

# Commodity Weekly Technicals

---

Tuesday, 14 January 2014

## Technical Outlook

**Karen Jones**  
+44 207 475 1425  
[Karen.jones@commerzbank.com](mailto:Karen.jones@commerzbank.com)



**For important disclosure information please see end of the document.**

## Technical Outlook

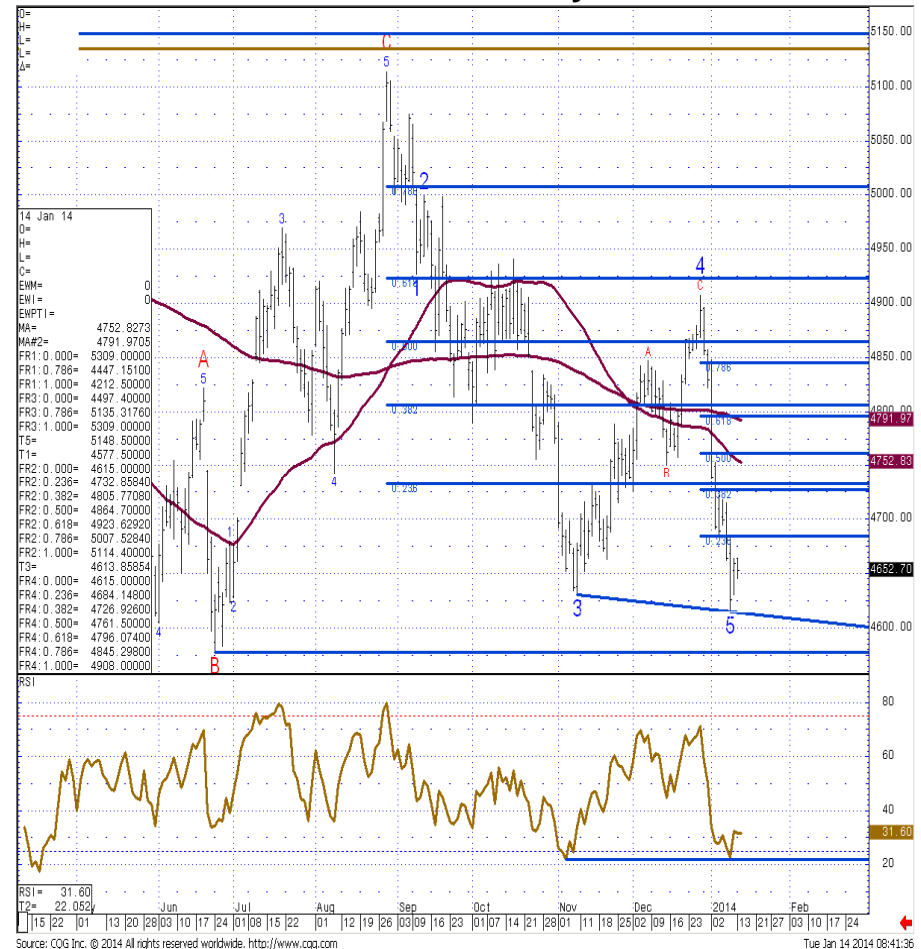
Market	Short term view (1-3 weeks)
S&P GSCI TR Index:	Market has eroded the 2009-2014 uptrend.
NYMEX Light Crude Oil:	Market has sold off to the 200 week ma and Fibo at 92.44/91.31, allow for near term rebound
ICE Brent Crude Oil:	Grinding lower to the 200 week ma at 104.45
NYMEX Heating Oil:	The market should consolidate above 2.90 near term ahead of further losses
ICE Gasoil:	Market has sold off to the 2009-2014 support line at 900. This will remain exposed while rallies are capped by the 55 day ma at 924.89
NYMEX Natural Gas:	Correction lower over, market well placed to resume up move
RBOB Gasoline:	Market weighing on the downside
LME Copper:	Continuing to sit below key resistance at 7351/7391, the 55 week ma and the 2011-2014 resistance line
LME Aluminium:	Remains on the defensive but we suspect is attempting to base
LME Nickel:	Despite recent sharp swings – still sidelined/possible base BUT needs to close above the 15585 2012-2014 downtrend to confirm
LME Zinc:	Well placed to challenge the 2230 2013 high.
ICE ECX Emissions Dec 2014:	Strong rebound off the 200 day ma suggest further strength to the 5.16 recent high
Phelix January 2014:	Market is consolidating – new low not confirmed by the daily RSI and market is attempting to recover

# S&P GSCI Total Return Index

Market has eroded the 2009-2014 uptrend.

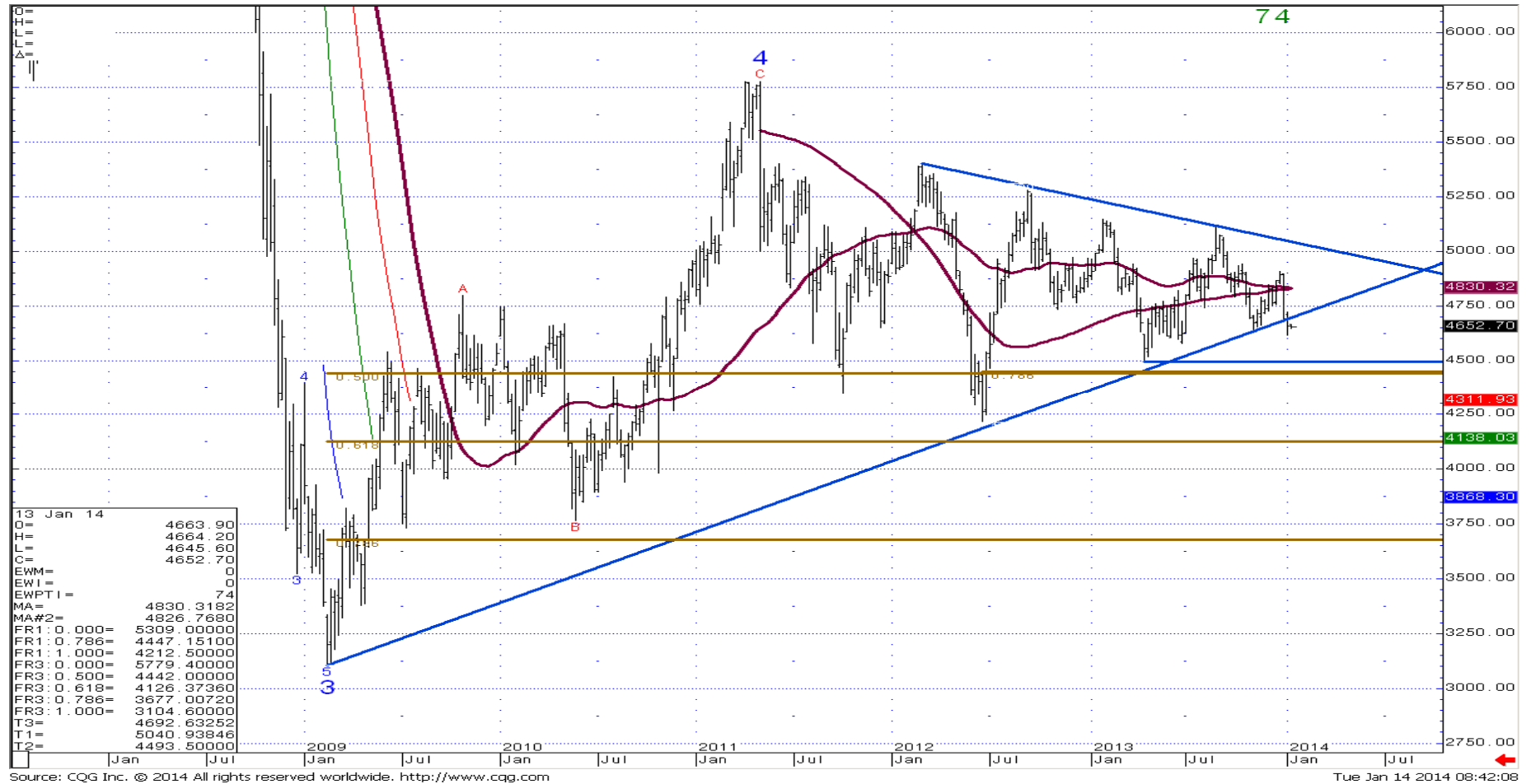
- › The S&P GSCI Total Return Index has eroded the 2009-2014 uptrend at 4686 and we have seen a weekly close below here. The market has charted a new 6 month low, but this has been accompanied by a complex divergence of the daily RSI, this reflects a loss of downside momentum and we would expect to see a a short term corrective rebound.
- › Rallies should find initial resistance at 4732 (23.6% retracement of the move down from the August high) and potentially 4794/4805, the 200 day ma and the 38.2% retracement of the same move.
- › A close below 4615 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.

S&P GSCI Total Return Index Daily Chart



# S&P GSCI Total Return Index weekly

Market has eroded the 2009-2014 uptrend



# Nymex Light Crude Oil

Market has sold off to the 200 week ma and Fibo at 92.44/91.31, allow for near term rebound

- › WTI crude oil has sold off to its short term target/key band of support offered by the 200 week ma, the 78.6% retracement of the move from April 2013 and June 2013 low at 92.44/91.26. This has held the initial test and we would allow for a near term rebound.
- › Rallies should struggle on moves to the 95.63/98.93 (55 and 200 day moving averages) and should be contained by the 100.75 December high.
- › Below 91.26 price should continue lower to the 2010-2014 uptrend at 86.88. This is expected to hold the initial test and should provoke reversal.
- › Slightly longer term we are neutral to slightly negative and we are alert to the idea that this trendline is eroded. Below 86.88 will target the base of the 2 year range at 77.28.

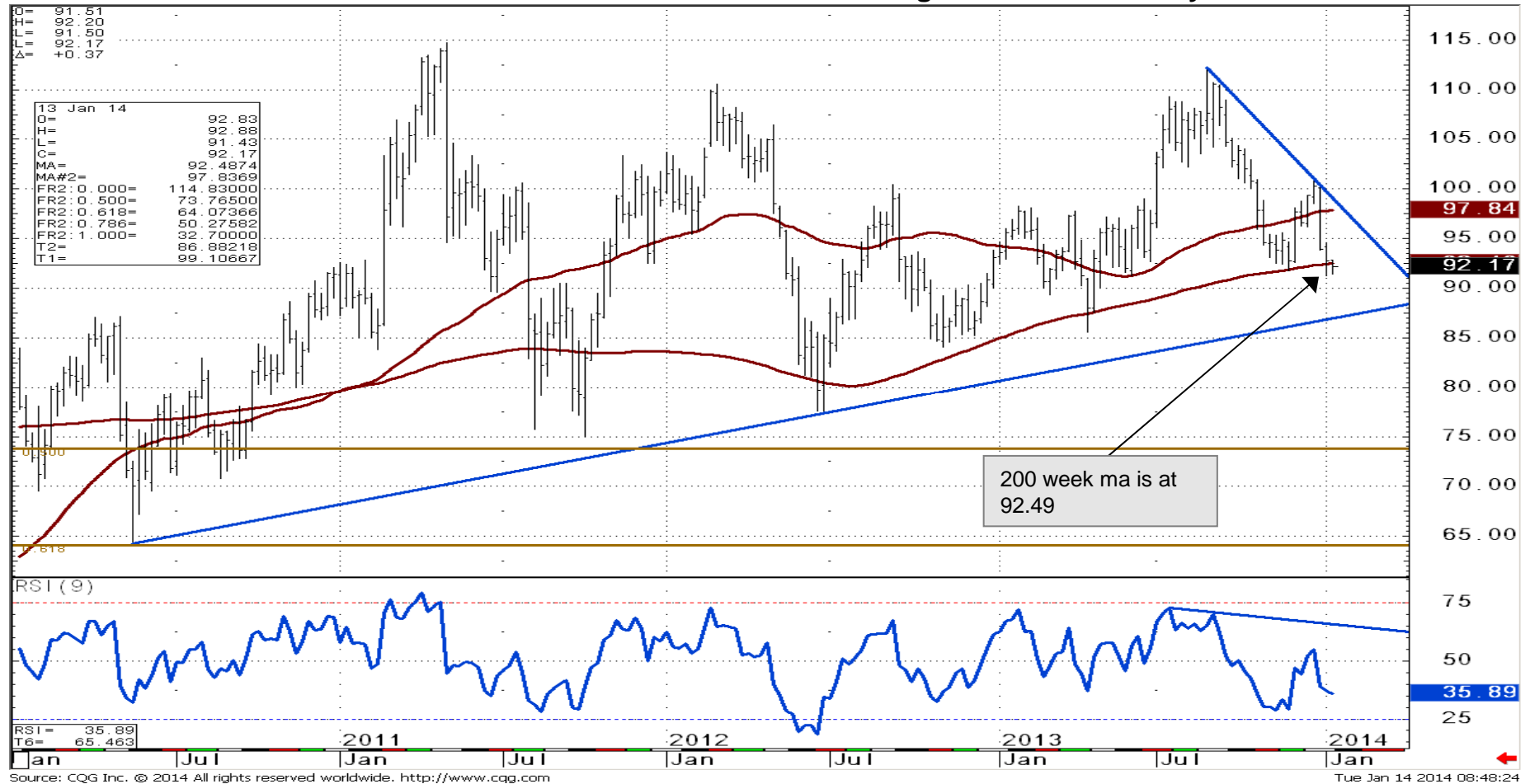
**NYMEX Light Crude Oil Daily Continuation Chart**



# NYMEX Light Crude Oil

200 week ma at 92.49

NYMEX Light Crude Oil Weekly Continuation Chart



# ICE Brent Crude Oil

Grinding lower to the 200 week ma at 104.45

- › Brent crude Oil remains under pressure – it has sold off towards and is recovering just ahead of the 105.12/104.90 region (78.6% retracement and the 9 month support line). We would allow for a small rebound, but look for this to remain capped by the 55 and 200 day ma at 107.43/108.93.
- › We maintain a neutral to negative bias longer term. Short term we look for a grind lower to the 104.45 200 week ma and the 104.24 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.
- › Above 109.00 the recent highs at 112.80/113.02 are expected to cap the topside.
- › Key resistance is the 114.50 2012-2014 resistance line.

ICE Brent Crude Oil Daily Continuation Chart



# ICE Brent Crude Oil - Weekly

Attention reverts to the 200 week ma at 104.45







# NYMEX Heating Oil

The market should consolidate above 2.90 near term ahead of further losses

- › NYMEX Heating Oil has reacted back towards the 2.9017/2.8955 mid November low and 78,.6% retracement. This is expected to hold the initial test for a small rally. Rebounds from here are expected to struggle to regain 3.00.
- › We look for a slide back to the mid to low 2.80 support area. We have a 2012-2014 support line at 2.87 and directly below here lies the 200 week ma at 2.8254 and 2.8222/85 represents the October 2013 low– this band remains a major break down point.
- › 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 2.9790 has left the market on the defensive.
- › Above 3.00 would further neutralise the outlook and allow another run up to at the 78.6% retracement of the move down from August (this is located at 3.14), which is again expected to provoke failure.

NYMEX Heating Oil Daily Continuation Chart



# Heating Oil - Weekly

Heading to the base of the range



# ICE Gasoil

Market has sold off to the 2009-2014 support line at 900. This will remain exposed while rallies are capped by the 55 day ma at 924.89

- › ICE Gasoil has sold off to the 2009-2014 uptrend, this is located at 900. We would expect this to hold the initial test and provoke a bounce. However this will have little impact while the market remains below the 55 day ma at 924.89 and above here will merely neutralise the outlook.
- › At the end of last year rallied to and failed at the 954.02 2013-2014 resistance line (current location). So far this has resulted in a sell off back to the 2009-2014 support line at 900. This guards the more important 200 week ma at 883.88.
- › Slightly longer term, the market is range bound in a very large range – initial parameters are 883/1015 and within this range the market is neutral. Key support is regarded as the 200 week ma at 883.88 and failure here will be needed to target the 815.50 April low.

ICE Gasoil weekly Continuation Chart



# NYMEX Natural Gas

Correction lower over, market well placed to resume up move

- › Natural Gas has sold off to the 4.00/3.95 region and seen an aggressive bounce from here. We view the corrective dip lower as over and this should leave the market well placed to resume its longer term upmove. A close above the resistance line at 4.37 will confirm
- › The market charted a new high at the end of 2013 of 4.53, and we should see this together with the 4.68 23.6% retracement of the move down from 2008 retested. Currently the market looks to have seen a significant break higher and we suspect will eventually head over 5.00.
- › Very near term dips should hold over the 55 day ma at 3.978, this guards the 200 day ma at 3.827.

NYMEX Natural Gas Daily Continuation Chart

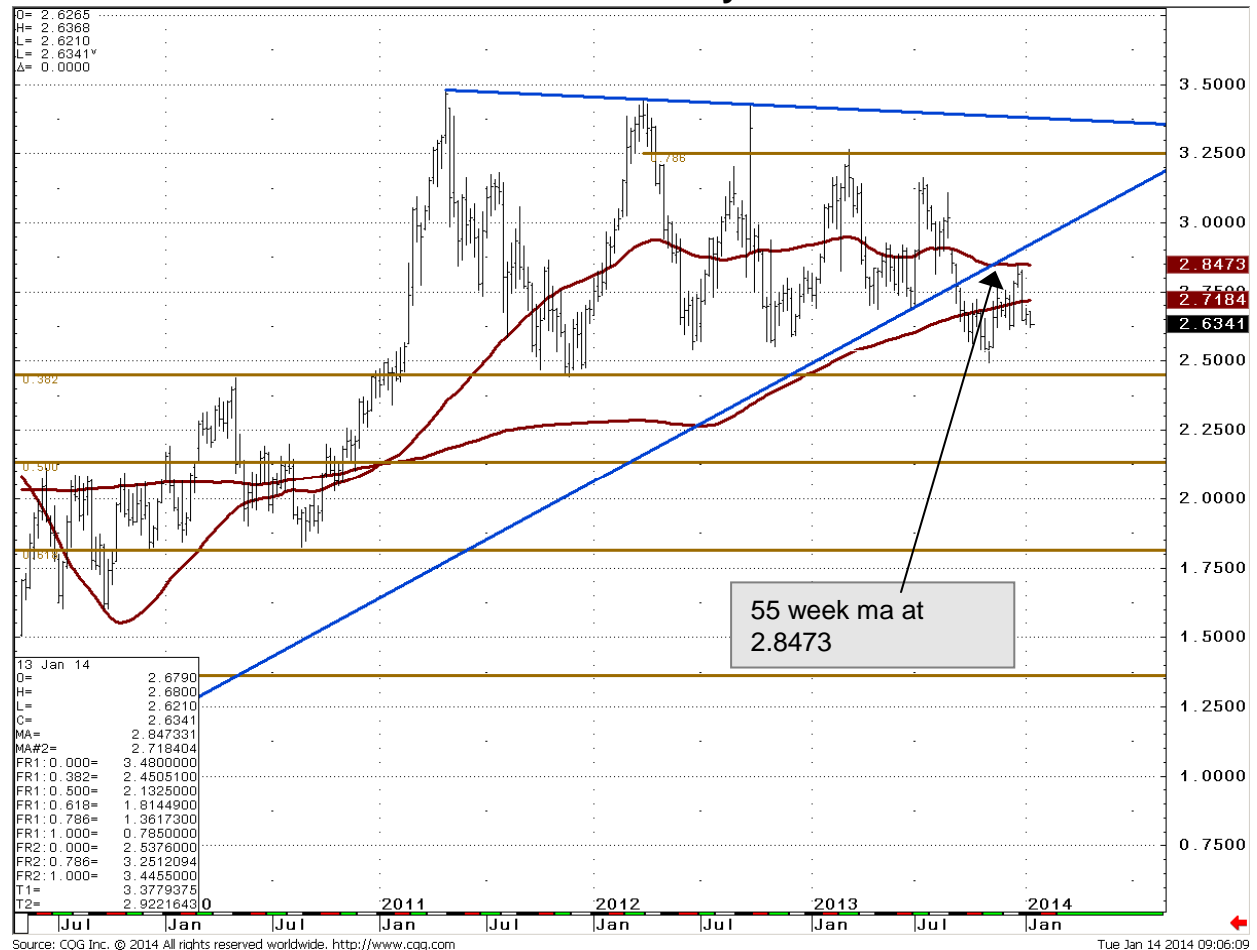


# NYMEX RBOB Gasoline

## Market weighing on the downside

- › RBOB Gasoline no change the market continues to weigh on the downside. The recent rally higher failed to penetrate the 55 week ma at 2.8473 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 2.8479. While capped here ma negative bias exists.

RBOB Gasoline Weekly Continuation



# LME Copper

Continuing to sit below key resistance at 7351/7391, the 55 week ma and the 2011-2014 resistance line

- › LME Copper continues to sit just key resistance offered by the 55 week ma at 7351 and the 2011-2014 resistance line at 7391. The market will need to fall back below the 200 day ma at 7159 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 will have to neutralise our outlook. Should the 7350-7400 region provoke failure then 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 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 7962.
- › 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**

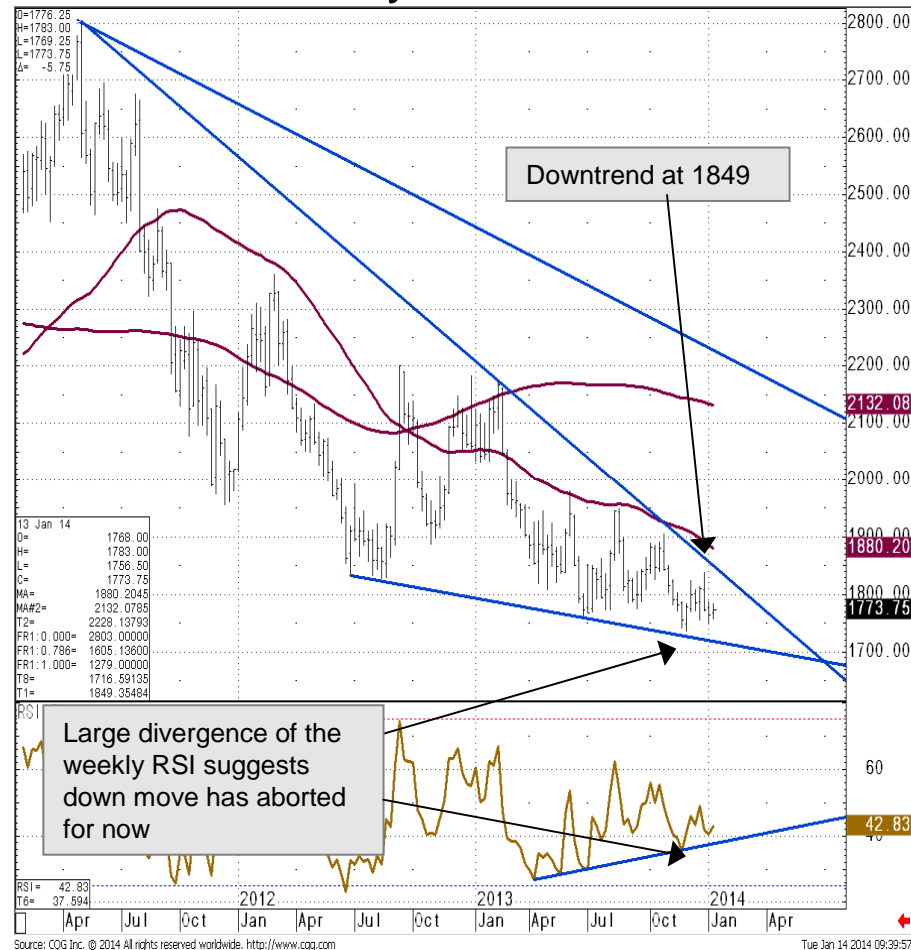


# LME Aluminium

Remains on the defensive but we suspect is attempting to base

- › LME Aluminium while we acknowledge that price remains on the defensive and continues to weigh on the downside, we also note that 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.
- › We therefore suspect that we will see upside stabs towards the 1849 2011-2014 resistance line. Additional resistance is offered by the 200 day ma at 1835. 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 1713 2012-2014 support line.
- › Directly above the market we have the 55 week ma at 1880 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 neutral to slightly 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

Despite recent sharp swings – still sidelined/possible base BUT needs to close above the 15585 2012-2014 downtrend to confirm

- › LME Nickel despite recent sharp swings the market remains essentially sidelined. The market has seen an aggressive rebound off the 13334 recent low and as a consequence attention reverts to the top of the 6 month range at 14880/15001.
- › 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 will need to clear the 15001 August high AND the 15585 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

Well placed to challenge the 2230 2013 high.

- › LME Zinc's correction lower has terminated circa 2000 and we believe the market has resumed its bull run. The Elliott wave count is indicating that this should reach as far as the 2142/78.6% retracement of the move down from the 2013 high..
- › Above here will introduce scope to the 2230 the 2013 high. Key resistance is the 2009-2014 downtrend located at 2250.
- › Key support is the 2010-2014 uptrend at 1889 followed by the more shallow 1805 2011-2013 support line.
- › The market is currently bid in its range, but is expected to struggle at 2230/50 and remain capped there to leave the overall longer term outlook still neutral.

LME Zinc Weekly Chart



# ICE ECX Carbon Emissions Dec 2014

Strong rebound off the 200 day ma suggest further strength to the 5.16 recent high

- › December 2014 ICE ECX Carbon Emissions as expected the market bounced off its 200 day ma at 4.57.
- › The market has recently spent some time base building circa 4.50. In this vicinity we find both the 200 day ma at 4.57 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.

ICE ECX Carbon Emissions Dec 2014 Daily Chart



## December 2014 Carbon Emissions – Longer term view

Expect to see further range trading between 3.34 and 6.06 for most of the year

- › We believe that Carbon Emissions are in a long, drawn out basing pattern and that last year's low at 2.60 will not be revisited this year.
- › Instead a rise towards the 5.77/6.06 resistance area (February and September 2013 highs) should be seen during the first half of 2014 once the December peak at 5.16 has been bettered.
- › From a seasonal perspective Carbon Emissions have a tendency to either be stable or, mostly, to rise during the first quarter of each year and we expect to see this happening again this year.
- › In the second half of the year seasonality seems to push Carbon Emission prices lower again and this should also be the case during 2014 but not as far as the 2.60 '13 low.
- › **We expect to see range trading between 3.34 and 6.06, or, if bettered, perhaps 6.97/7.74 (December 2012 high).**

Support	Resistance	3-Month View	1-Year View
4.47&3.60	5.77/6.06&6.28	➔	➔
3.38/34&2.60	6.97/7.53&7.74		

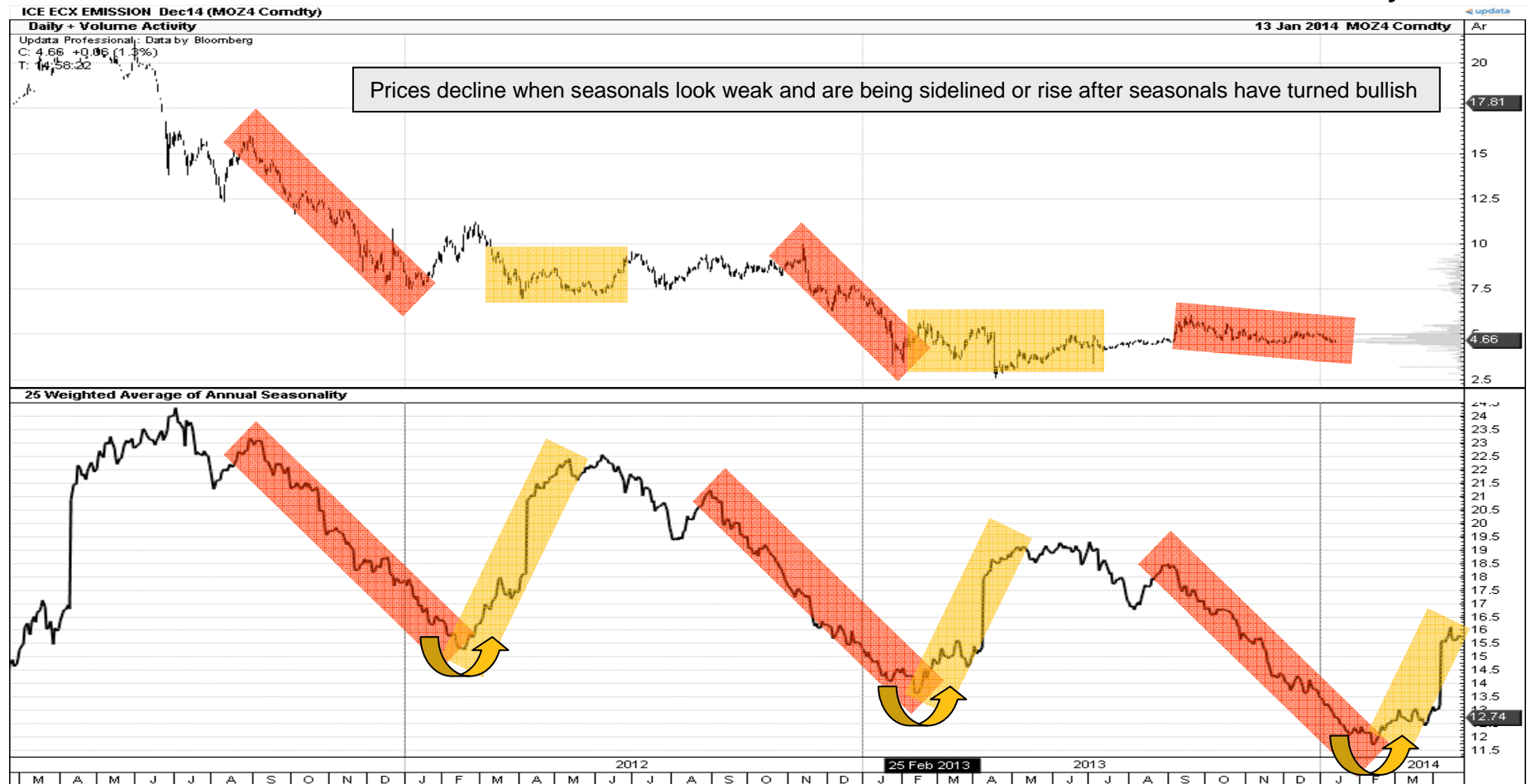
December 2014 Carbon Emissions Weekly Chart



# 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

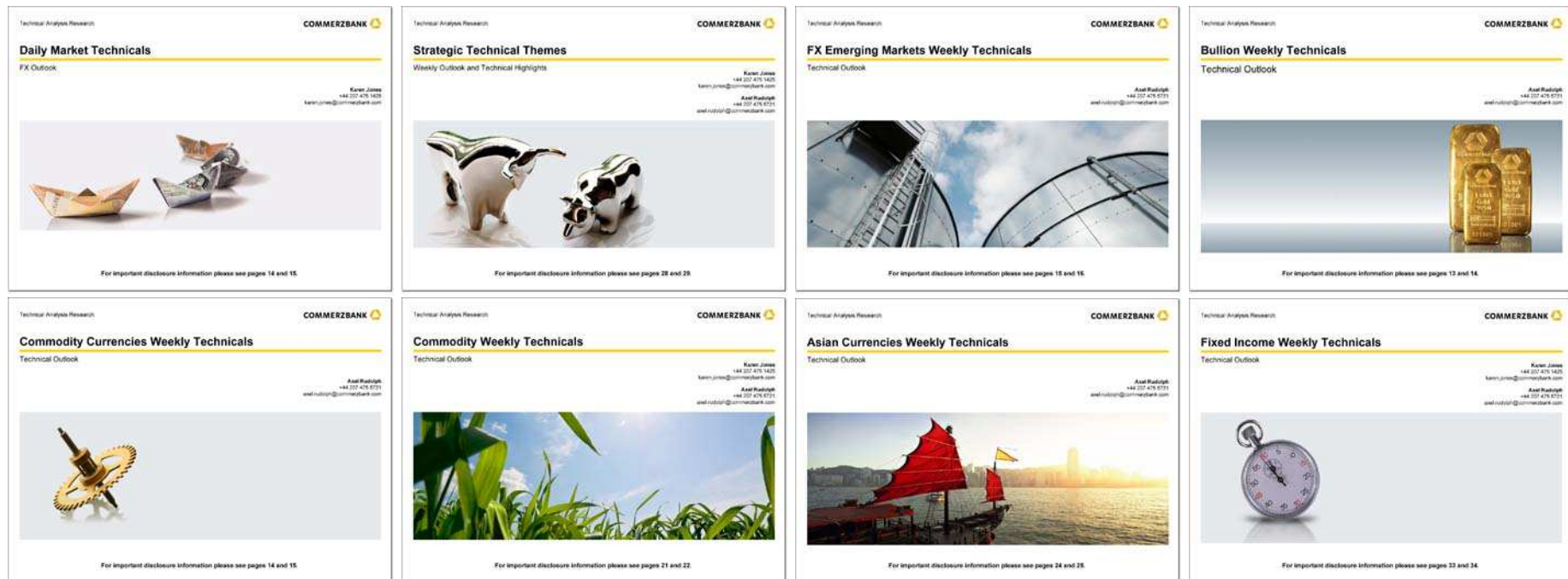
The S&P GSCI is world-production weighted; the quantity of each commodity in the index is determined by the average quantity of production in the last five years of available data. Such weighting provides the S&P GSCI with significant advantages, both as an economic indicator and as a measure of investment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



## Other technical analysis reports we publish are:

- Monday:** Daily Market Technicals (FX), Strategic Technical Themes, FX Emerging Markets Technicals;
- 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.



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.

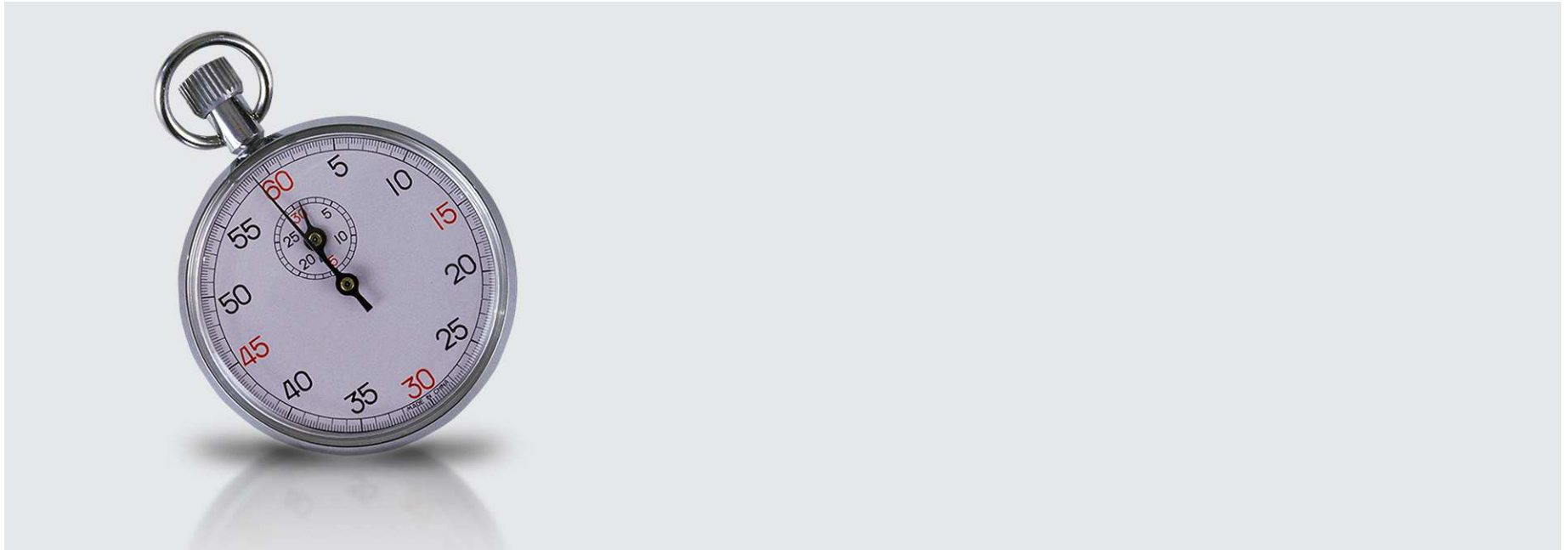
**Japan:** Commerzbank AG, Tokyo Branch is responsible for the distribution of Research in Japan. Commerzbank AG, Tokyo Branch is regulated by the Japanese Financial Services Agency (FSA).

**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 AG 2013. All rights reserved. Version 9.16

## 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](mailto:karen.jones@commerzbank.com)

**Axel Rudolph**  
Senior FICC Technical Analyst

Tel. +44 207 475 5721  
Mail [axel.rudolph@commerzbank.com](mailto:axel.rudolph@commerzbank.com)

Zentrale  
Kaiserplatz  
Frankfurt am Main  
[www.commerzbank.de](http://www.commerzbank.de)

---

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