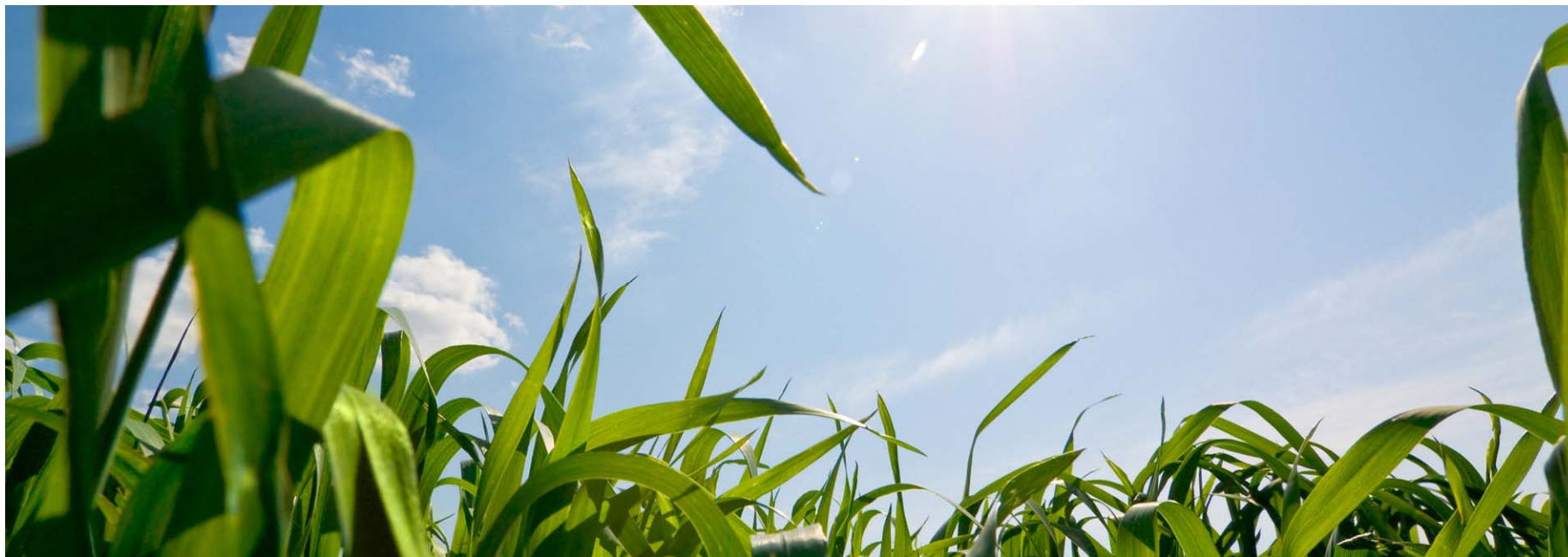


Commodity Weekly Technicals

Tuesday, 17 December 2013

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 has failed ahead of the 50% retracement and is back under pressure.
NYMEX Light Crude Oil:	Bid but move higher should struggle to regain 100.00.
ICE Brent Crude Oil:	Sidelined above the 200 day ma.
NYMEX Heating Oil:	The market has failed at the 3.0806 mid October peak and is easing lower
ICE Gasoil:	Market has failed at the 947/948.75 resistance, near term risks are on the downside
NYMEX Natural Gas:	The 4.44 2013 high has been tested. Market remains immediately bid above the 4.2380 uptrend
RBOB Gasoline:	Easing lower and on the defensive
LME Copper:	Approaching key resistance at 7398/7469, the 55 week ma and the 2011-2013 resistance line
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:	Upside pressure remains – the 2009 August high is exposed.
ICE ECX Emissions Dec 2014:	Near term weakness is viewed as corrective, maintain a positive bias above 4.59
Phelix January 2014:	Challenging the 55 day ma at 37.66

S&P GSCI Total Return Index

Market has failed ahead of the 50% retracement and is back under pressure.

- › The S&P GSCI Total Return Index failed just ahead of the 50% retracement of the move down from August, this is located at 4872. We view the high at 4846 as a corrective peak and look for the market to come under increasing downside pressure.
- › The market faces tougher resistance, which 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 now see attention revert to the downside and the 2009-2013 support line at 4668. 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



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 16 2013 10:40:05

Nymex Light Crude Oil

Bid but move higher should struggle to regain 100.00.

- › WTI crude oil's topside has been thwarted by the 200 day ma at 98.71. We have a double Fibonacci retracement directly overhead at 99.47/58 and the market has started to ease back. We suspect that the rally will ahead of 100.00.
- › Failure here will suggest a slide back to the 200 week ma at 92.20/91.77.
- › 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.

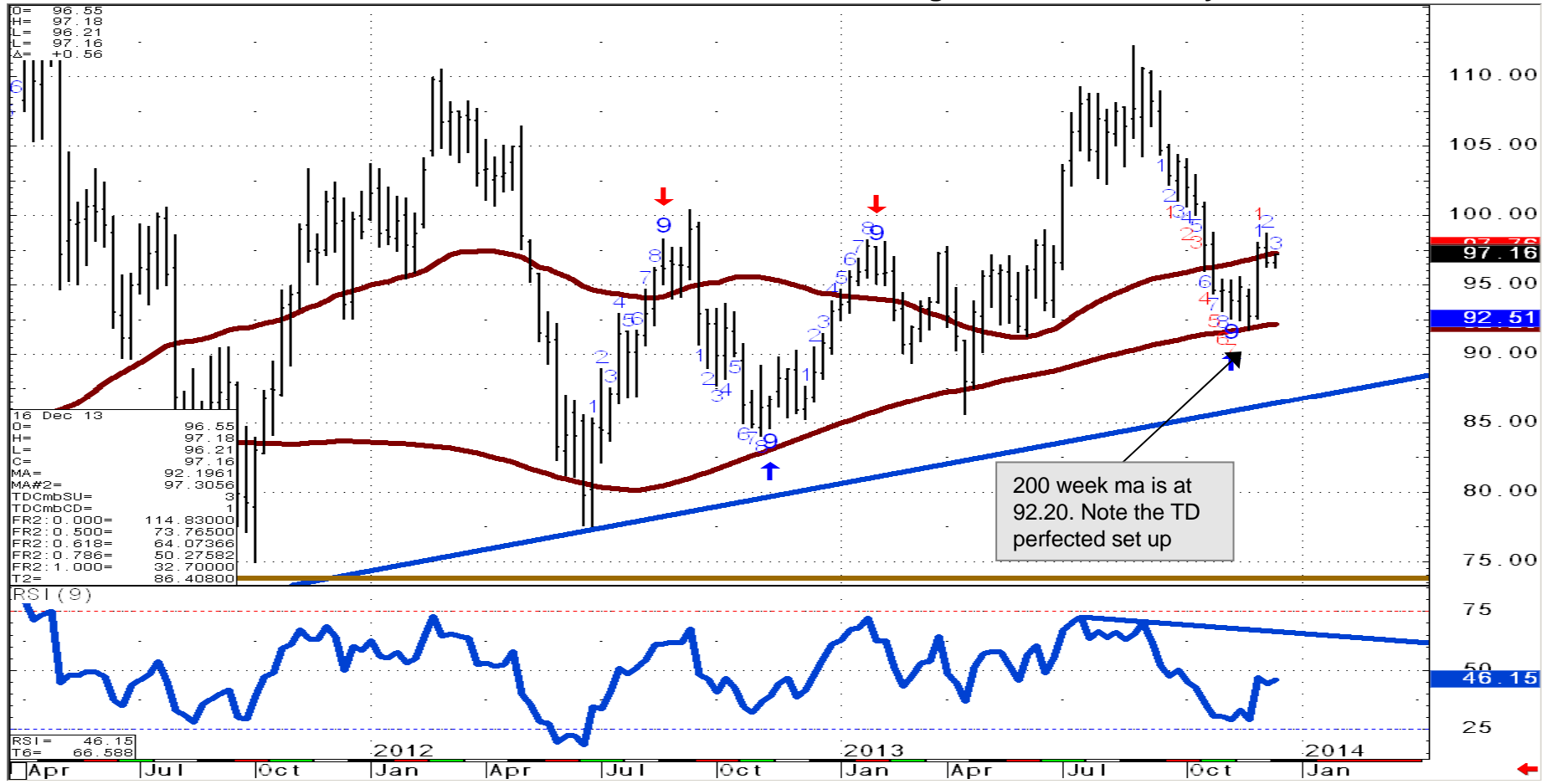
NYMEX Light Crude Oil Daily Continuation Chart



NYMEX Light Crude Oil

TD perfected set up on the weekly chart

NYMEX Light Crude Oil Weekly Continuation Chart



ICE Brent Crude Oil

Sidelined above the 200 day ma.

- › Brent crude Oil having recently failed at the 111.50/112.00 mid October high the market sold off towards the 200 day ma at 107.38 and has seen a strong rebound ahead of here.
- › We suspect that the market will hold sideways short term but we have conflicting signals on the intraday charts. 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 107.51/38 is needed to alleviate immediate upside pressure and signal losses to the 103.86 200 week ma.
- › Key resistance is the 115.07 2012-2013 resistance line.

ICE Brent Crude Oil Daily Continuation Chart



ICE Brent Crude Oil - Weekly

Topside expected to remain capped by the 115.21



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Brent Vs Crude Oil daily

Failing ahead of the 19.96 2011-2013 resistance line

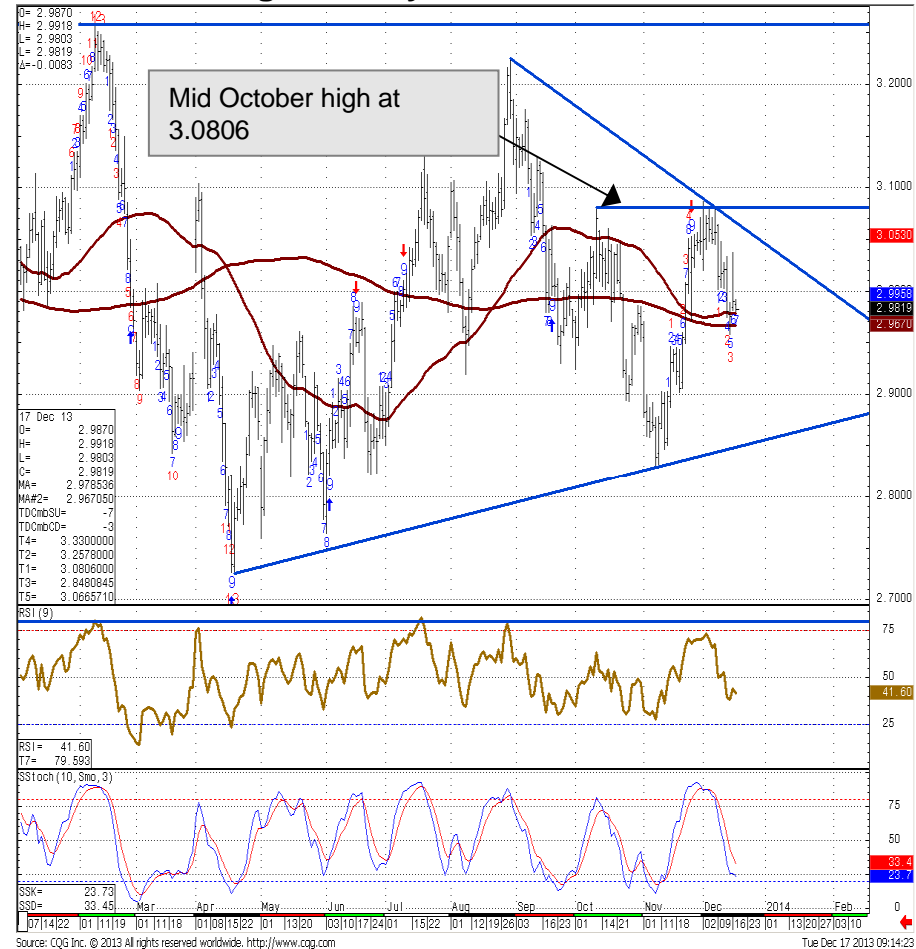


NYMEX Heating Oil

The market has failed at the 3.0806 mid October peak and is easing lower

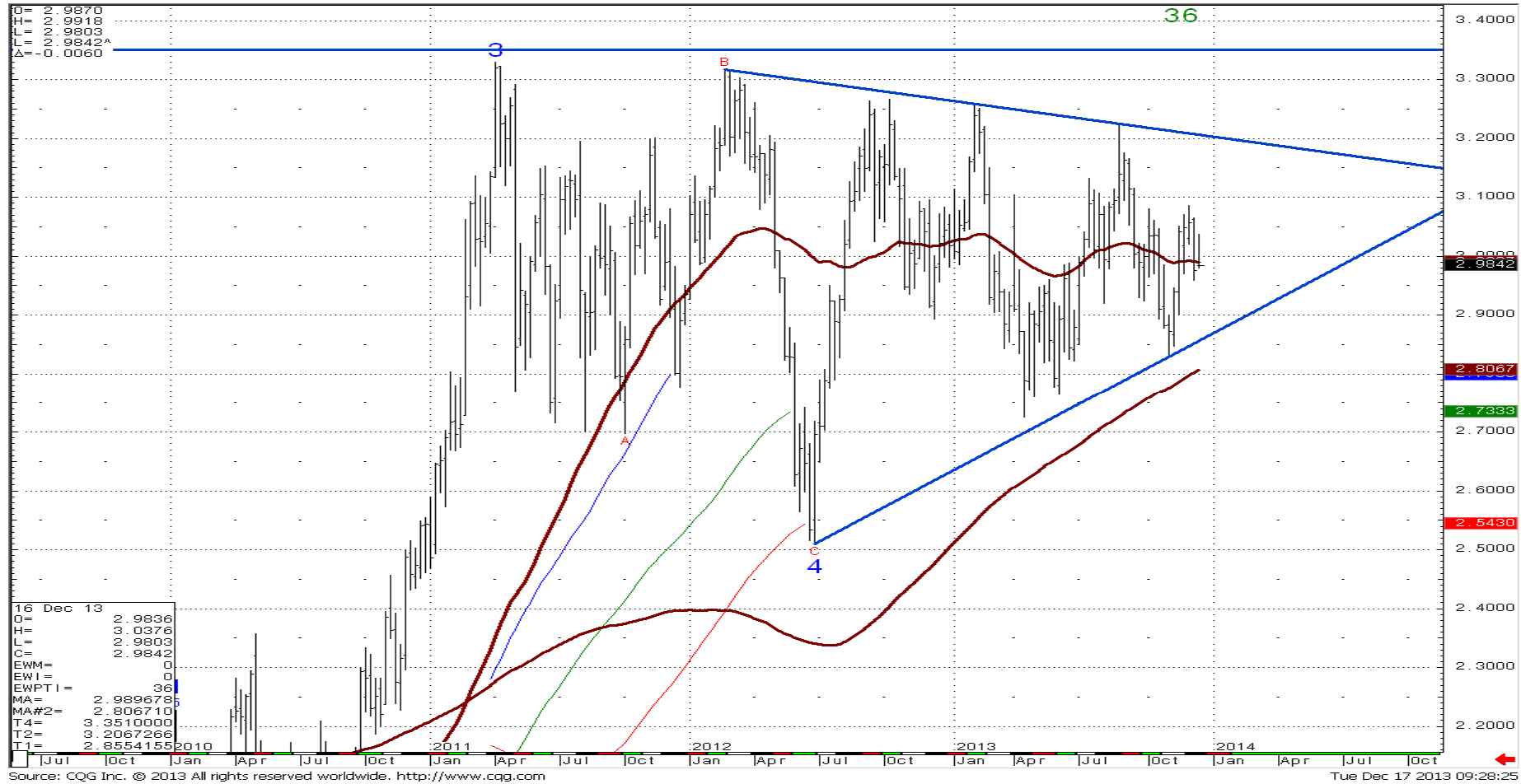
- › NYMEX Heating Oil has failed at the 3.0806 October high, and is easing lower. While capped here, the risk remains for failure and a slide back to the 2.8222/85 supports. Please note that there is little to suggest that the market is set to sustain another leg higher at this stage.
- › The market is in the middle of a large range and is neutral medium to longer term. Short term loss of the 200 day ma at 2.9670 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 2.8067 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



ICE Gasoil

Market has failed at the 947/948.75 resistance, near term risks are on the downside

- › ICE Gasoil has failed to clear 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. We should see a slide back to the 2009-2013 uptrend at 891 and the 200 week ma at 878.
- › Slightly longer term, the market is range bound in a very large range – initial parameters are 878/1017 and within this range the market is neutral. Key support is regarded as the 200 week ma at 878 and failure here will target the 815.50 April low.
- › A close above 948.75 will force us to neutralise our view and allow for a deeper rally to the 2013 resistance line at 960.37. 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.

ICE Gasoil Daily Continuation Chart



NYMEX Natural Gas

The 4.44 2013 high has been tested. Market remains immediately bid above the 4.2380 uptrend

- › Natural Gas has tested and seen initial failure at the 4.44 2013 high. So far the dip lower has held the 4.2380 accelerated uptrend. According to the 240 minute chart we should see the market stabilise here and re-test the 4.44 high.
- › 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.
- › The Elliott wave count on the daily chart is suggesting the market should remain well supported on pullbacks to the 4.08/3.96 region. Below the accelerated uptrend we will allow for this eventuality.

NYMEX Natural Gas Weekly Continuation Chart



NYMEX RBOB Gasoline

Easing lower and on the defensive

- > RBOB Gasoline has failed to maintain upside pressure and has eased lower – it is starting to erode the 55 day ma and is on the defensive, key support extends from 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.
- > We would expect price to struggle on rallies to 2.75 and be contained by the 200 day ma at 2.8273. While capped here ma negative bias exists.

RBOB Gasoline Daily Continuation



LME Copper

Approaching key resistance at 7398/7469, the 55 week ma and the 2011-2013 resistance line

- › LME Copper has maintained upside pressure and is now approaching much more important resistance offered by the 55 week ma at 7398 and the 2011-2013 resistance line at 7469.
- › We continue to hold a bearish bias while capped here. 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 the recent low at 6910/14 – this is also the 61.8% retracement.
- › A daily close above 7534, 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 7964.
- › 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 Daily Chart



LME Aluminium

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

- › LME Aluminium has recently failed to sustain a break of key support at 1776/1758 and is working higher. 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 1903 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 1868.
- › While capped by this resistance the chart remains longer term 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

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

- › LME Nickel no change, we continue to suspect that the market is attempting to base. The market has recently 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 14554 (200 day ma) but rallies will need to clear the 15001 August high AND the 15845 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

Upside pressure remains – the 2009 August high is exposed.

- › LME Zinc has maintained upside pressure and is well placed to challenge the 2009 August 2013 high. Key resistance lies at the 200 week ma at 2066 and the 2066 2011-2013 resistance line. The market is well placed to challenge this resistance but we will need to see a weekly close above here to introduce scope to the 2230 the 2013 high.
- › Key support is the 2010-2013 uptrend at 1849 followed by the more shallow 1802 2011-2013 support line.
- › The market is currently bid in its range, but is expected to struggle at 2066.
- › Below 1800 will leave key support at 1745/1718.50 exposed – these are the lows seen in 2011 and 2012 .

LME Zinc Weekly Chart



ICE ECX Carbon Emissions Dec 2014

Near term weakness is viewed as corrective, maintain a positive bias above 4.59

- › December 2014 ICE ECX Carbon Emissions has reacted back from a peak of 5.16. We are inclined to view this weakness as corrective and suspect we will see the slide lower hold circa 4.73/4.59.
- › The market has recently spent some time base building circa 4.50. In this vicinity we find both the 200 day ma at 4.54 and the 4.33/50% retracement of the move seen this year and we look for the market to remain under pinned here.
- › 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 6.80, 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.

ICE ECX Carbon Emissions Dec 2014 Daily Chart



Phelix January 2014

Challenging the 55 day ma at 37.66

- › The Phelix Jan 2014 contract has recently reversed off the 36.83 78.6% retracement, and continue to probe its 55 day ma at 37.66, 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 38.28. 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;

Technical Analysis Research **COMMERZBANK**

Daily Market Technicals
FX Outlook

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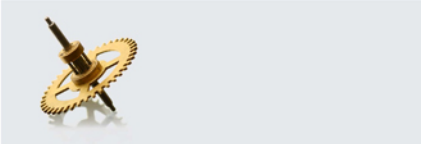


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- Tuesday:** Daily Market Technicals (FX), Bullion Weekly Technicals;
- Wednesday:** Daily Market Technicals (FX), Commodity Currencies Weekly Technicals;
- Thursday:** Daily Market Technicals (FX), Asian Currencies Weekly Technicals, FX Strategy;
- Friday:** Daily Market Technicals (FX), Fixed Income Weekly Technicals.

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