COMMERZBANK

Commodity Weekly Technicals

Monday, 09 December 2013

Technical Outlook

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Bloomberg code change
CBIR to CBKR and CBEQ to CBKR

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Technical Outlook

Market	Short term view (1-3 weeks)
S&P GSCI TR Index:	Erosion of 200 day ma suggests unfinished business on the topside
NYMEX Light Crude Oil:	Bid but move higher should struggle to regain 100.00.
ICE Brent Crude Oil:	Struggling to maintain moves higher
NYMEX Heating Oil:	Still holding below the 3.0806 mid October peak on a closing basis
ICE Gasoil:	Struggling at the 947/948.75 resistance, which is holding on a closing basis
NYMEX Natural Gas:	2009-2013 downtrend eroded look for the 4.44 2013 high to be tested.
RBOB Gasoline:	An upside bias is maintained above the 55 day ma at 2.6438
LME Copper:	No resistance of note dislodged. Maintain a neutral to negative bias
LME Aluminium:	Divergence of the weekly RSI suggests that the down move has aborted for now
LME Nickel:	As suspected support at 13205/12978 has held. Possible base developing
LME Zinc:	Robust rally returns market to the middle of its 2 year range and neutralises the market once more.
ICE ECX Emissions Dec 2014:	3 month downtrend eroded, completes a bullish falling wedge pattern
Phelix January 2014:	Challenging the 55 day ma at 37.77

S&P GSCI Total Return Index

Erosion of 200 day ma suggests unfinished business on the topside

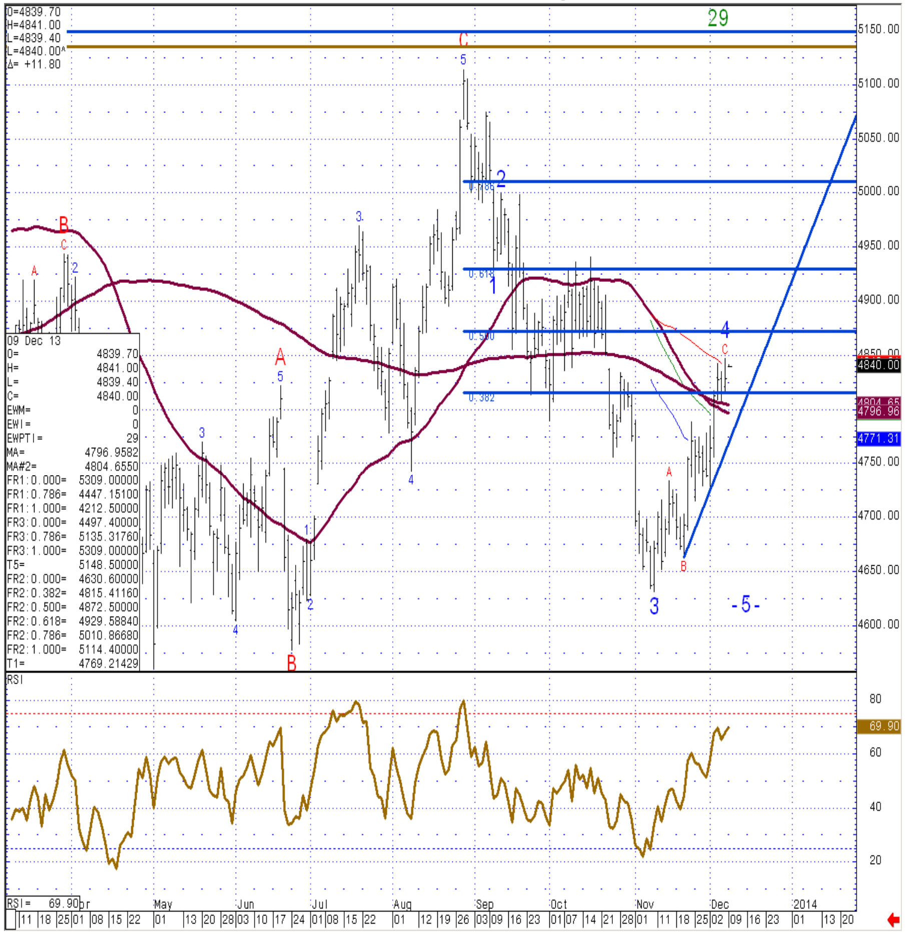
- The S&P GSCI Total Return Index eroded its 3 month downtrend and has cleared the 55 and 200 day ma. While we acknowledge that the recent strength is regarded as corrective only still, it is possible that we could see this extend a little further.

- The move will shortly encounter the 50% retracement at 4872, but much tougher resistance is located at 4930/41, which is the 61.8% retracement and the high seen in October. We look for this to hold the topside and provoke failure.

- We should then see attention revert to the downside and the 2009-2013 support line at 4661. A close below here and the 4630 recent low should be enough to trigger another leg lower.

- A weekly close below 4630 would be very 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. © 2013 All rights reserved worldwide. http://www.cqg.com Mon Dec 09 2013 08:51:55

S&P GSCI Total Return Index - weekly

Re-drawn trendline at 4661

Source: CQG Inc. © 2013 All rights reserved worldwide. http://www.cqg.com Mon Dec 09 2013 09:05:00

Nymex Light Crude Oil

Bid but move higher should struggle to regain 100.00.

- WTI crude oil continues to claw higher. It has eroded the downtrend and 50% retracement to reach the 200 day ma at 98.56. We have a double Fibonacci retracement at 99.47/58. Our preferred scenario is that the market will struggle to regain 100.00.
- Failure here will suggest a failure and a slide back to the 200 week ma at 92.11/91.77.
- Failure at 91.31/26 will put the April trough at 85.61 back on the map.
- The Elliott wave count suggests that the corrective rebound should terminate between the 200 day ma and 101.26.
- Above 102.00 would allow for an extension to possibly 104.38/42, the 61.8% retracement of the move down from the 28th August. This would be the maximum that we would allow on the topside prior to failure.

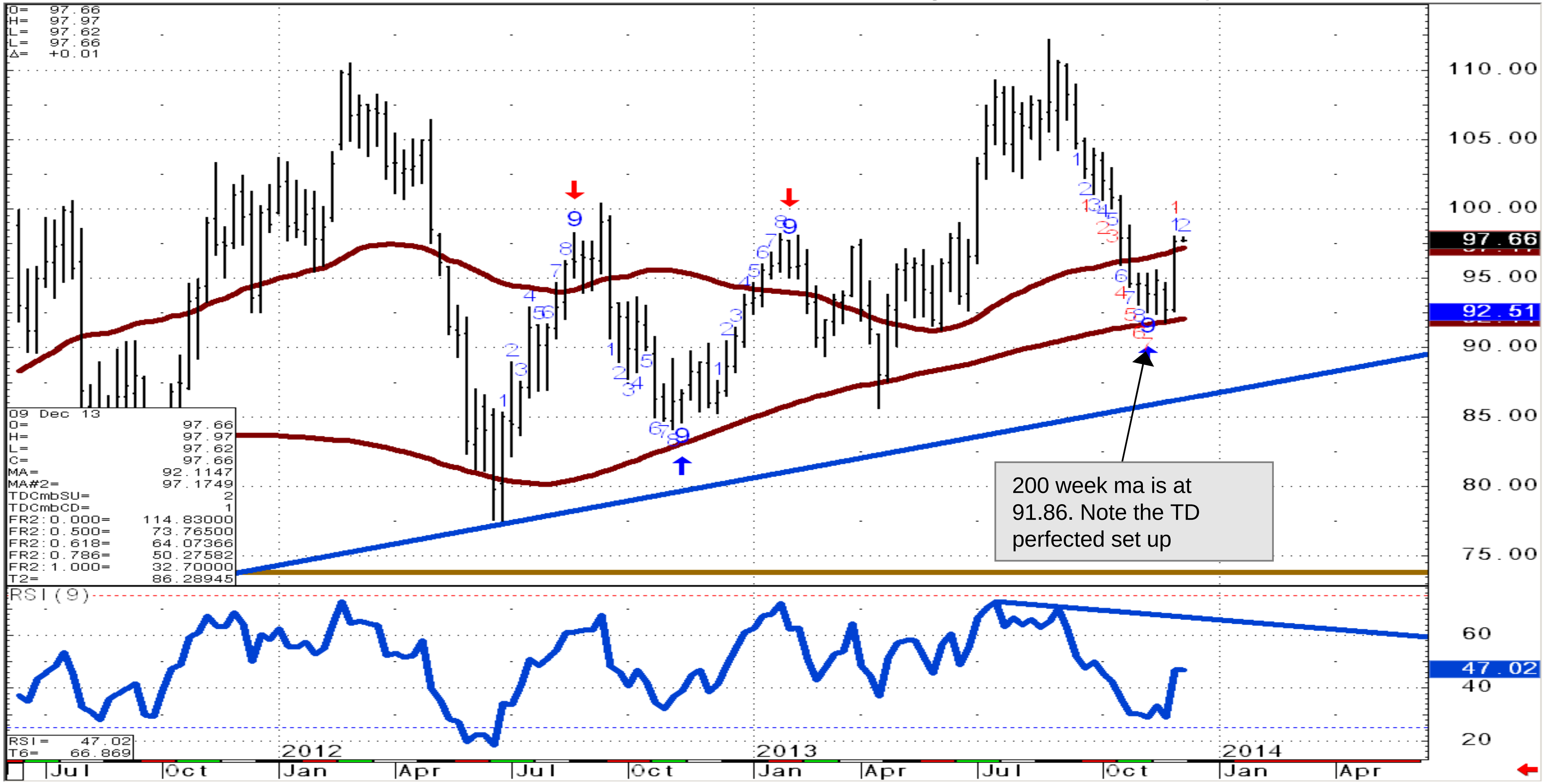
NYMEX Light Crude Oil Daily Continuation Chart

Tue Dec 10 2013 10:43:39

NYMEX Light Crude Oil

TD perfected set up on the weekly chart

NYMEX Light Crude Oil Weekly Continuation Chart



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ICE Brent Crude Oil

Struggling to maintain moves higher

- Brent crude Oil repeatedly tested the 111.50/112.00 mid October high last week. We saw a minor breach of this resistance to 113.00, the move was not sustained and we have dropped lower.
- While above the 55 day ma at 109.02, there is room for a small overshoot to the 78.6% retracement at 114.26, but we would expect this to cap the topside.
- We will maintain a neutral to negative bias longer term while capped by here. Short term a slide back below 107.51 is needed to alleviate immediate upside pressure and signal losses to the 103.71 200 week ma.
- Key resistance is the 115.21 2012-2013 resistance line.

ICE Brent Crude Oil Daily Continuation Chart

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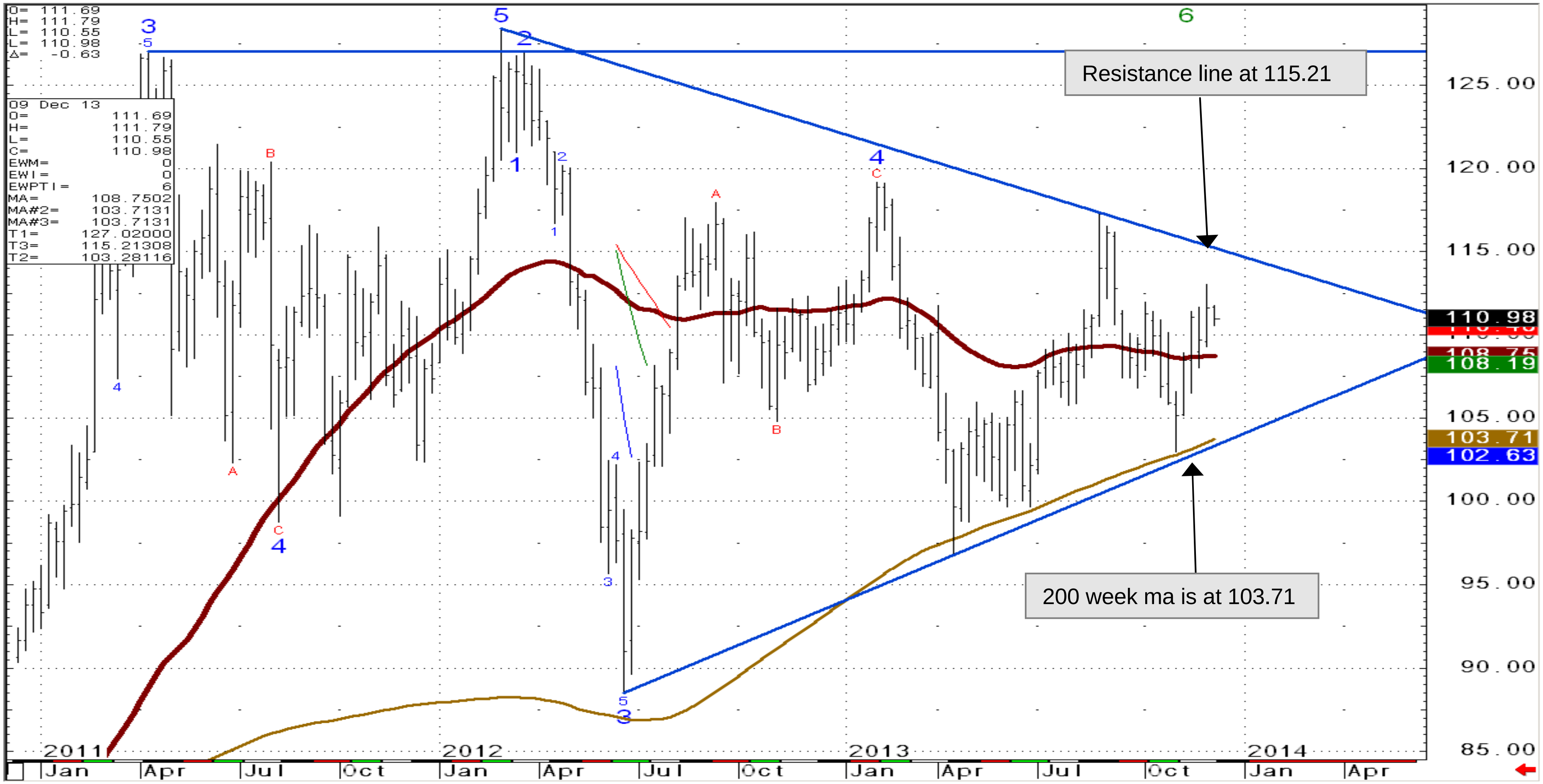
ICE Brent Crude Oil - Weekly

Topside expected to remain capped by the 115.21



Brent Vs Crude Oil daily

Failing ahead of the 20.03 2011-2013 resistance line

Source: CQG Inc. © 2013 All rights reserved worldwide. http://www.cqg.com Mon Dec 09 2013 12:42:44

NYMEX Heating Oil

Still holding below the 3.0806 mid October peak on a closing basis.

- NYMEX Heating Oil has pushed hard all week into the 3.0806 October high, but has continued to remain capped here. While capped here, the risk remains for failure and a slide back to the 2.8222/2.79 supports. Please note that there is little to suggest that the market is set to sustain another leg higher at this stage.

- The market is in the middle of a large range and is neutral medium to longer term. Short term loss of the 200 day ma at 2.9665 is needed to alleviate upside pressure.

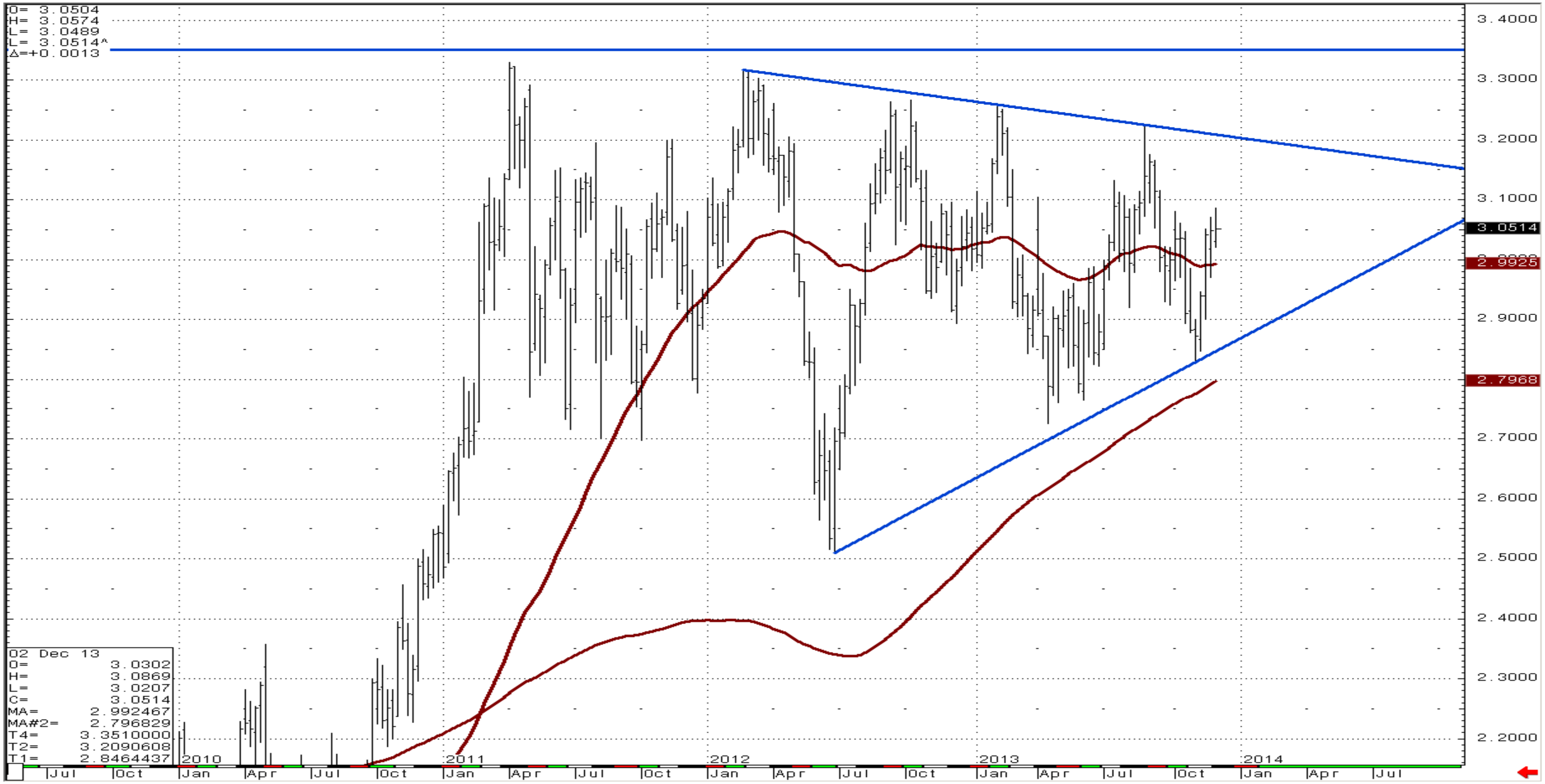
- Failure here will see a retest of the 2.8285 recent low and the 2.8222 24th June low. Directly below here lies the 200 week ma at 2.802 and there is currently a reluctance to tackle this major support. As a consequence the market remains range bound longer term.

- A close above 3.0806 will see a deeper rally to 3.14, the 78.6% retracement of the move.

NYMEX Heating Oil Daily Continuation Chart

Heating Oil - Weekly

In middle of range



 Tue Dec 03 2013 08:36:37

ICE Gasoil

Struggling at the 947/948.75 resistance, which is holding on a closing basis

› ICE Gasoil continues to probe the 61.8% and mid October high at 947 and 948.75, this has been penetrated BUT we have yet to see a close above here. Provided this contains the topside the market will maintain a neutral to negative bias.

› A close above here will force us to neutralise our view and allow for a deeper rally to the 2013 resistance line at 963.50. This in turn guards the 985.75 August high. It is also the location of the 78.6% retracement (at 985.47) and, if challenged, we again look for this to hold the topside.

› Key support is regarded as the 200 week ma at 877.05 and the 2009-2013 uptrend at 889. These remain the major supports

› Slightly longer term, the market is range bound in a very large range – initial parameters are 875/1017 and within this range the market is neutral.

ICE Gasoil Daily Continuation Chart

Tue Dec 10 2013 10:56:20

NYMEX Natural Gas

2009-2013 downtrend eroded look for the 4.44 2013 high to be tested.

- Natural Gas has cleared psychological resistance at 4.00 – and has also eroded the 4.1625/78.6% retracement and the 2009-2013 resistance line at 4.1458 and in doing so introduced scope to the 4.44 2013 high.
- While the short term uptrend, currently at 3.7630 contains dips lower, then the market should remain well placed to have another crack on the topside. The Elliott wave count on the daily chart is suggesting the market should remain well supported on pullbacks to the 4.00/3.90 region.
- We have an accelerated uptrend at 4.0587 and while above there remains immediately bid.
- Beyond 4.44 the 2013 high lies the 4.68 23.6% retracement of the move down from 2008. Currently the market looks to have seen a significant break higher and we suspect will eventually head over 5.00.

NYMEX Natural Gas Weekly Continuation Chart

Source: CQG Inc. © 2013 All rights reserved worldwide. http://www.cqg.com Tue Dec 10 2013 08:37:13

NYMEX RBOB Gasoline

An upside bias is maintained above the 55 day ma at 2.6438

› RBOB Gasoline is struggling to maintain upside pressure – for now the market is consolidating above the 55 day ma at 2.6438 – and while above here an upside bias persists. While above the 55 day ma the market remains capable of near term gains to 2.784

› We would allow for a move into the 2.7840/2.8288 band (50% retracement), but we should see price struggle to regain the 200 day ma at 2.8370. Failure here would leave the market in the bottom half of its range and likely to retest the 2.4440 November 2011 low. Please note however that we have no strong bias and are relatively neutral.

› 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 Daily Continuation

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LME Copper

No resistance of note dislodged. Maintain a neutral to negative bias

- LME Copper we are somewhat surprised to have seen such a vigorous rebound. Nonetheless seeing as no resistance of any note has been dislodged our view remains neutral to negative. Directly overhead lies the 200 day ma at 7203 and this is reinforced by the 55 week ma at 7408 and the 2011-2013 resistance line at 7488.

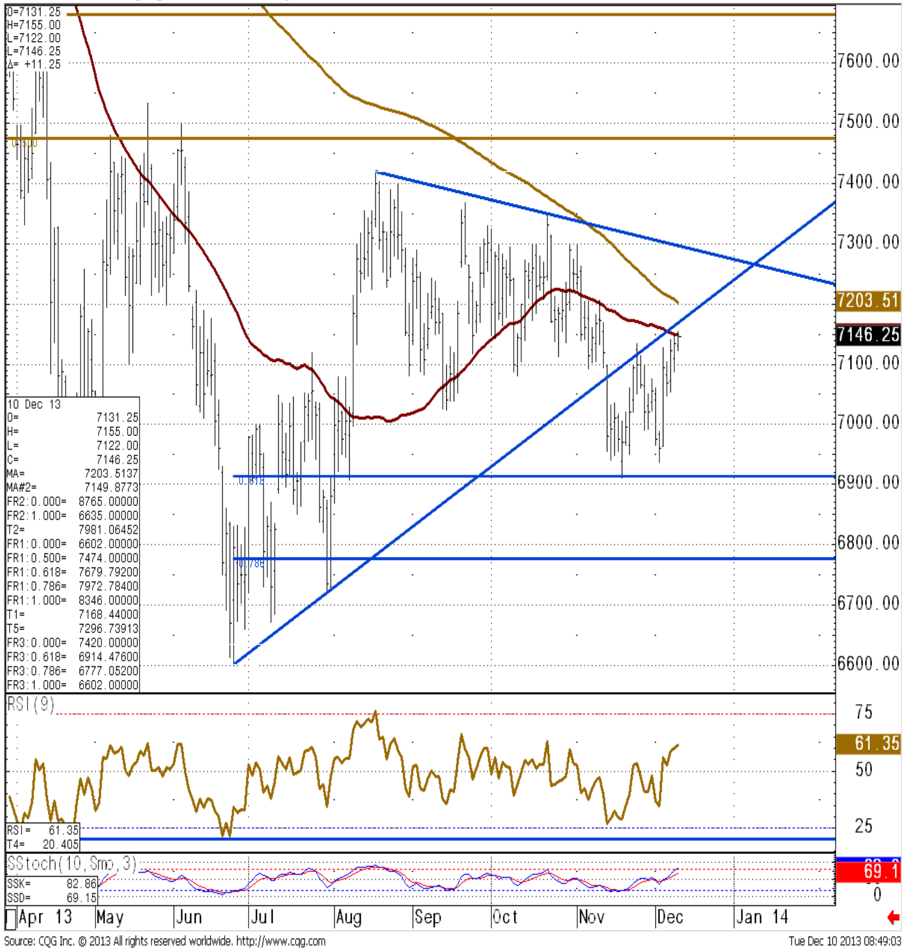
- We continue to hold a bearish bias while capped by 7408/7534 (May high). The late July low at 6721 will continue to be targeted while no daily chart close above the May peak at 7534 is being made. Initial support is last weeks low at 6910/14 – this is also the 61.8% retracement.

- 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.

- A daily close above 7534 (not favoured), however, would mean a continuation of the August advance and target the 61.8% Fibonacci retracement at 7680 and the 2011-2013 resistance line at 7488(not favoured).

LME Copper Daily Chart



LME Aluminium

Divergence of the weekly RSI suggests that the down move has aborted for now

- LME Aluminium did not sustain a break of key support at 1776/1758. This is where the October 2009 low and this year's June trough were found. The recent low of 1736 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 has aborted for now.

- Directly above the market we have the 55 week ma at 1908 and the 1949/81 August and June highs and only if these were overcome would the chart picture alter enough to become more positive. Please note that the 2011-2013 resistance line cuts in at 1874.

- While capped by this resistance the chart remains longer term negative and we continue to view aluminium as vulnerable on the downside longer term.

- We have longer term downside targets which come in at the 1701.00 June 2009 high and eventually the 78.6% Fibonacci retracement of the 2009-11 uptrend at 1605.14.

LME Aluminium Weekly Chart

Source: CQG Inc. © 2013 All rights reserved worldwide. http://www.cqg.com Tue Dec 10 2013 08:57:15

LME Nickel

As suspected support at 13205/12978 has held. Possible base developing

› LME Nickel has reversed just ahead of major support at 13205, the 2013 low and the 12978 78.6% retracement of the 2008-2011 rise. This has been our downside target for quite some time and we are alert to the idea that the market will again hold this on the next test. We noted last week the TD perfected set up on the daily chart and this together with a divergence of the daily RSI implied that this key support will hold the downside. This has now been seen.

› Rallies look set to extend to 14618 (200 day ma) but rallies will need to clear the 15001 August high AND the 15910 2012-2013 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 below 12978 will push the 12844 April 2009 high and then the 11925 mid-May 2009 low into the picture.

LME Nickel Weekly Chart

LME Zinc

Robust rally returns market to the middle of its 2 year range and neutralises the market once more.

› LME Zinc has seen an aggressive counter move higher. This has completely negated the downside and returned prices to the middle of its 2 year range.

› The rally is likely to find initial resistance at the 1980 October high and the 2009 2013 high. Key resistance lies at the 200 week ma at 2067 and the 2066 2011-2013 resistance line.

› Key support is the 2010-2013 uptrend at 1847.47 followed by the more shallow 1800.94 2011-2013 support line.

› These will all need to be eroded for the market to break free from a range which has dominated it for years.

› Below 1800 will leave key support at 1745/1718.50 exposed – these are the lows seen in 2011 and 2012 .

LME Zinc Weekly Chart

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Tue Dec 10 2013 10:10:46

ICE ECX Carbon Emissions Dec 2014

3 month downtrend eroded, completes a bullish falling wedge pattern

- December 2014 ICE ECX Carbon Emissions has recently spent some time base building circa 4.50. In this vicinity we find both the 200 day ma at 4.53 and the 4.33/50% retracement of the move seen this year. We suspected last week that the market may be base building and we continue to hold this view.

- We market has just eroded its 3 month downtrend and is in the process of trying to clear its 55 day ma at 4.92. We believe the market has just completed a bullish falling wedge pattern and in doing so this pattern offers an upside measured target to 6.21. This target is achievable within the next 3 months.

- We suspect that the market is base building longer term but will face tough resistance extending to 7.00. There is the 2008-2013 resistance line at 6.90, the April 2012 low and the 23.6% retracement of the move down from the 2008 peak. A longer term break above here is favoured and this would introduce scope to the 38.2% retracement at 9.72 longer term. A viable end of 2014 forecast is 7.50

- Shorter term dips lower should find the previous resistance line now offers support at 4.76 and only below the 4.33 Fibonacci support would our positive bias be negated.

ICE ECX Carbon Emissions Dec 2014 Daily Chart

Source: CQG Inc. © 2013 All rights reserved worldwide. http://www.cqg.com Tue Dec 10 2013 10:30:35

Phelix January 2014

Challenging the 55 day ma at 37.77

- The Phelix Jan 2014 contract has reversed off the 36.83 78.6% retracement, and the market has rallied to its 55 day ma at 37.77, where the upmove has halted.
- We suspect that the market is merely consolidating ahead of challenging this resistance and once cleared will be well placed to tackle the 200 day ma at 38.39. This is likely to act as a short term magnet for prices.
- This is expected to act as the barrier to the 39.85 September 2013 peak.
- Dips lower will find initial support at 37.20 ahead of 36.83/75, which we look to contain the downside. The 36.83 78.6% Fibonacci retracement level represents the last defence for the 36.02 August low.

Phelix January 2014 Daily Chart

Additional Information

S&P GSCI

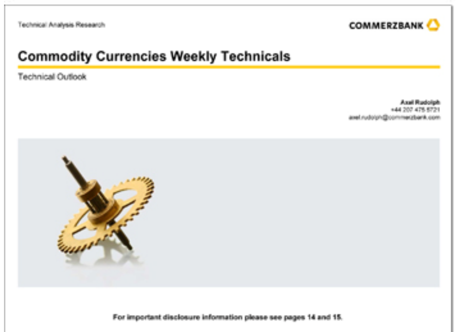
The S&P GSCI is world-production weighted; the quantity of each commodity in the index is determined by the average quantity of production in the last five years of available data. Such weighting provides the S&P GSCI with significant advantages, both as an economic indicator and as a measure of investment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



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

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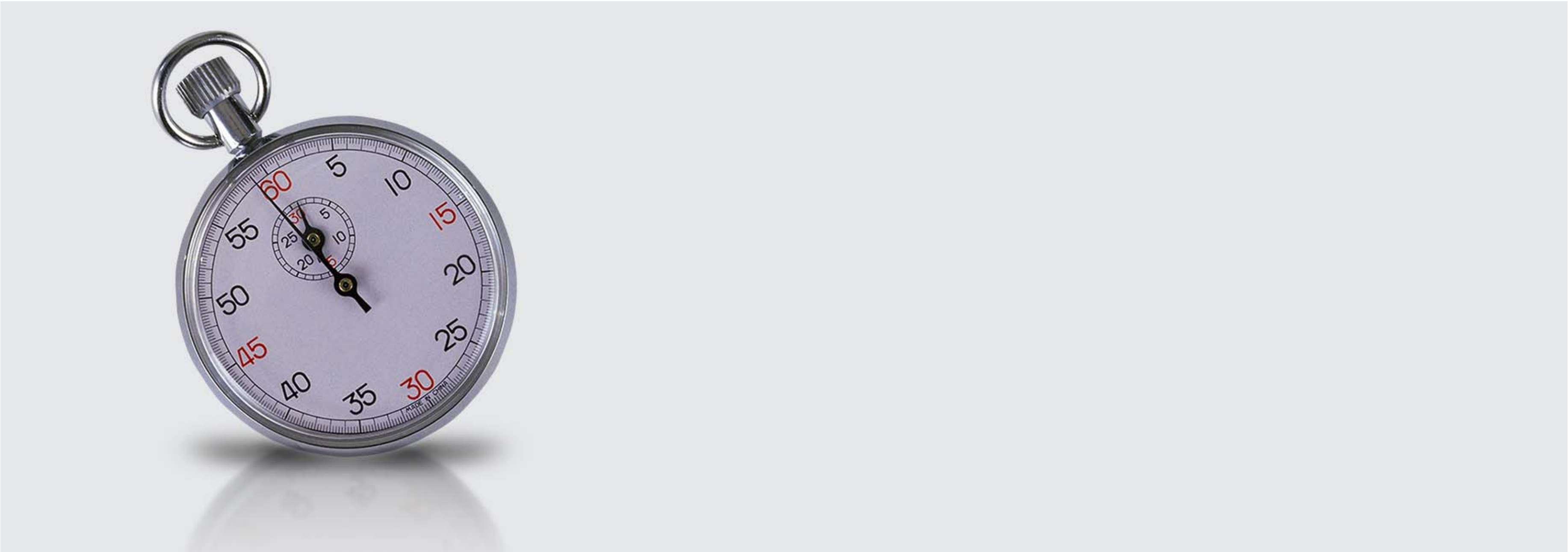

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