

Commodity Weekly Technicals

Tuesday, 07 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 has sold off to the 2009-2014 uptrend – this is at 4686
NYMEX Light Crude Oil:	Looking for a slide back to the 200 week ma at 92.44
ICE Brent Crude Oil:	Fibo support at 106.81 is exposed
NYMEX Heating Oil:	The market is on the defensive
ICE Gasoil:	Market has sold off to the 2013-2014 support line at 903.43.
NYMEX Natural Gas:	Dips lower has held over 4.20 so far but the risk remains for a deeper correction
RBOB Gasoline:	Failure at the 55 week ma at 2.85 has left the market on the defensive.
LME Copper:	Stalling at key resistance at 7361/7410, the 55 week ma and the 2011-2013 resistance line
LME Aluminium:	Rally higher has failed ahead of the 2011-2014 resistance line
LME Nickel:	Failure at the 200 day ma reinforces the sideways range.
LME Zinc:	Near term weakness viewed as corrective, scope remains to challenge the 2230 2013 high
ICE ECX Emissions Dec 2014:	Near term weakness is viewed as corrective, maintain a positive bias above 4.59
Phelix January 2014:	New all time lows, Fibonacci extensions suggest a target of 35.28

S&P GSCI Total Return Index

Market has sold off to the 2009-2014 uptrend – this is at 4686

- › The S&P GSCI Total Return Index failed just ahead of the 4930/41, which was the 61.8% retracement and the high seen in October and sold off aggressively. Intraday rallies should hold 4770/90 ahead of further losses.
- › This sell off has already reached the 2009-2014 uptrend at 4686. 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



Nymex Light Crude Oil

Looking for a slide back to the 200 week ma at 92.44

- › WTI crude oil's move higher failed to make much impression above psychological resistance at 100.00 and we saw the market sell off aggressively. We have minor support at 93.69 (78.6% retracement of the move seen November to December), but rallies are likely to struggle 95.80 for further losses to the 200 week ma and November 2013 low at 92.44/91.77. This protects the 2010-2014 uptrend at 86.76.
- › 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.

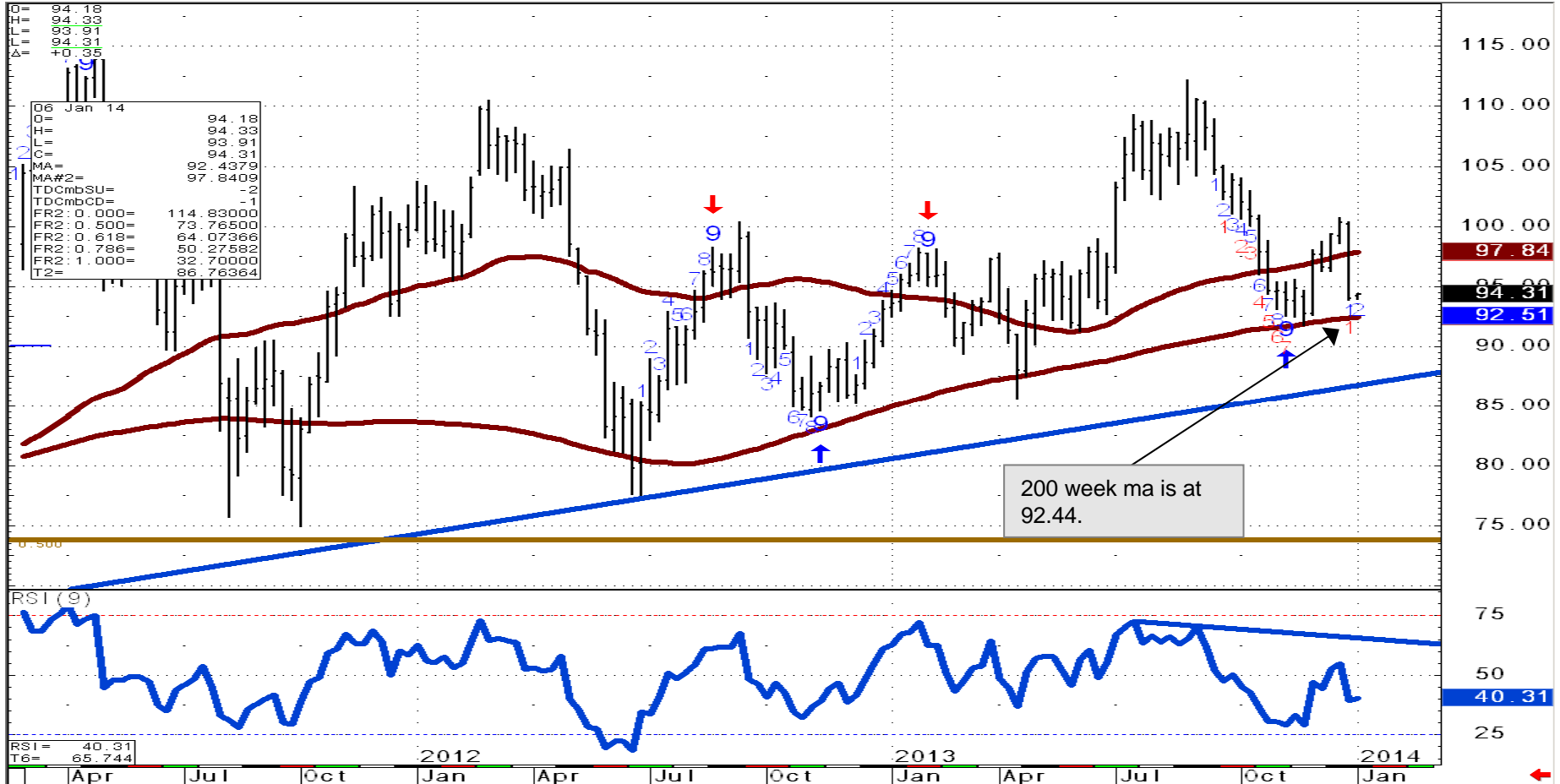
NYMEX Light Crude Oil Daily Continuation Chart



NYMEX Light Crude Oil

200 week ma at 92.44

NYMEX Light Crude Oil Weekly Continuation Chart



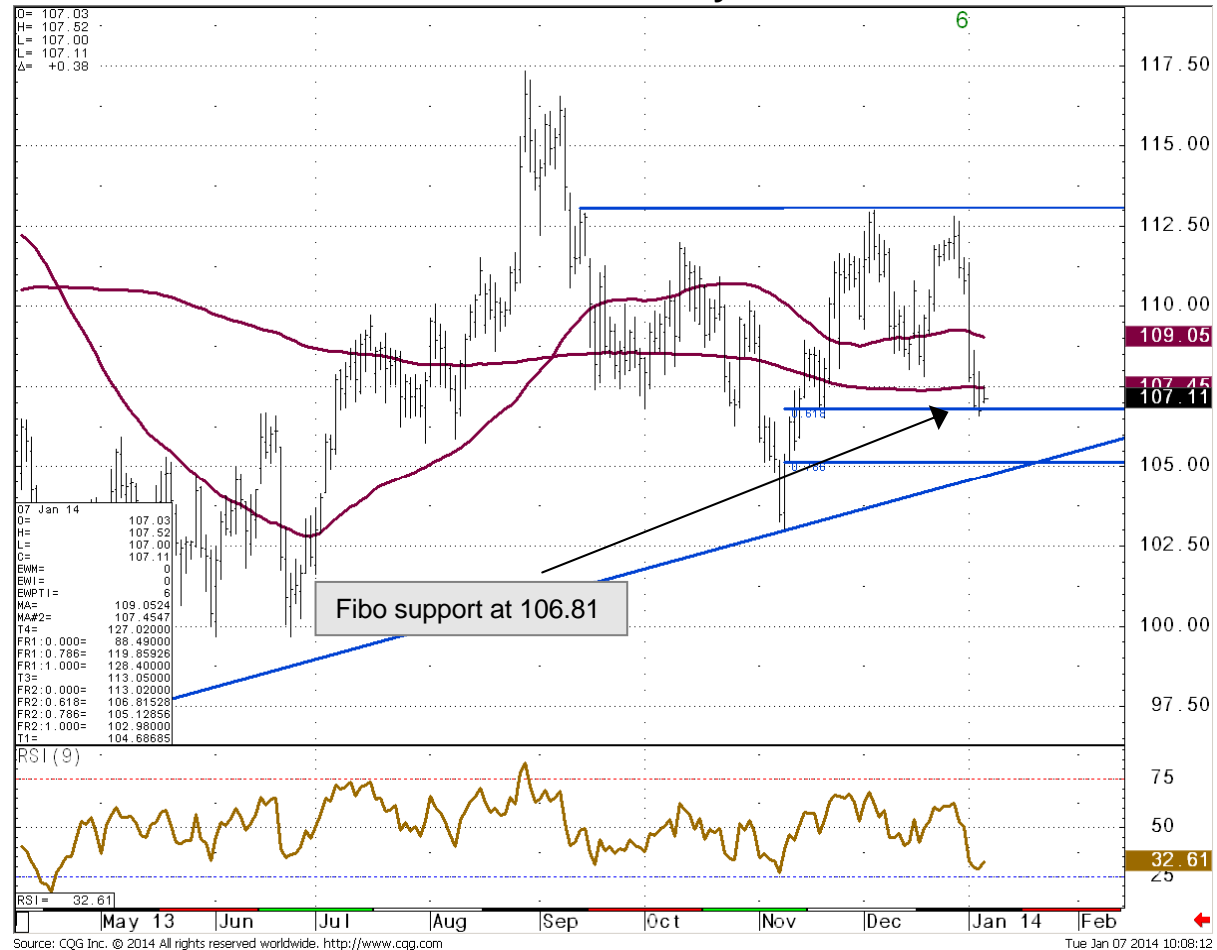
Source: CQG Inc. © 2014 All rights reserved worldwide. <http://www.cqg.com> Mon Jan 06 2014 08:27:40

ICE Brent Crude Oil

Fibo support at 106.81 is exposed

- › Brent crude Oil sold off aggressively last week having recently failed at the 111.50/112.00 mid October high. The market has sold off to the 61.8% retracement of the move from November – this is located at 106.81.
- › We would allow for this to hold the initial test, but intraday rallies are likely to struggle 108.50/109.15.
- › We remain neutral to negative bias longer term. Short term a slide back below 106.81 is needed to alleviate immediate upside pressure and signal losses to the 104.32 200 week ma and the 104.05 2012 to 2014 uptrend. This is the break down point to the 102.98 November low and longer term to the 96.75 2013 low.
- › Key resistance is the 114.65 2012-2014 resistance line.

ICE Brent Crude Oil Daily Continuation Chart



ICE Brent Crude Oil - Weekly

Attention reverts to the 200 week ma at 104.32



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Brent Vs Crude Oil daily

Failing ahead of the 19.76 2011-2014 resistance line



NYMEX Heating Oil

The market is on the defensive

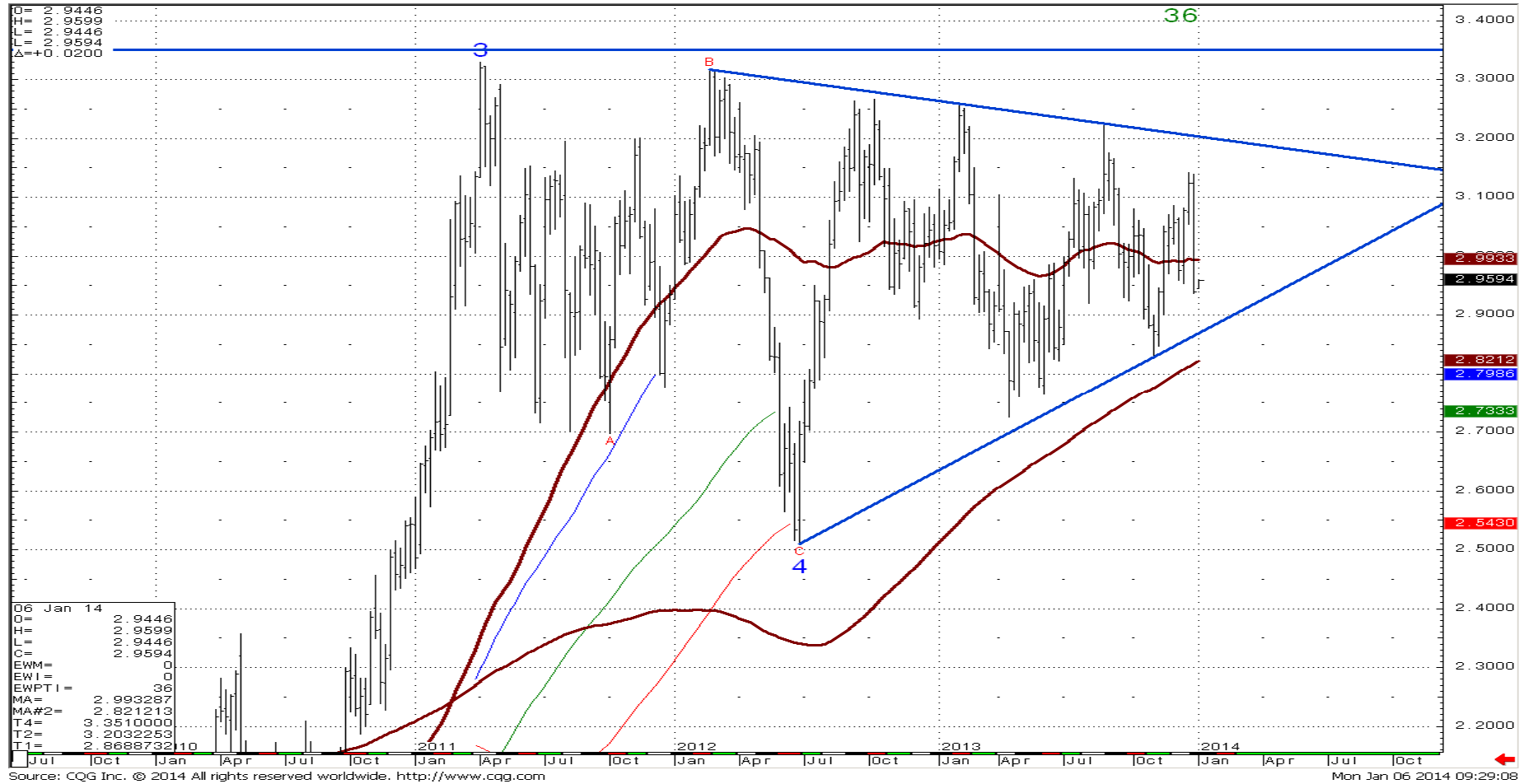
- › NYMEX Heating Oil at the end of last year rallied to and failed at the 78.6% retracement of the move down from August (this is located at 3.14). The market has collapsed lower from this point.
- › We look for a slide back to the mid to low 2.80 support area, 2.8222/85 represents the October 2013 low. Initial support lies at 2.9193, the 8th August low. 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 2.9734 has left the market on the defensive.
- › We have a 2012-2014 support line at 2.8689 and directly below here lies the 200 week ma at 2.8212 – this remains a major break down point.
- › Intraday rallies should struggle at 2.9850.

NYMEX Heating Oil Daily Continuation Chart



Heating Oil - Weekly

In middle of range



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Mon Jan 06 2014 09:29:08

ICE Gasoil

Market has sold off to the 2013-2014 support line at 903.43.

- › ICE Gasoil at the end of last year rallied to and failed at the 955.61 2013-2014 resistance line (current location). So far this has resulted in a sell off back to the 2013-2014 support line at 903.43. This guards the more important 2009-2013 uptrend at 897 and the 200 week ma at 882.67.
- › Slightly longer term, the market is range bound in a very large range – initial parameters are 882/1016 and within this range the market is neutral. Key support is regarded as the 200 week ma at 882.67 and failure here will target the 815.50 April low.
- › Intraday rallies should now struggle on rallies towards 925/26.

ICE Gasoil Daily Continuation Chart

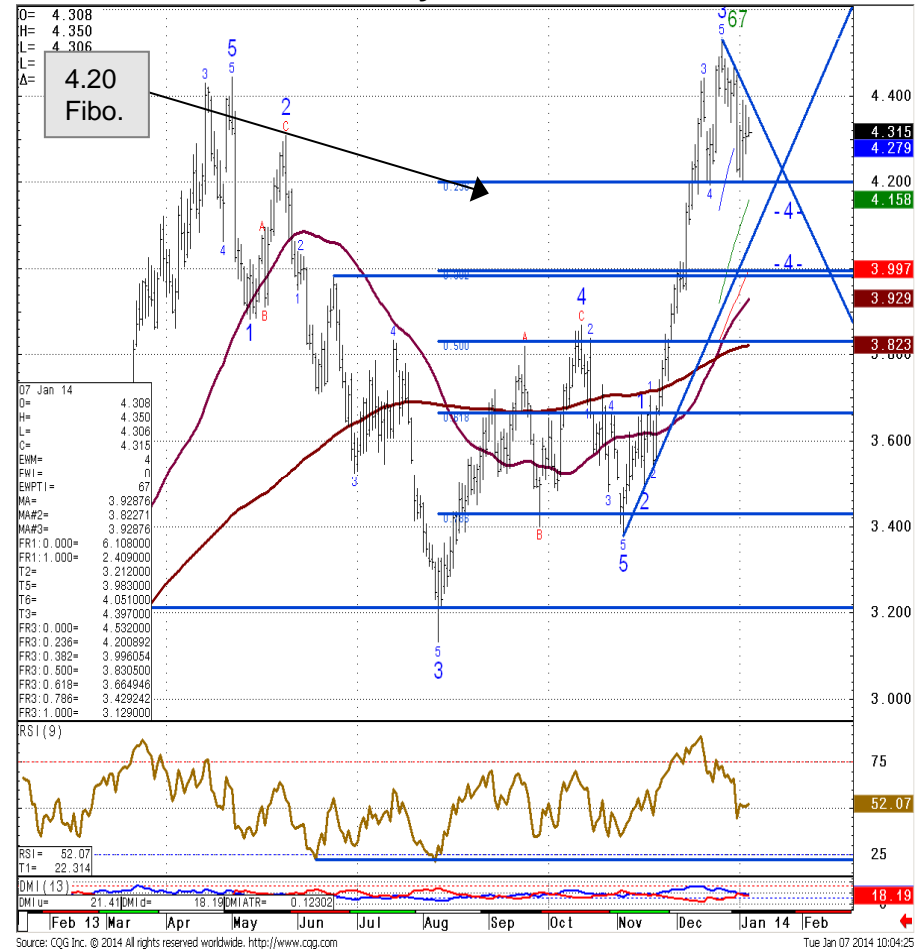


NYMEX Natural Gas

Dips lower has held over 4.20 so far but the risk remains for a deeper correction

- › Natural Gas charted a new high at the end of 2013 of 4.53, this was accompanied by a divergence of the RSI but the dip lower has held over the 23.6% retracement at 4.20 and currently the market remains bid and well placed to retest the 4.53 recent high and 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.
- › Very near term we note the near term downtrend at 4.41 and it is possible that 4.20 will be re-tested, the Elliott wave count on the daily chart is suggesting the market should remain well supported on pullbacks to the 4.13/01 region. If seen we look for the market to stabilise here and re-try the topside..

NYMEX Natural Gas Daily Continuation Chart



NYMEX RBOB Gasoline

Failure at the 55 week ma at 2.85 has left the market on the defensive.

- › RBOB Gasoline rally higher failed to penetrate the 55 week ma at 2.85 and the market is back on the defensive. Nearby support is offered by the mid December low at 2.6152. 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 2.73 and be contained by the 55 week ma at 2.85. While capped here ma negative bias exists.

RBOB Gasoline Weekly Continuation



LME Copper

Stalling at key resistance at 7361/7410, the 55 week ma and the 2011-2013 resistance line

- › LME Copper has rallied to and seen initial failure at key resistance offered by the 55 week ma at 7398 and the 2011-2013 resistance line at 7469. The market will need to fall back below the 200 day ma at 7167 in order to alleviate immediate upside pressure. We suspect that the market lacks the impetus to break higher and is just sidelined for now.
- › 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 Weekly Chart

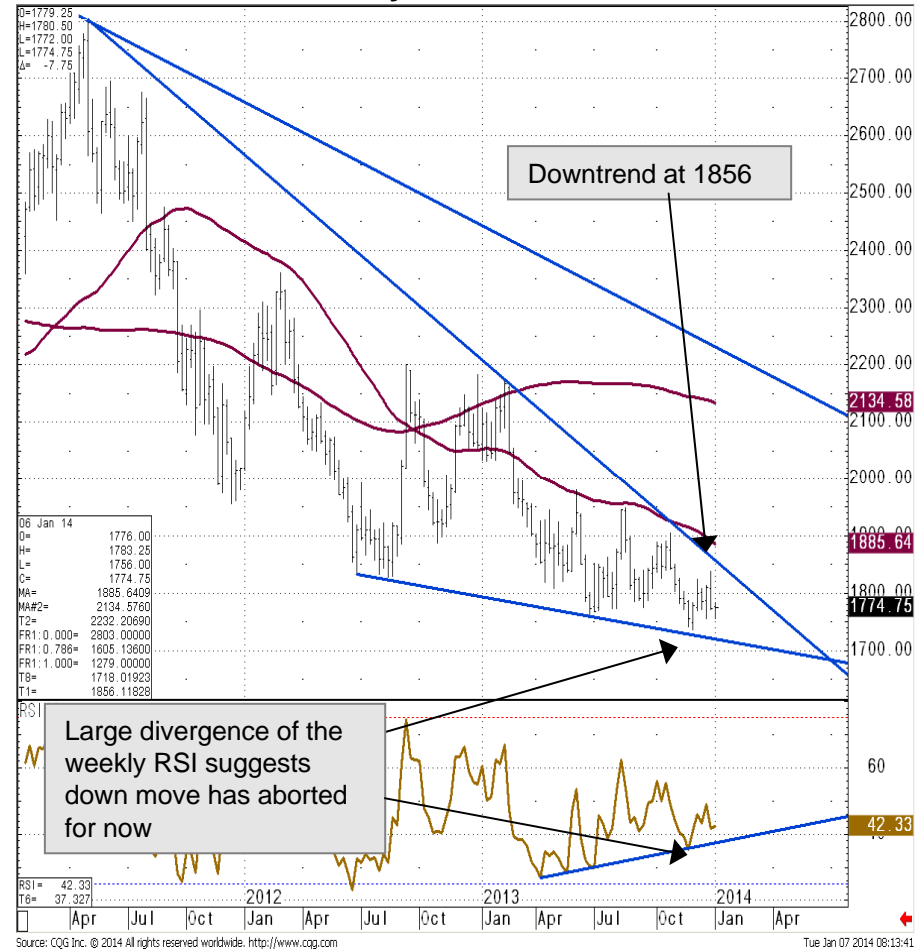


LME Aluminium

Rally higher has failed ahead of the 2011-2014 resistance line

- › LME Aluminium has rallied towards and failed ahead of the 1856 2011-2014 resistance line. The topside remained capped by the 200 day ma at 1839. 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 1718 2012-2014 support line.
- › 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 is in its end phase.
- › Directly above the market we have the 55 week ma at 1886 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 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

Failure at the 200 day ma reinforces the sideways range.

- › LME Nickel interesting price action, the rally to the 200 day ma at 14387 was met by emphatic failure. This has left the market still sidelined in a range, which has existed for 6 months. Given that each rally has been lower than the previous peak in this range, the risk is building medium term for a break lower.
- › 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.
- › Rallies should remain capped by the 14387 (200 day ma) but rallies will need to clear the 15001 August high AND the 15650 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 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

Near term weakness viewed as corrective, scope remains to challenge the 2230 2013 high.

- › LME Zinc has eroded key resistance offered by the 200 week ma and the 2011-2013 resistance line. So far the market has failed to make much impression beyond 2108, and is seeing a sharp correction lower near term. This is indicated to terminate circa 1985/1956 and then recover.
- › The market should then remain well placed to challenge this resistance - above here will introduce scope to the 2230 the 2013 high. Key resistance is the 2009-2014 downtrend located at 2253.
- › Key support is the 2010-2014 uptrend at 1853 followed by the more shallow 1804 2011-2013 support line.
- › The market is currently bid in its range, but is expected to struggle at 2230/53 and remain capped there to leave the overall longer term outlook still neutral.

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 have come under increasing downside pressure since the middle of December it has reacted back from a peak of 5.16. We are inclined to view this weakness as still corrective and suspect we will see the slide lower hold circa 4.59 (200 day ma).
- › The market has recently spent some time base building circa 4.50. In this vicinity we find both the 200 day ma at 4.59 and the 4.33/50% retracement of the move seen this year and we look for the market to remain under pinned here.
- › We suspect that the market is base building longer term but upside progress is likely to remain fairly slow, above 5.16 will target the 5.62 October high and then the 6.06 September high. **Note stronger seasonality is seen from February.**
- › The market will face tough resistance extending to 7.00. There is the 2008-2013 resistance line at 6.46, the April 2012 low and the 23.6% retracement of the move down from the 2008 peak. A viable end of 2014 forecast is 7.50.

ICE ECX Carbon Emissions Dec 2014 Daily Chart



Phelix January 2014

New all time lows, Fibonacci extensions suggest a target of 35.28

- › The Phelix Jan 2014 contract is in the process of eroding the 36.02 August 2013 low and is currently trading in new all time lows. While we acknowledge that the daily RSI has yet to confirm the new low, the market is weighing on the downside and will remain directly offered below the 36.80 50% retracement.
- › While capped by the 55 day ma at 37.40 we will consider that risks remain on the downside.
- › Being in new all time lows, we will have to rely on Fibonacci extensions and point and figure in order to offer potential targets. 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;

Technical Analysis Research **COMMERZBANK**

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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Bullion Weekly Technicals

Technical Outlook



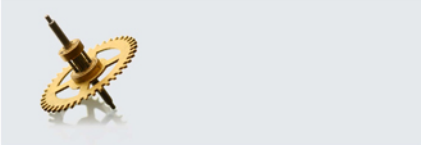
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Commodity Currencies Weekly Technicals

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Asian Currencies Weekly Technicals

Technical Outlook



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Fixed Income Weekly Technicals

Technical Outlook



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- 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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