

Commodity Weekly Technicals

Monday, 17 February 2014

Technical Outlook

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Technical Outlook

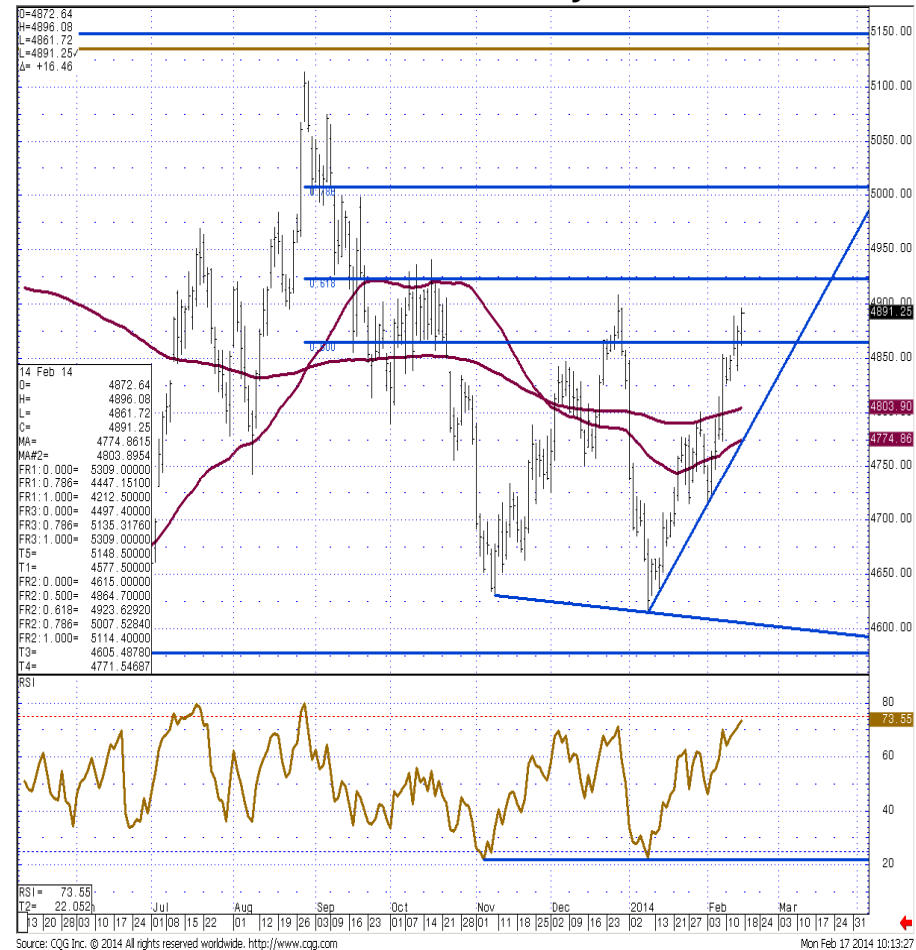
Market	Short term view (1-3 weeks)
S&P GSCI TR Index:	Market is approaching tougher resistance at 4908/23, bid above 4771
NYMEX Light Crude Oil:	Market has tested the 100.75 December high – but we have yet to see a close beyond here to confirm upside intent.
ICE Brent Crude Oil:	Consolidating, scope remains for 112.80/113.94, but looking for this to hold the topside.
NYMEX Heating Oil:	Has extended its rally to the 78.6% retracement resistance at 3.0905.
ICE Gasoil:	Market remains bid in its range, but look for the 2013-2014 downtrend at 946.09 to hold the topside.
NYMEX Natural Gas:	Market has seen strong rebound from the 4.55 support. Targets the 5.725 recent high.
RBOB Gasoline:	Approaching the 55 week ma at 2.8366, which should hold the initial test.
LME Copper:	Market continues to see a small rebound, but remains capped by the 2011-2014 resistance line at 7324.
LME Aluminium:	Strong rebound looks likely to correct towards the 1788/90 double Fibo retracement. Maintain a longer term negative bias while below 1815/18.
LME Nickel:	Market looks to be shaping up to 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:	The market is approaching initial target at 6.97/7.00 and we would allow for some profit taking here.

S&P GSCI Total Return Index

Market is approaching tougher resistance at 4908/23, bid above 4771

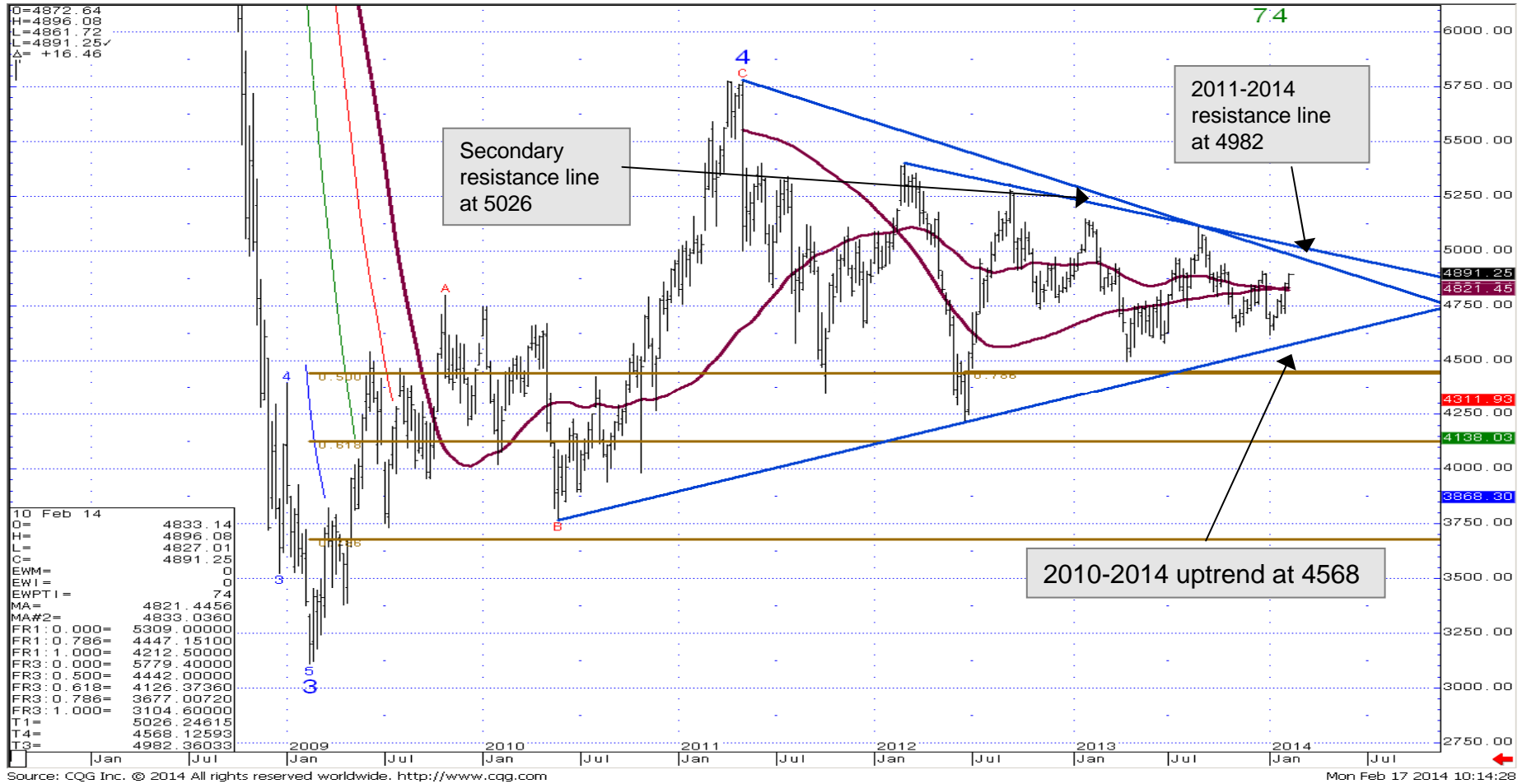
- › The S&P GSCI Total Return Index has continued to grind higher, and is now approaching much tougher resistance offered by the 4908 December 2013 peak. This resistance is reinforced by the 4923/61.8% retracement of the move down from August. While this is expected to hold the initial test, the risk has now increased that it will be eroded for a move to the top of the converging trading range at 5026, where we suspect that it will fail.
- › It is considered to be well bid while it trades above the 200 day ma at 48042 and the short term uptrend at 4771. Only a move below here would alleviate immediate upside pressure enough 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 4568 and 5026 and is therefore considered to be neutral.

S&P GSCI Total Return Index Daily Chart



S&P GSCI Total Return Index weekly

Market is in the midst of a large converging trading range



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Nymex Light Crude Oil

Market has tested the 100.75 December high – but we have yet to see a close beyond here to confirm upside intent.

- › WTI crude oil has challenged the 100.75 December high – but has failed to close above here and is highly likely to see a small retracement near term. Dips will find initial support at 98.99/97.50 and should ideally be contained by the 55 day ma at 96.79 for an upside bias to be maintained.
- › The risk has increased for a break higher. A close above the 100.75 December high would introduce scope to 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.
- › Failure the 55 day ma would 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.
- › Short term Elliott wave counts have turned more positive and while we would allow for a move to 107.75 and possibly even 110/112. We have little to suggest that a move will be sustained beyond here.

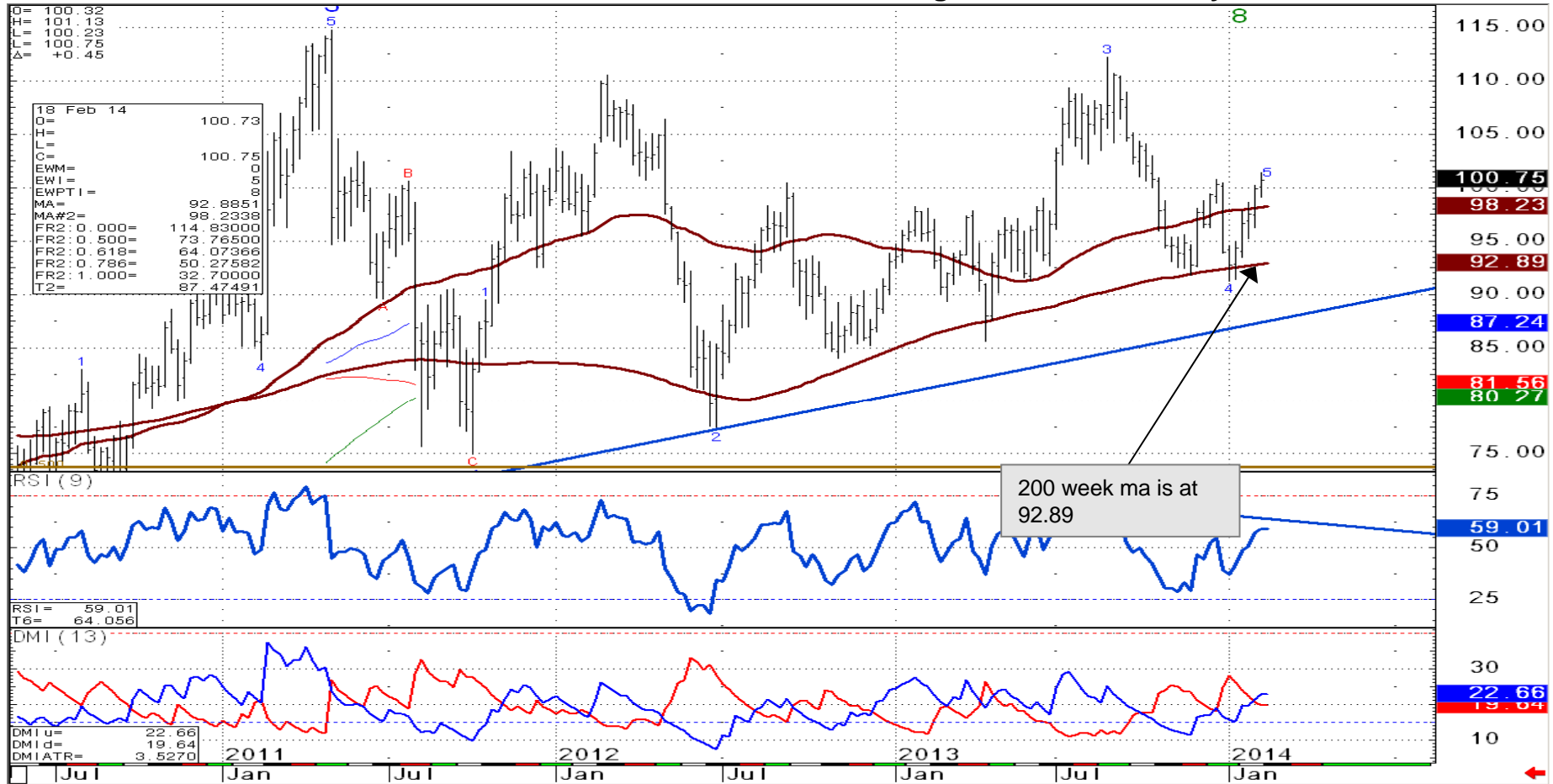
NYMEX Light Crude Oil Daily Continuation Chart



NYMEX Light Crude Oil

The market is recovering off its 200 week ma at 92.89

NYMEX Light Crude Oil Weekly Continuation Chart



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ICE Brent Crude Oil

Consolidating, scope remains for 112.80/113.94, but looking for this to hold the topside.

- › Brent crude Oil has spent the past week consolidating, following a very strong bounce off the 105.12/88 region (78.6% retracement and the 9 month support line) and this has introduced scope to the 110.95 resistance line and potential to the recent highs at 112.80/113.02, which are again expected to cap the topside.
- › Near term a slide back below the 200 day ma at 108.03 is needed to alleviate immediate upside pressure and cast attention back to 105.12. Below 105.12 we note directly below here lies the 104.94 200 week ma and the 105.01 2012 to 2014 uptrend. This is major support and it is possible that this will again hold the downside.
- › We change our longer term bias to neutral. Only a close below 104.94 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 113.94 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 104.94-113.94



Brent Vs Crude Oil weekly

Narrowing bias



NYMEX Heating Oil

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

- › 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 has cleared the 3.0610 high from December and has extended gains to the 78.6% retracement of the move down from August 2013. This is located at 3.0905 and we would allow for it to hold the initial test. Provided that dips lower hold over the 3.0168 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 3.2129, this continues to act as the break up point to the 3.33 April 2011 high.
- › While capped by 3.2129 the large trading range will prevail. While capped here the risk is that we slide back towards the 2012-2014 support line at 2.8063 and directly below here lies 2.7775 November low.
- › The market is neutral medium to longer term while within the range.

NYMEX Heating Oil Adjusted Daily Continuation

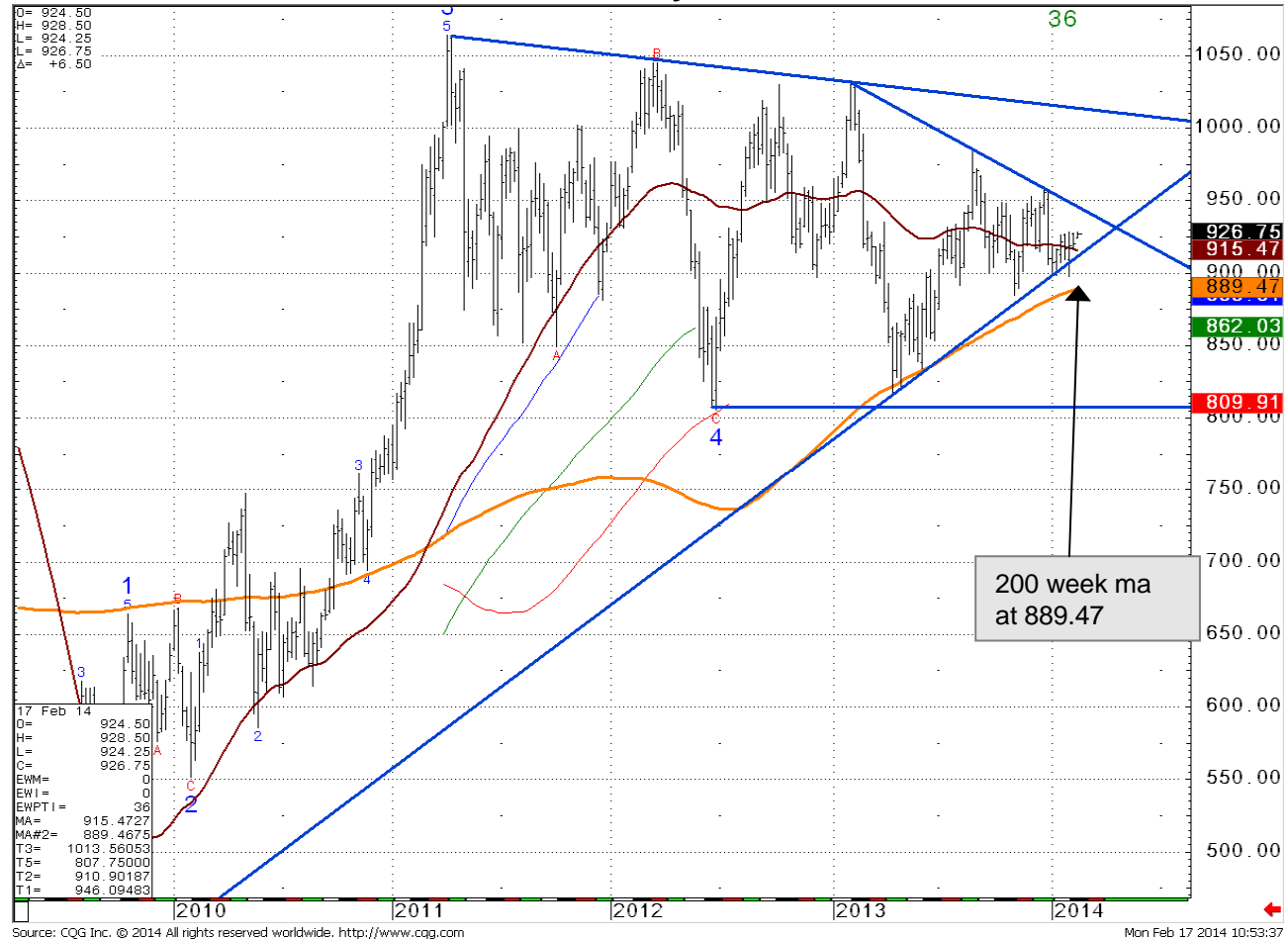


ICE Gasoil

Market remains bid in its range, but look for the 2013-2014 downtrend at 946.09 to hold the topside.

- › ICE Gasoil continues to probe the 927 end of January high, this is now looking exposed and above here the 2013-2014 downtrend at 946.09 offers tough overhead resistance.
- › Key supports are the recent lows around 898 and the 889.47 200 week ma. The 889.47 zone 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



NYMEX Natural Gas

Market has seen strong rebound from the 4.55 support. Targets the 5.725 recent high

NYMEX Natural Gas Weekly Continuation Chart

- › Natural Gas has sold off to and recovered from strong support circa 4.55-4.50 (50% retracement of the move up from November and the December 2013 high). The strong rebound is approaching the 5.50/78.6% retracement and this guards the 5.725 recent peak.
- › We would again allow for this to hold ahead of gains to 6.11 2010 high.
- › The market stays bid above 4.50 and below here would target the 4.2750/61.8% retracement.



NYMEX RBOB Gasoline

Approaching the 55 week ma at 2.8366, which should hold the initial test.

- › RBOB Gasoline remains capable of re-challenging the 55 week ma at 2.8366. The market continues to hold above the 2.5882 support (mid January low) and is currently bid near term. Slightly longer term we have decided to revert to neutral
- › We suspect that rallies will remain capped by the 55 week ma at 2.8366 and the 2.8463 December 2013 high and while capped here, the market will remain on the defensive. Nearby support is offered by 2.7022 (50% retracement). This 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



LME Copper

Market continues to see a small rebound, but remains capped by the 2011-2014 resistance line at 7324.

- › LME Copper continues to see a decent rebound of 7000, however the topside remains blocked by key resistance offered by the 2011-2014 resistance line at 7324. While capped here we should see support offered by the recent low at 7016 and the 6910 November low re-tested. The rally higher has so far reached the 55 day ma at 7202.
- › While capped 7324-7534 (May 2013 high) then the late July low at 6721 will continue to be targeted while no daily chart close above the May peak at 7534 is seen.
- › 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 7960.
- › 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

Strong rebound looks likely to correct towards the 1788/90 double Fibo retracement. Maintain a longer term negative bias while below 1815/18.

- › 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 from has cleared the 1736 early December low and in doing so introduced scope for a deeper corrective rally. The market has a 55 day ma at 1764.69 a double Fibonacci retracement at 1788/90. However key resistance remains the 2011-2014 downtrend at 1815 and while capped by 1815/18, a negative bias will remain.
- › The market remains bid near term while above 1714 (minor Fibo) 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 1815 and the trend line resistance is reinforced by the 200 day ma at 1818. Directly above the market we have the 55 week ma at 1850.40 and only should we see a move above here would this negative bias be called into question.

LME Aluminium Daily Chart

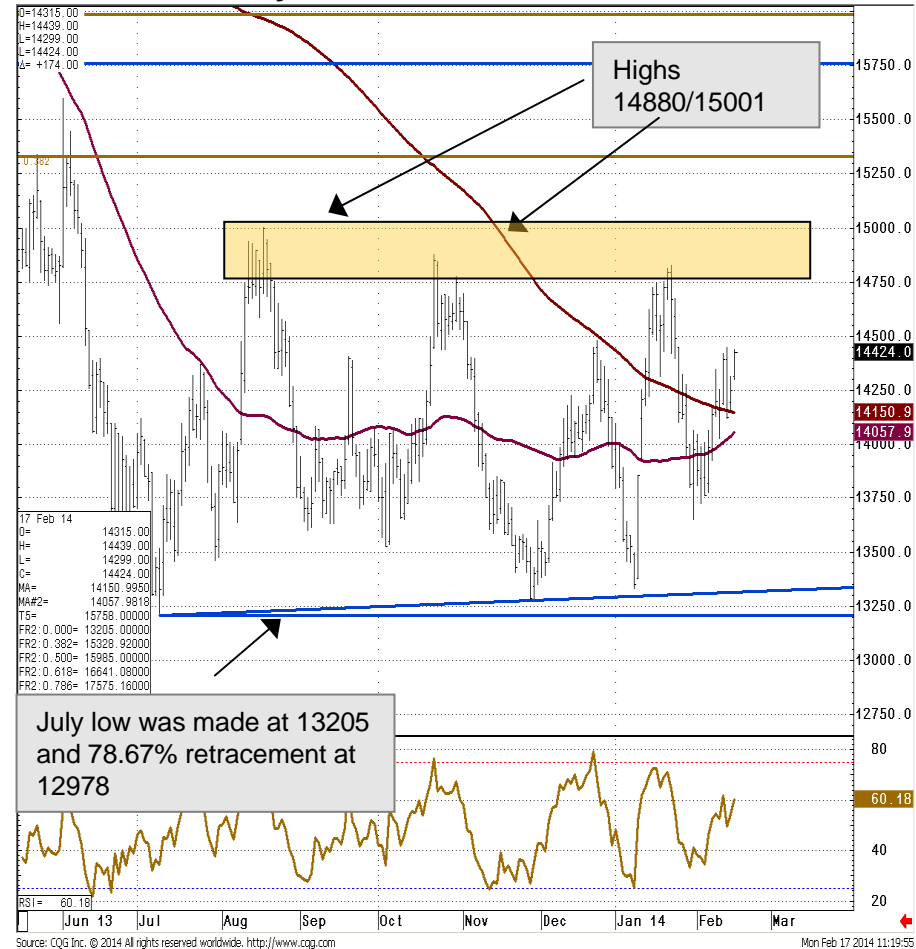


LME Nickel

Market looks to be shaping up to 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 15325 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 13867 minor support line. A weekly close above 15260 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



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 Weekly Chart

- › LME Zinc continues to rebound from its 55 week ma at 1942.23. We should see an attempt to recover towards the 2100/08 resistance once more (December and January highs).
- › Above here will introduce scope to the 2230 the 2013 high. Key resistance remains the 2009-2014 downtrend located at 2239.
- › Key support is the 2010-2014 uptrend at 1862 followed by the more shallow 1808 2011-2014 support line.



ICE ECX Carbon Emissions Dec 2014

The market is approaching initial target at 6.97/7.00 and we would allow for some profit taking here.

- › December 2014 ICE ECX Carbon Emissions has maintained upside pressure following its recent break above the 2008-2014 down trend at 6.0250 and the September 2013 high at 6.06.
- › The market will shortly encounter its initial upside targets at 6.97/7.00 – these are the April 2012 low and the 23.6% retracement of the move down from the 2008 peak at 7.00. This is tough overhead resistance and likely to hold the initial test, however we note that the market has been contained higher within the confines of an up channel and the top of this is currently located at 7.20. The Elliott wave count on the 240 minute chart is suggests potential to 7.58, should 7.20 give way.
- › The market will remain bid while above the 6.32/23 back of support (Fibonacci retracement and the 11th February low. This guards the 6.06 September 2013 high.

ICE ECX Carbon Emissions Dec 2014 Daily Chart



ICE ECX Carbon Emissions Dec 2014 Weekly Chart

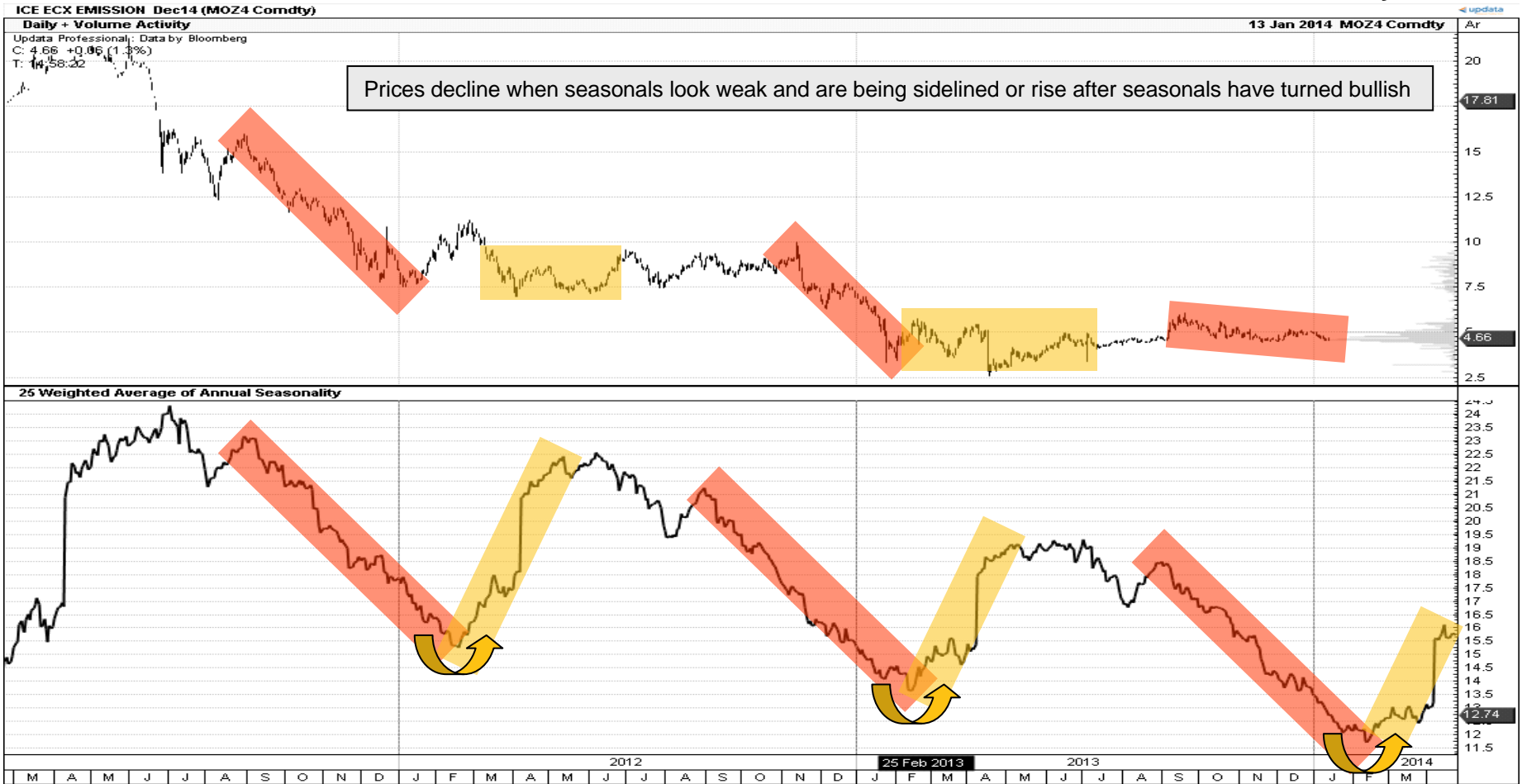
Market approaching key resistance at 6.97-7.00



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;

Technical Analysis Research **COMMERZBANK**

Daily Market Technicals
FX Outlook



For important disclosure information please see pages 14 and 15.

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Technical Analysis Research **COMMERZBANK**

Strategic Technical Themes
Weekly Outlook and Technical Highlights



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FX Emerging Markets Weekly Technicals
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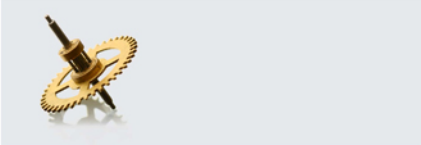


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Asian Currencies Weekly Technicals
Technical Outlook




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Fixed Income Weekly Technicals
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Tuesday: Daily Market Technicals (FX), Bullion Weekly Technicals;

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