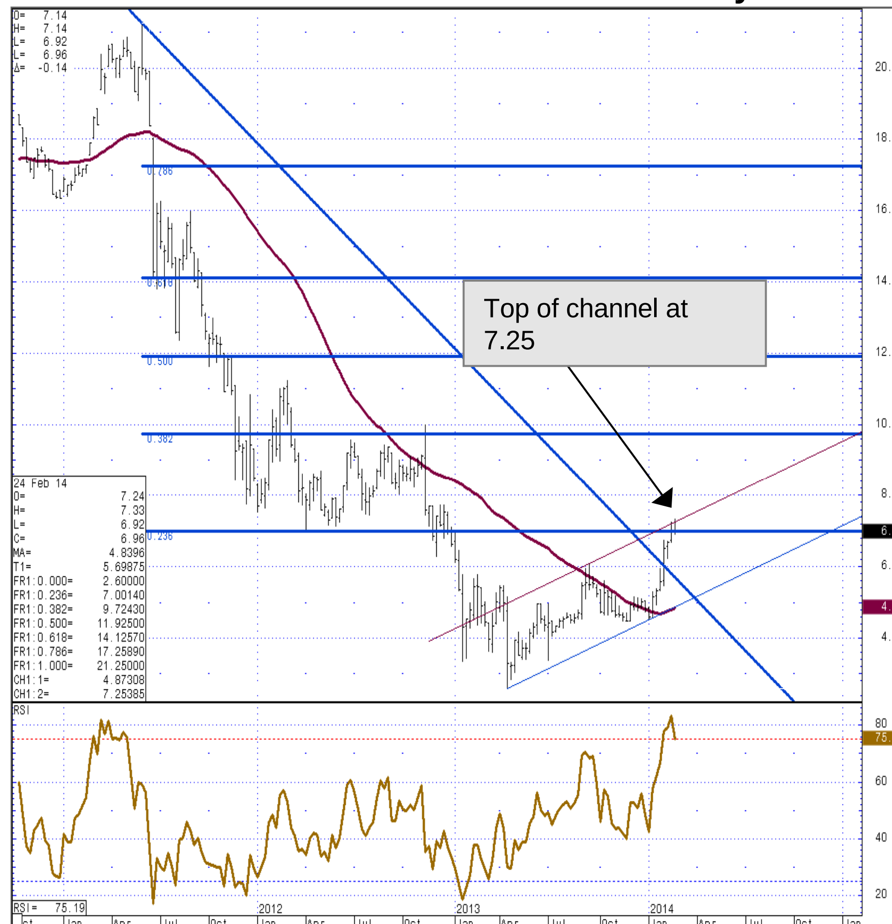
Has reached the top of its 2013-2014 channel at 7.25, allow for a retracement into the 6.26/06 band

- December 2014 ICE ECX Carbon Emissions has rallied to the top of its 2013-2014 channel. Given that we have a 13 count on the daily chart and a complex divergence of the daily RSI, the risk is high that we will see a correction lower.

- Current Elliot wave and Fibonacci retracements are suggesting a pullback to 6.67 then 6.26/06, where we would expect to see stabilisation. This zone consists of the September high, the 38.2% retracement of the move seen in 2014 so far and the 11th February low. It is also the location of the 23.6% retracement of the entire move up from the 2013 low. We would expect to see stabilisation here and recovery.

- Above 7.33 would suggest a rally to the 7.73 December 2012 high en route to 8.00. Longer term the pattern holds potential for a move above here.

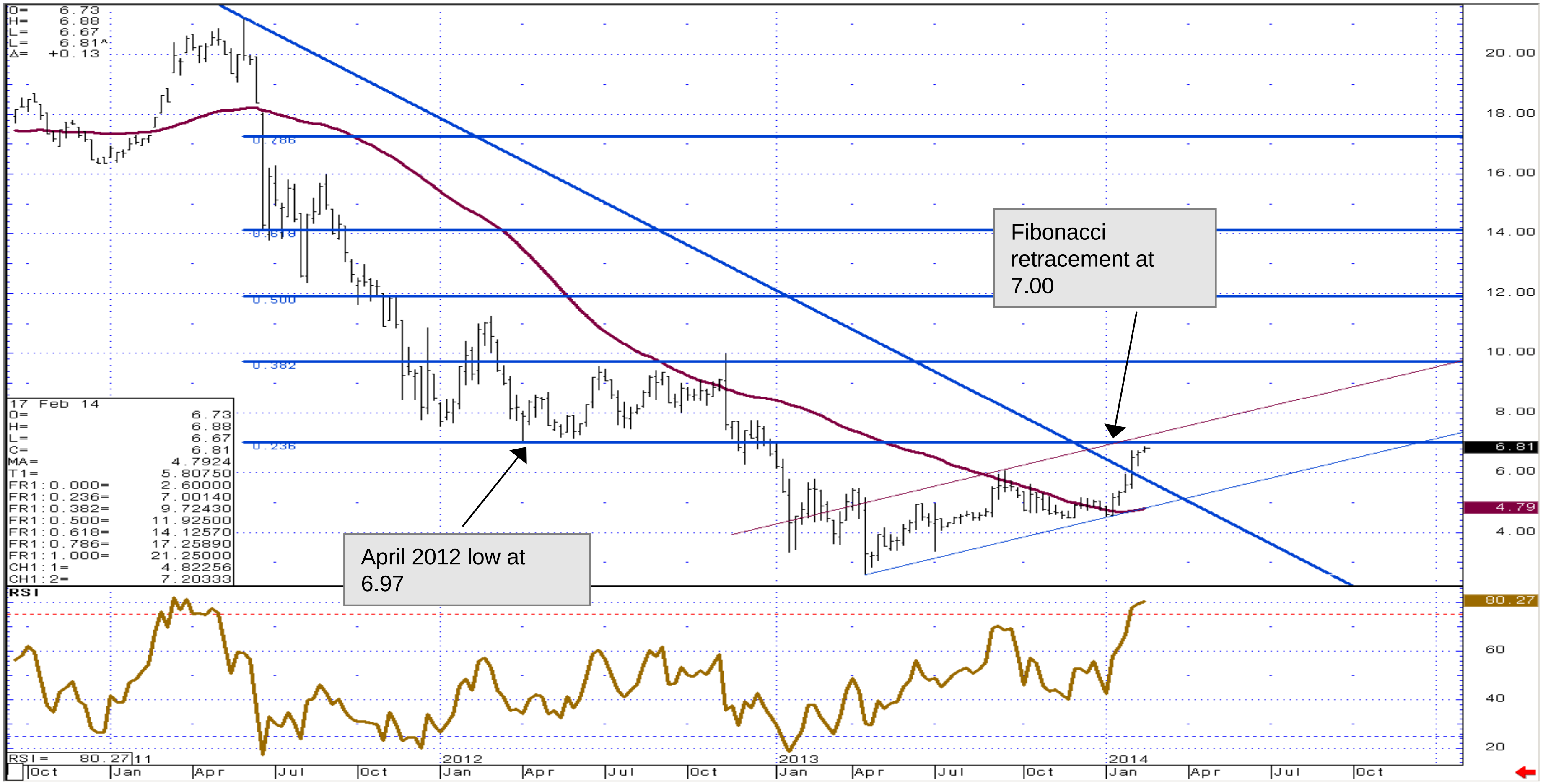
ICE ECX Carbon Emissions Dec 2014 Weekly Chart



 Tue Feb 25 2014 10:21:18

ICE ECX Carbon Emissions Dec 2014 Weekly Chart

Market approaching key resistance at 6.97-7.00

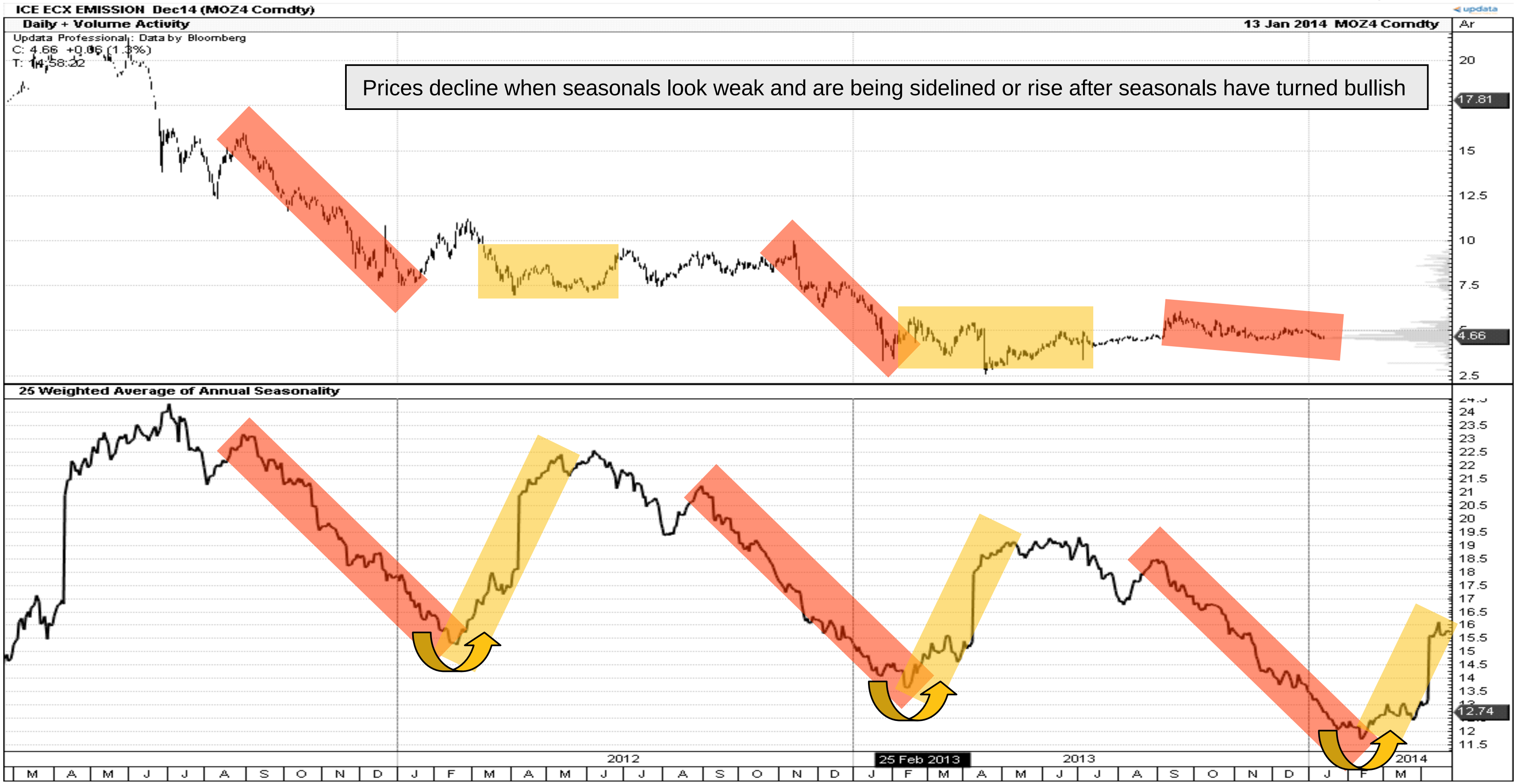


Source: CQG Inc. © 2014 All rights reserved worldwide. http://www.cqg.com Mon Feb 17 2014 11:33:18

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;

Other technical analysis reports we publish are:

Monday:	**Daily Market Technicals (FX), FX Emerging Markets Technicals;**
Tuesday:	**Daily Market Technicals (FX), Bullion Weekly Technicals;**
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.**

Disclaimer

COMMERZBANK

This document has been created and published by the Corporates & Markets division of Commerzbank AG, Frankfurt/Main or Commerzbank's branch offices mentioned in the document. Commerzbank Corporates & Markets is the investment banking division of Commerzbank, integrating research, debt, equities, interest rates and foreign exchange. The author(s) of this report, certify that (a) the views expressed in this report accurately reflect their personal views; and (b) no part of their compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or views expressed by them contained in this document. The analyst(s) named on this report are not registered / qualified as research analysts with FINRA and are not subject to NASD Rule 2711.

Disclaimer

This document is for information purposes only and does not take account of the specific circumstances of any recipient. The information contained herein does not constitute the provision of investment advice. It is not intended to be and should not be construed as a recommendation, offer or solicitation to acquire, or dispose of, any of the financial instruments mentioned in this document and will not form the basis or a part of any contract or commitment whatsoever.

The information in this document is based on data obtained from sources believed by Commerzbank to be reliable and in good faith, but no representations, guarantees or warranties are made by Commerzbank with regard to accuracy, completeness or suitability of the data. The opinions and estimates contained herein reflect the current judgement of the author(s) on the data of this document and are subject to change without notice. The opinions do not necessarily correspond to the opinions of Commerzbank. Commerzbank does not have an obligation to update, modify or amend this document or to otherwise notify a reader thereof in the event that any matter stated herein, or any opinion, projection, forecast or estimate set forth herein, changes or subsequently becomes inaccurate.

The past performance of financial instruments is not indicative of future results. No assurance can be given that any opinion described herein would yield favourable investment results. Any forecasts discussed in this document may not be achieved due to multiple risk factors including without limitation market volatility, sector volatility, corporate actions, the unavailability of complete and accurate information and/or the subsequent transpiration that underlying assumptions made by Commerzbank or by other sources relied upon in the document were inapposite.

Neither Commerzbank nor any of its respective directors, officers or employees accepts any responsibility or liability whatsoever for any expense, loss or damages arising out of or in any way connected with the use of all or any part of this document.

Commerzbank may provide hyperlinks to websites of entities mentioned in this document, however the inclusion of a link does not imply that Commerzbank endorses, recommends or approves any material on the linked page or accessible from it. Commerzbank does not accept responsibility whatsoever for any such material, nor for any consequences of its use.

This document is for the use of the addressees only and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any purpose, without the prior, written consent of Commerzbank. The manner of distributing this document may be restricted by law or regulation in certain countries, including the United States. Persons into whose possession this document may come are required to inform themselves about and to observe such restrictions. By accepting this document, a recipient hereof agrees to be bound by the foregoing limitations

Disclaimer (contd.)

Additional notes to readers in the following countries:
Germany: Commerzbank AG is registered in the Commercial Register at Amtsgericht Frankfurt under the number HRB 32000. Commerzbank AG is supervised by the German regulator Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Marie-Curie-Strasse 24-28, 60439 Frankfurt am Main, Germany.

United Kingdom: This document has been issued or approved for issue in the United Kingdom by Commerzbank AG London Branch. Commerzbank AG, London Branch is authorised by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) and subject to limited regulation by the Financial Conduct Authority and Prudential Regulation Authority. Details on the extent of our regulation by the Financial Conduct Authority and Prudential Regulation Authority are available from us on request. This document is directed exclusively to eligible counterparties and professional clients. It is not directed to retail clients. No persons other than an eligible counterparty or a professional client should read or rely on any information in this document. Commerzbank AG, London Branch does not deal for or advise or otherwise offer any investment services to retail clients.

United States: Commerz Markets LLC (“Commerz Markets ”): This document has been approved for distribution in the US under applicable US law by Commerz Markets, a wholly owned subsidiary of Commerzbank and a US registered broker-dealer. Any securities transaction by US persons must be effected with Commerz Markets. Under applicable US law; information regarding clients of Commerz Markets may be distributed to other companies within the Commerzbank group. This research report is intended for distribution in the United States solely to “institutional investors” and “major U.S. institutional investors,” as defined in Rule 15a-6 under the Securities Exchange Act of 1934. Commerz Markets is a member of FINRA and SIPC.

Canada: The information contained herein is not, and under no circumstances is to be construed as, a prospectus, an advertisement, a public offering, an offer to sell securities described herein, solicitation of an offer to buy securities described herein, in Canada or any province or territory thereof. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada and is not tailored to the needs of the recipient. In Canada, the information contained herein is intended solely for distribution to Permitted Clients (as such term is defined in National Instrument 31-103) with whom Commerz Markets LLC deals pursuant to the international dealer exemption. To the extent that the information contained herein references securities of an issuer incorporated, formed or created under the laws of Canada or a province or territory of Canada, any trades in such securities may not be conducted through Commerz Markets LLC. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence.

European Economic Area: Where this document has been produced by a legal entity outside of the EEA, the document has been re-issued by Commerzbank AG, London Branch for distribution into the EEA.

Singapore: This document is furnished in Singapore by Commerzbank AG, Singapore branch. It may only be received in Singapore by an institutional investor as defined in section 4A of the Securities and Futures Act, Chapter 289 of Singapore (“SFA”) pursuant to section 274 of the SFA.

Hong Kong: This document is furnished in Hong Kong by Commerzbank AG, Hong Kong Branch, and may only be received in Hong Kong by ‘professional investors’ within the meaning of Schedule 1 of the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made there under.

Japan: Commerzbank AG, Tokyo Branch is responsible for the distribution of Research in Japan. Commerzbank AG, Tokyo Branch is regulated by the Japanese Financial Services Agency (FSA).

Australia: Commerzbank AG does not hold an Australian financial services licence. This document is being distributed in Australia to wholesale customers pursuant to an Australian financial services licence exemption for Commerzbank AG under Class Order 04/1313. Commerzbank AG is regulated by Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) under the laws of Germany which differ from Australian laws.

Commerzbank Corporates & Markets

Frankfurt	**London**	**New York**	**Singapore Branch**	**Hong Kong Branch**
Commerzbank AG	Commerzbank AG London Branch	Commerz Markets LLC	Commerzbank AG	Commerzbank AG
DLZ - Gebäude 2, Händlerhaus Mainzer Landstraße 153 60327 Frankfurt	PO BOX 52715 30 Gresham Street London, EC2P 2XY	2 World Financial Center, 32nd floor New York, NY 10020-1050	71 Robinson Road, #12-01 Singapore 068895	29/F, Two IFC 8 Finance Street Central Hong Kong
Tel: + 49 69 136 21200	Tel: + 44 207 623 8000	Tel: + 1 212 703 4000	Tel: +65 631 10000	Tel: +852 3988 0988

Karen Jones
Head of FICC Technical Analysis

Tel. +44 207 475 1425
Mail karen.jones@commerzbank.com

Axel Rudolph
Senior FICC Technical Analyst

Tel. +44 207 475 5721
Mail axel.rudolph@commerzbank.com

Zentrale
Kaiserplatz
Frankfurt am Main
www.commerzbank.de

Postfachanschrift
60261 Frankfurt am Main
Tel. +49 (0)69 / 136-20
Mail info@commerzbank.com