

Commodity Weekly Technicals

Tuesday, 04 March 2014

Technical Outlook

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Technical Outlook

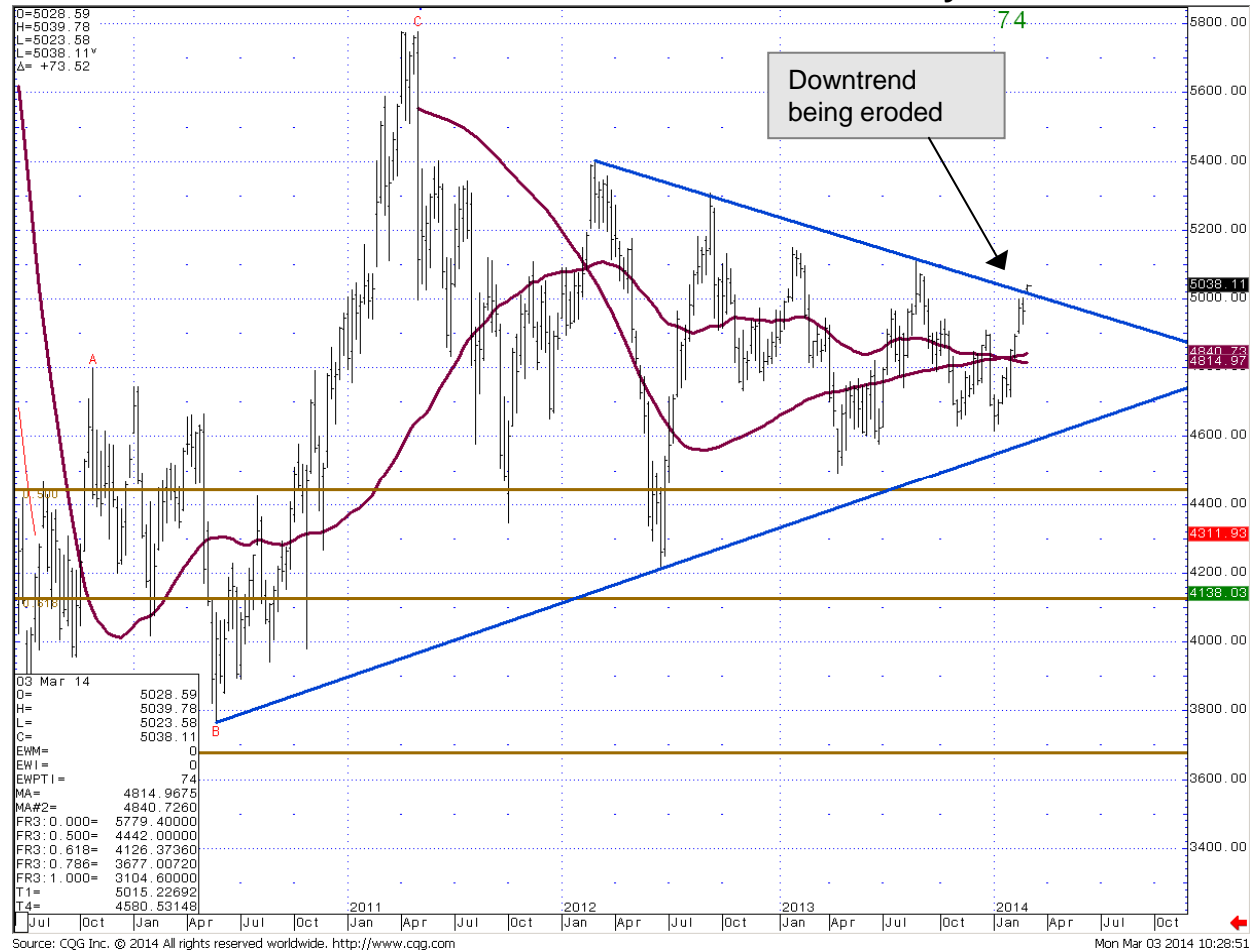
Market	Short term view (1-3 weeks)
S&P GSCI TR Index:	Market is breaking up from a 2 year converging range.
NYMEX Light Crude Oil:	Recent high not confirmed by RSI, allow for small retracement ahead of further gains
ICE Brent Crude Oil:	Market is stalling ahead of 2012-2014 resistance line at 113.51.
NYMEX Heating Oil:	Market is again approaching the 78.6% retracement resistance, which has again held.
ICE Gasoil:	Market has not sustained the break of the 2013-2014 downtrend at 942.92
NYMEX Natural Gas:	Market has sold off to and is showing signs of recovery from its 4 month uptrend at 4.40.
RBOB Gasoline:	Has eroded the 2012-2014 downtrend, but is likely to fill a large underlying gap ahead of further gains.
LME Copper:	Under pressure following its recent failure at the 2011-2014 downtrend
LME Aluminium:	Strong rejection from the 1788/90 double Fibo retracement has left the market back under pressure.
LME Nickel:	Market is bid in the range and looks set to re-challenge tough resistance at 14880/15130.
LME Zinc:	Approaching the 2013-2014 resistance line at 2086, allow for this to provoke some profit taking
ICE ECX Emissions Dec 2014:	Has again been rejected by the top of its 2013-2014 channel at 7.30, allow for a retracement into the 6.06/5.93 band

S&P GSCI Total Return Index

Market is breaking up from a 2 year converging range.

- › The S&P GSCI Total Return Index has started to erode the 2012-2014 downtrend at 5015, the gap above here does seem quite directional and the market is in the process of breaking up out of a 2 year contracting range.
- › Clearly we would likely to see this break confirmed on a weekly closing basis, but currently we are inclined to just go with it.
- › The break has introduced scope for a move to the 5400 2012 high.
- › It remains immediately bid above the 4925 28th February low ahead of 4840, the short term uptrend.

S&P GSCI Total Return Index Weekly Chart



Nymex Light Crude Oil

Recent high not confirmed by RSI, allow for small retracement ahead of further gains.

- › WTI crude oil has eroded its previous high at 103.29. However the new high at 105.22 has not been confirmed by the daily RSI and we are likely to see a small retracement ahead of further gains.
- › The market remains bid while above its 200 day ma at 99.97 and suggests further upside scope to the 107.75/78.6% retracement. This is seen as the last defence for the 111.56/112.24 August 2013 high and the 2011-2014 resistance line
- › We have a short term uptrend at 102.39 ahead of the 100.75 December peak and the 200 day ma at 99.97. Only failure here would imply a slide back to 96.26, the February low.
- › From a longer term perspective the resistance at 111.56/112.24 is key, however the risks have increased that we will see a challenge of this resistance and a possible break higher.

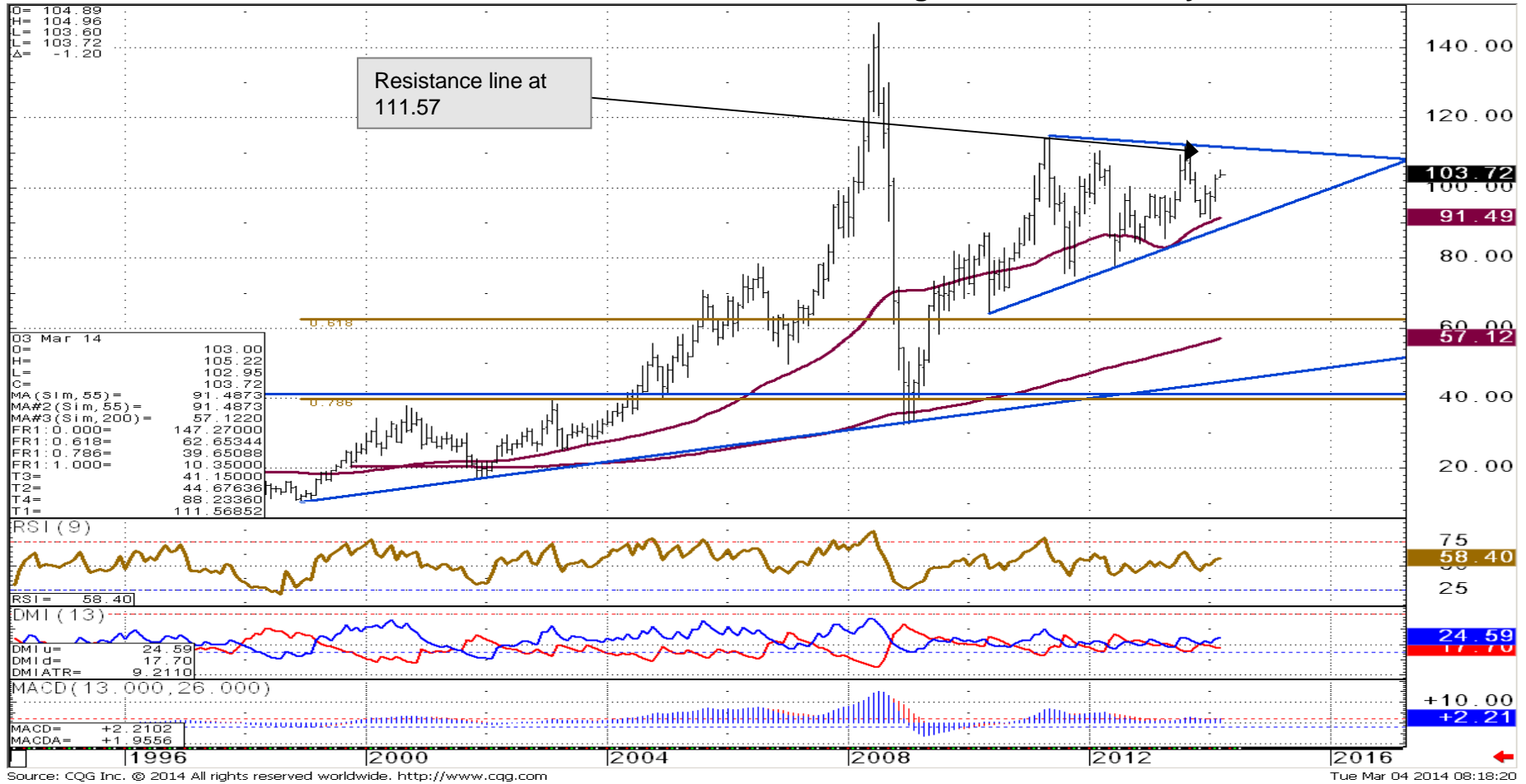
NYMEX Light Crude Oil Daily Continuation Chart



NYMEX Light Crude Oil – Monthly Chart

Heading to the top of its 3 year converging range.

NYMEX Light Crude Oil Weekly Continuation Chart



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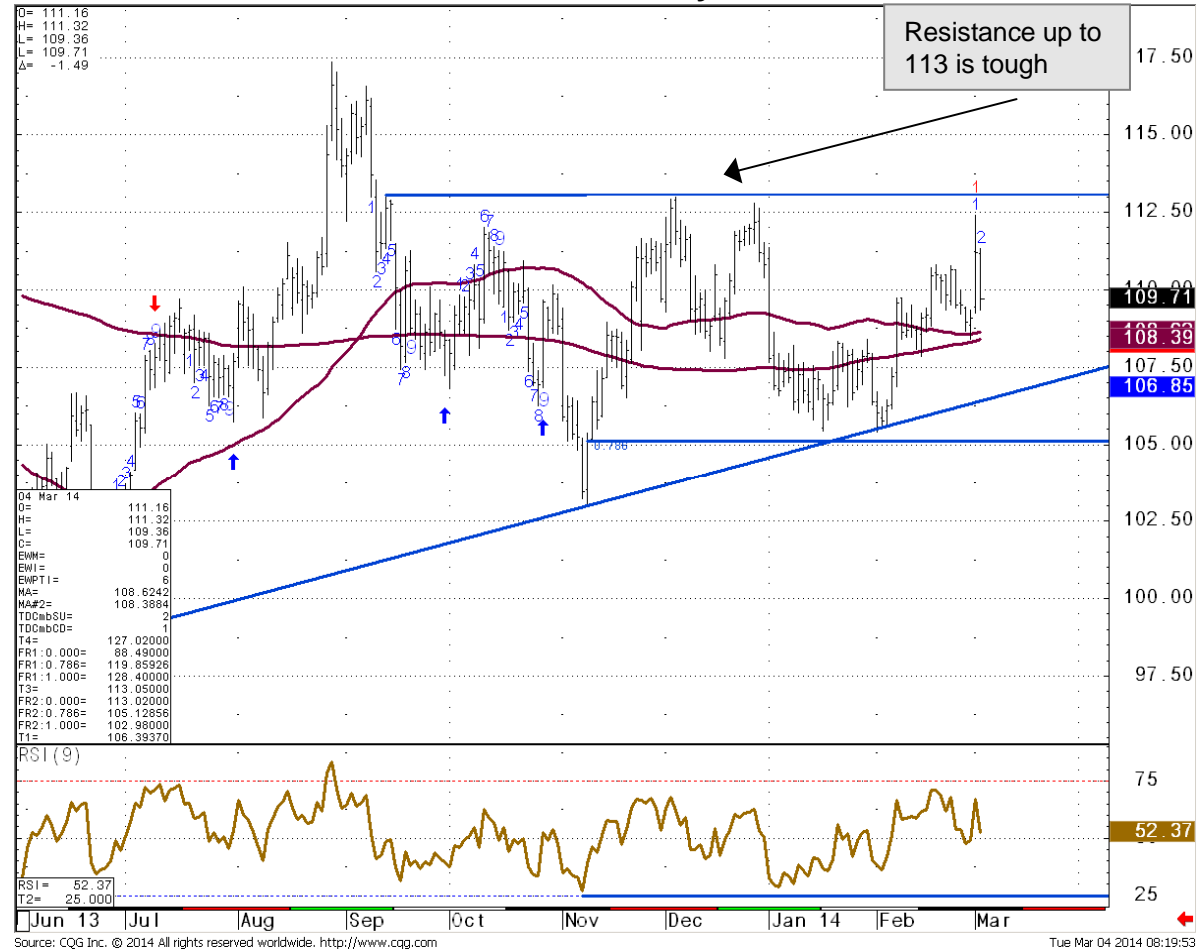
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ICE Brent Crude Oil

Market is stalling ahead of 2012-2014 resistance line at 113.51.

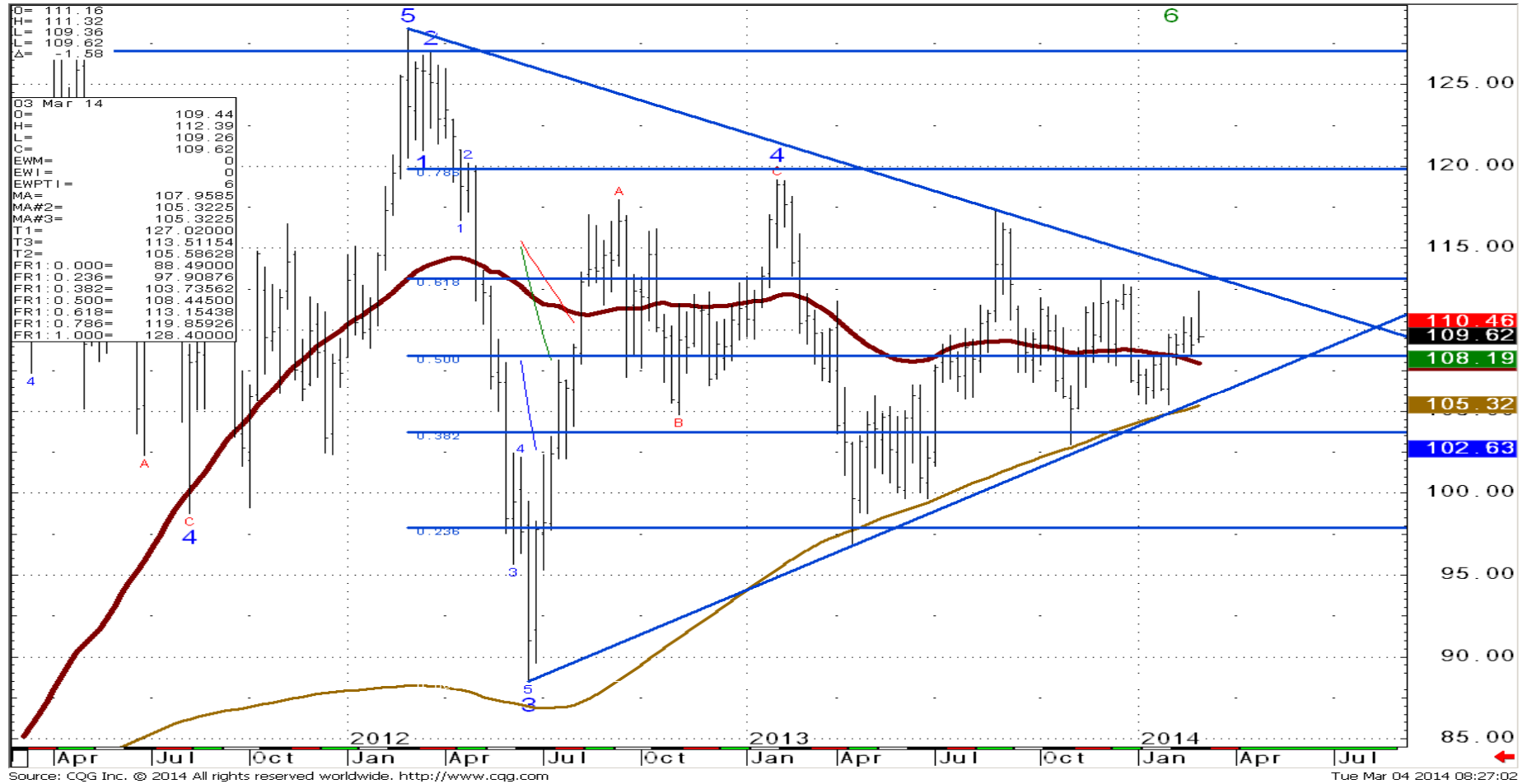
- › Brent crude Oil is facing strong overhead resistance circa 113, and yesterday we saw the market rally towards this resistance and reverse just ahead of it.
- › Directly overhead lies the 113.51 2012-2014 downtrend. This is tough overhead resistance and we are not surprised to see it hold the initial test. Above 113.51 would signal another leg higher to the 117.34 August 2013 high and then 119.17 the 2013 high.
- › The market will remain immediately bid above the 108.40 28th February low. The 2013-2014 support line below here lies at 106.39 and the 200 week ma at 105.33 maintains a neutral to positive view.

ICE Brent Crude Oil Daily Continuation Chart



ICE Brent Crude Oil - weekly chart

2012-2014 down trend at 113.51



Brent Vs Crude Oil weekly

Narrowing bias – target zero

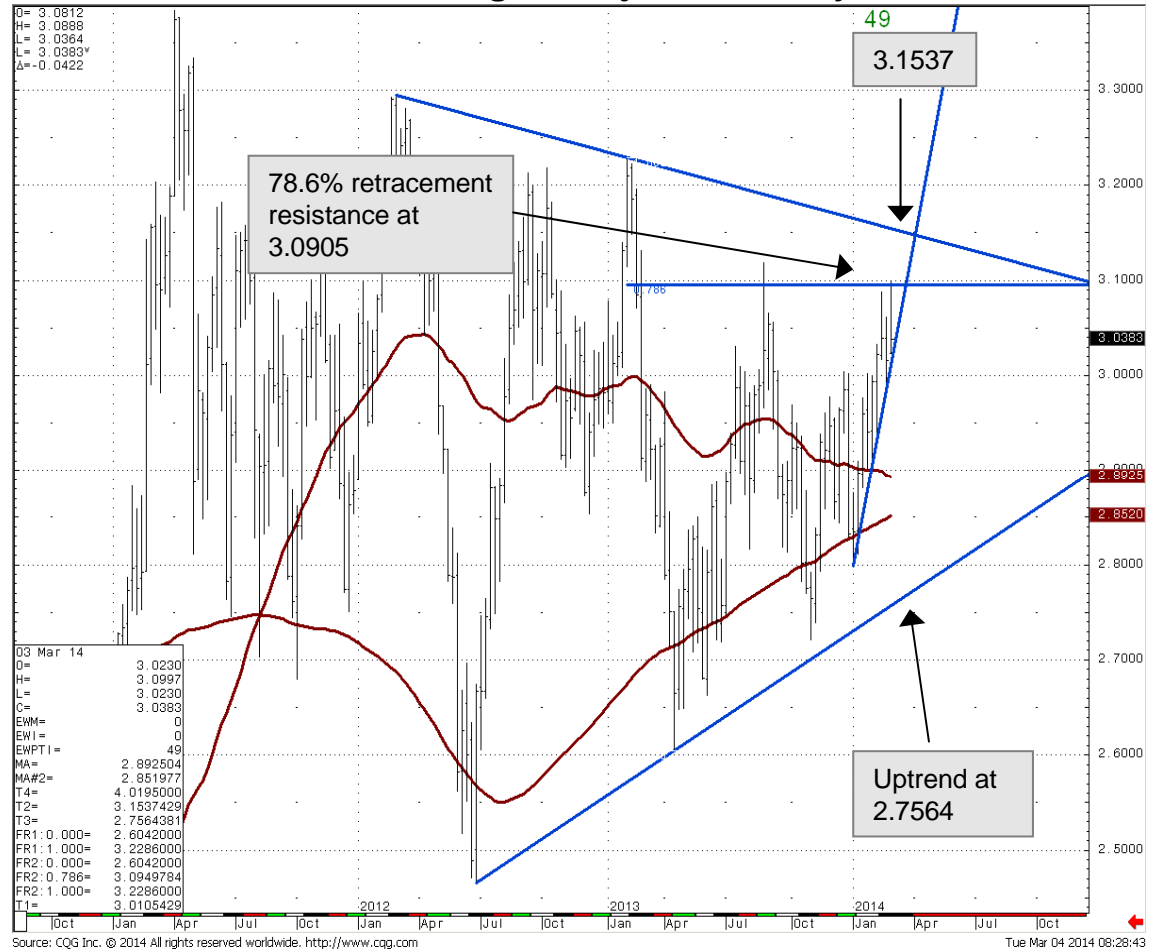


NYMEX Heating Oil

Market is again approaching the 78.6% retracement resistance, which has again held.

- › NYMEX Heating Oil has again rallied to and failed at the 78.6% retracement of the move down from February 2013. This is located at 3.0905/50. Above here will target the 2012-2014 resistance at 3.1537. While we would allow for this to hold the initial test, it should be noted that, the risk has increased for a break higher.
- › Major resistance is considered to be 3.33/3.37 major resistance (these are the highs that we have seen over the past 3 years).
- › Provided that dips lower hold over the 3.01/00 accelerated support line, we should see upside pressure maintained. Failure here will point to another slide back towards 2.90 prior to stabilisation.
- › The market is neutral medium to longer term while within the range. However the risk has increased for a topside break out.

NYMEX Heating Oil Adjusted Weekly Continuation

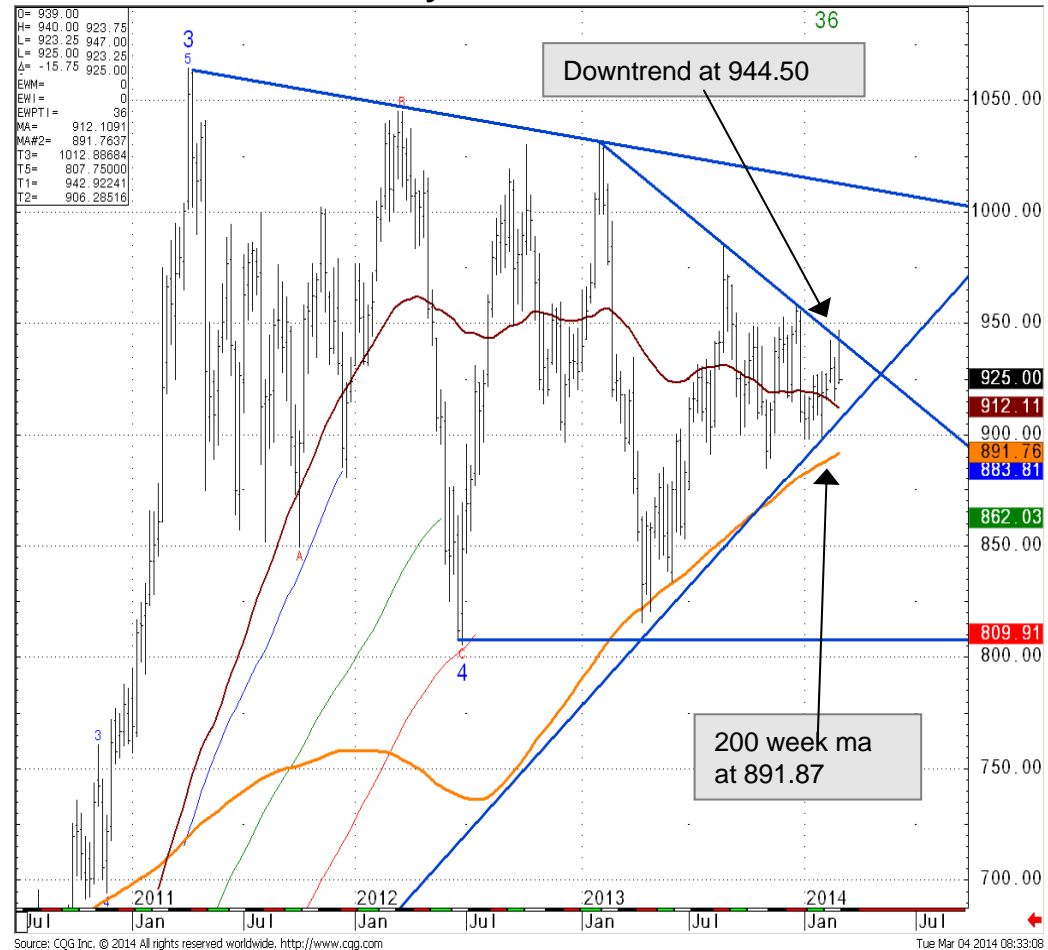


ICE Gasoil

Market has not sustained the break of the 2013-2014 downtrend at 942.92

- › ICE Gasoil has reached the 2013-2014 downtrend at 942.92, ideally we would like to see a weekly close above here to confirm topside intent, or even a daily close and until this is seen, the market remains vulnerable to stabs back into the range.
- › We have some resistance from 957.25, the December 2013 high and then the 985.75 August 2013 high.
- › Dips lower should ideally hold over 915/12 for a positive bias to remain, below here will leave it vulnerable to losses to the 906 uptrend and key support offered by the 200 week ma at 891.77.
- › Longer term bias is neutral but a close above the downtrend will introduce scope longer term to the 1012/13 2011-2014 downtrend.

ICE Gasoil weekly Continuation Chart



NYMEX Natural Gas

Market has sold off to and is showing signs of recovery from its 4 month uptrend at 4.40.

- › Natural Gas has sold off to and is showing signs of recovery from the 4 month uptrend at 4.40. We suspect that the recent low at 4.44 is an intermediate low and look now for recovery.
- › Rallies should extend towards 4.9150, this is the 61.8% retracement. Above here lies 5.0445, the last defence from the 5.209 zone. Ultimately we should see the 5.72/74 Jan and Feb highs challenged en route to the 6.40/6.49 region. This is the recent high and the 6.40/38.2% retracement of the entire move from 2008 to 2012.
- › Below 4.40 will negate our view and imply losses back to 4.04/4.00, the 78.6% retracement.

NYMEX Natural Gas Weekly Continuation Chart

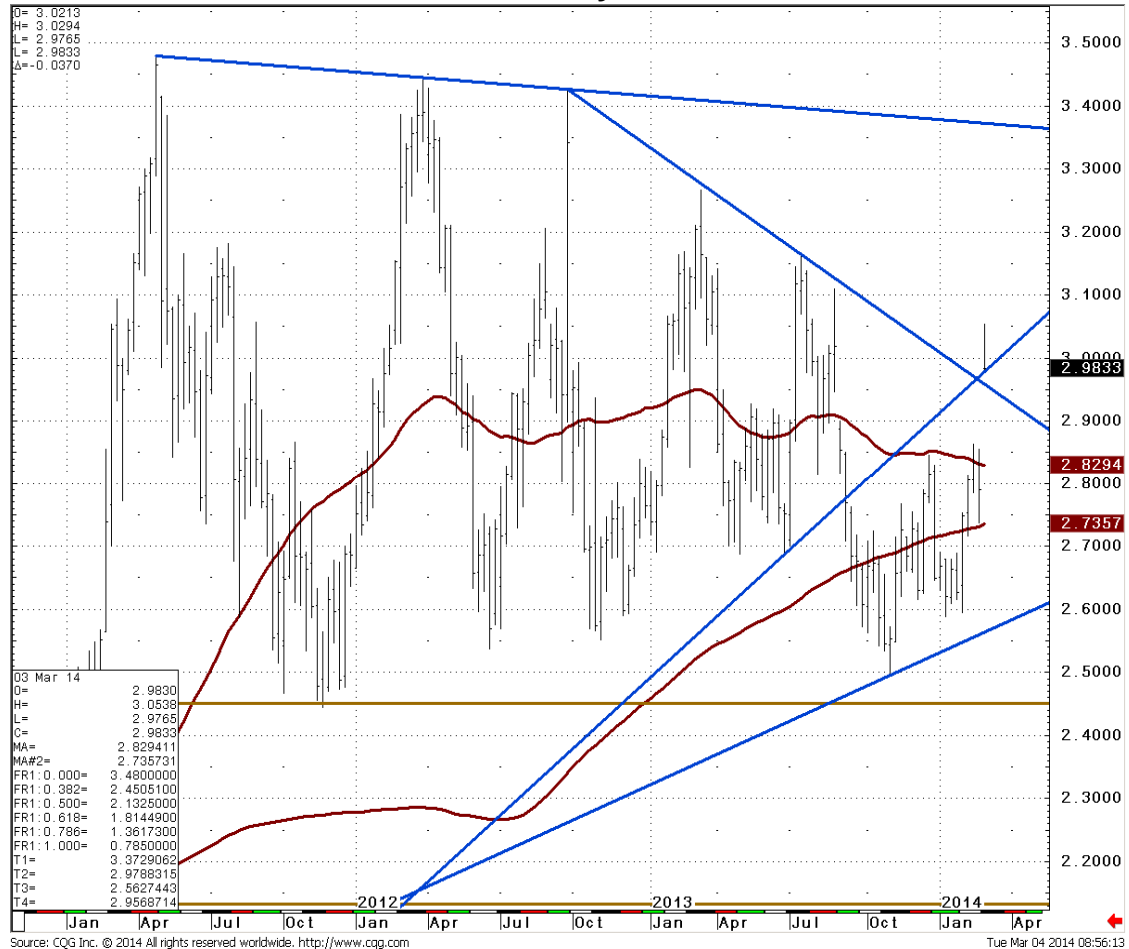


NYMEX RBOB Gasoline

Has eroded the 2012-2014 downtrend, but is likely to fill a large underlying gap ahead of further gains.

- › RBOB Gasoline has seen a sharp acceleration higher, which has seen price gap above the 2012-2014 downtrend at 2.9568. Ideally we would like to see a weekly close above here as a confirming signal, and there is a large gap below the market back to 2.8628 and it is possible that this will be partially filled, however while above here we will assume an upside bias.
- › The break through this key downtrend suggests that further upside attempts to the 3.1632 July 2013 high and the 3.2672/3.2709 2013 high and potentially the 3.37 2011-2014 downtrend be allowed for.
- › Below 2.86 would question the break higher and leave the market back in its previous range and likely to drift back to the 2.7357 200 week ma.

RBOB Gasoline Weekly Continuation



LME Copper

Under pressure following its recent failure at the 2011-2014 downtrend

- › The LME Copper chart has deteriorated following its recent rejection from the 2011-2014 resistance line, this currently cuts in at 7285. While capped here, our negative bias remains entrenched and we should see support offered by the 6910 November low re-tested.
- › Directly above here, resistance extends to 7534 (May 2013 high) and while capped here, the late July low at 6721 will continue to be targeted
- › 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 7944.
- › 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 rejection from the 1788/90 double Fibo retracement has left the market back under pressure.

- › LME Aluminium has seen a strong rejection from the double Fibonacci retracement at 1788/90. This resistance is reinforced by the 2011-2014 downtrend at 1809 and while capped by 1802, and while this holds a negative bias will remain.
- › The market has broken below the 1736 December low and this leaves the 1670 region and the 1605 78.6% retracement of the move from 2009 to 2011 exposed. This is considered to be the last defence for the 20 year support line at 1360.
- › The market is expected to remain capped by the 2011-2014 downtrend at 1802 and the trend line resistance is reinforced by the 200 day ma at 1812. Directly above the market we have the 55 week ma at 1836 and only should we see a move above here would this negative bias be called into question.

LME Aluminium Daily Chart



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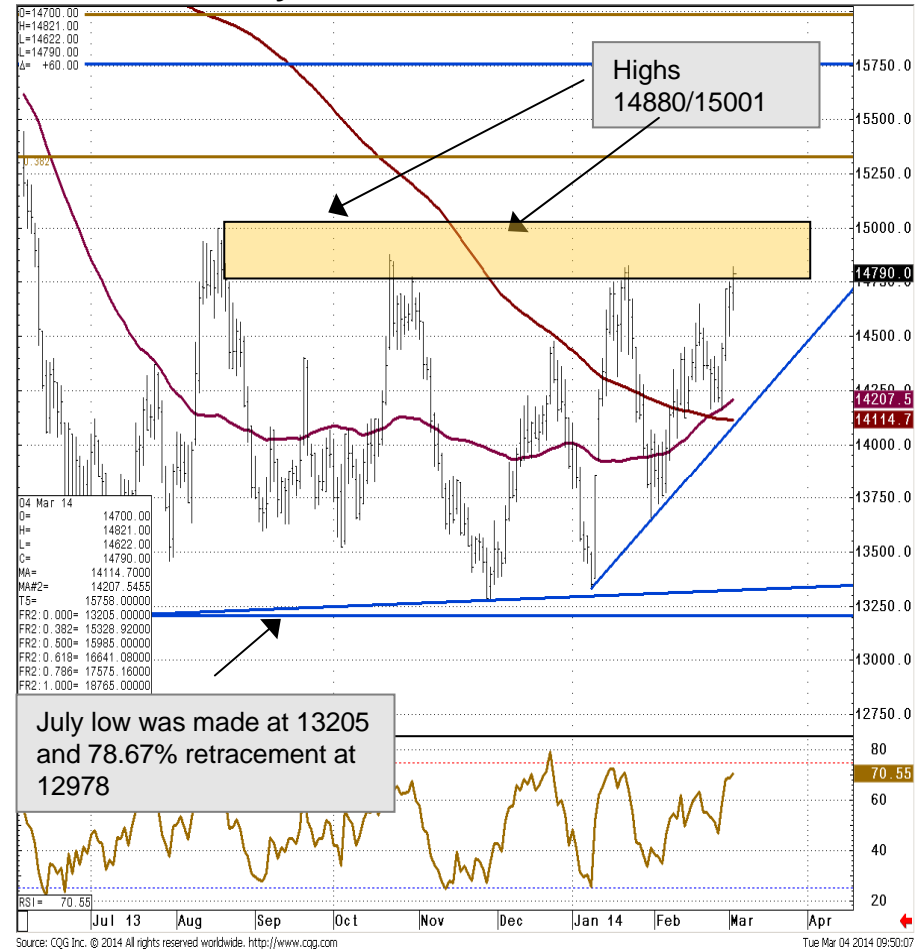
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LME Nickel

Market is bid in the range and looks set to re-challenge tough resistance at 14880/15130.

- › LME Nickel remains bid in its range and is poised to re-challenge the top of the 6 month range at 14880/15001. Rallies will need to clear the 15001 August high AND the 15130 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 14084 minor support line. A weekly close above 15195 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

Approaching the 2013-2014 resistance line at 2086, allow for this to provoke some profit taking

- › LME Zinc continues to rebound from its 55 week ma at 1939. It is well placed to challenge the 2100/08 resistance once more (December and January highs). We have a 2013-2014 resistance line just ahead of here at 2086 and we would allow for this to hold the initial test.
- › Very near term the market is immediately bid above its 55 day ma at 2035.
- › Above 2108 will introduce scope to the 2230 the 2013 high. Key resistance remains the 2009-2014 downtrend located at 2234.
- › Key support is the 2010-2014 uptrend at 1865 followed by the more shallow 1810 2011-2014 support line.

LME Zinc Weekly Chart

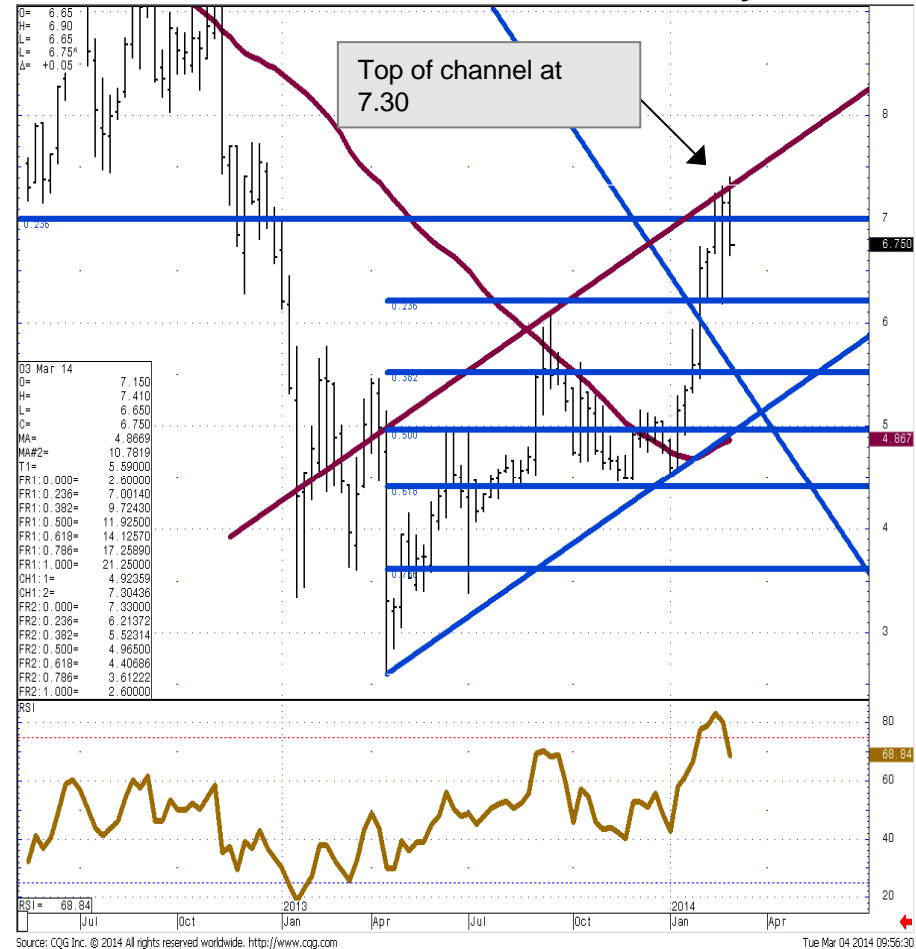


ICE ECX Carbon Emissions Dec 2014

Has again been rejected by the top of its 2013-2014 channel at 7.30, allow for a retracement into the 6.06/5.93 band

- > December 2014 ICE ECX Carbon Emissions short term risks remain on the downside given the now 3rd failure at the top of its 2013-2014 channel, this is currently located at 7.30. Given that we have a 13 count on the daily chart, TD resistance at 7.65 and now a larger divergence of the daily RSI on the move to 7.41, the risk remains is high that we will see a correction lower.
- > Immediate support lies at 6.29, the 6 week uptrend. However current Elliot wave and Fibonacci retracements are suggesting a pullback to 6.06/5.93 then 5.59, where we would expect to see stabilisation. These represent the 50% retracement of the move seen in 2014 and the September high. The second zone is the 61.8% retracement of the same move. We would expect to see stabilisation here and recovery.
- > Above 7.41 would suggest a rally to the 7.73 December 2012 high en route to 8.00. Longer term the pattern holds potential for a move above here.

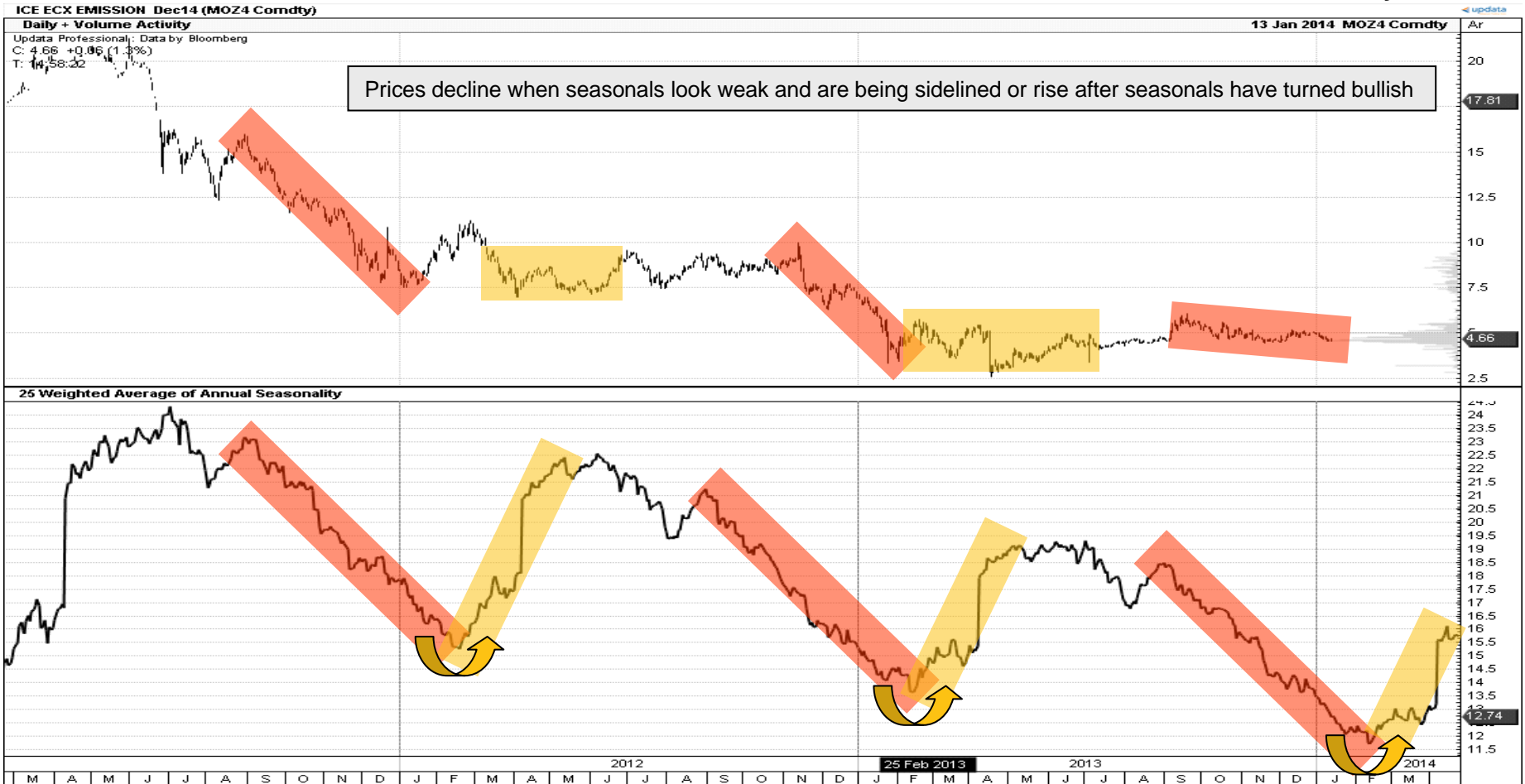
ICE ECX Carbon Emissions Dec 2014 Weekly Chart



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;

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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Bullion Weekly Technicals
Technical Outlook

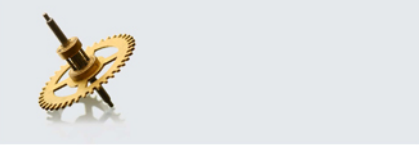


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Commodity Weekly Technicals
Technical Outlook



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

Wednesday: Daily Market Technicals (FX), Commodity Currencies Weekly Techn., Strategic Technical Themes;

Thursday: Daily Market Technicals (FX), Asian Currencies Weekly Technicals;

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