

## Global Commodity Technical Strategy

21 May 2007

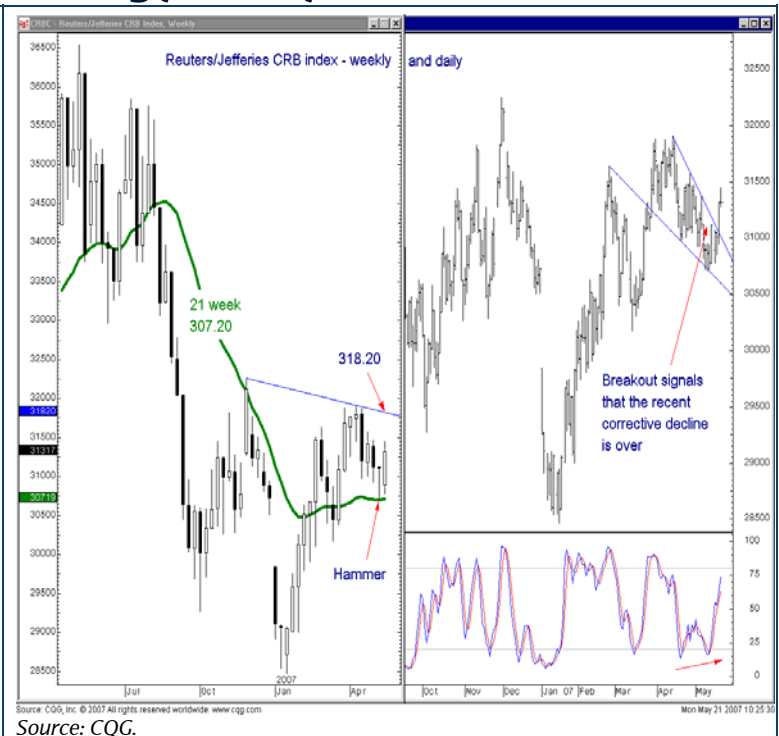
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# Commodity Technical Strategy Daily

## Daily Focus – CRB – good times return

In line with our view, the CRB index rallied further last week. Having broken above trendline resistance, we believe there are more gains to come. A weekly Hammer off important moving average support combines with divergence evidence on daily charts and a bullish stochastic hook to suggest that the corrective decline of the last two months is over. Near-term risks are to the upside, and we are targeting the 318.20/319 zone next. In the bigger picture, a run above 319 is required to bring into play an altogether more exciting story, one that would point to 348.



## Support & Resistance – Metals

	Gold	Silver	Platinum	Palladium	Aluminium	Copper	Lead	Nickel	Tin	Zinc
Resistance	695	13.89	1364	383	2970	7960	2300	55000	15800	4080
	675	13.59	1343	380	2932	7785	2280	53000	15100	3959
	670	13.29	1332	375	2990	7500	2140	51800	14600	3845
Support	655	12.75	1301	357	2805	7090	2000	48000	13435	3660
	650	12.59	1270	353	2775	6920	1955	46800	13100	3580
	646	12.30	1258	347	2760	6792	1920	45700	12600	3495

## Support & Resistance - Energy

	WTI	Brent	Nymex Nat Gas
Resistance	69.00	74.20	8.70
	68.30	72.60	8.40
	67.35	71.00	8.25
Support	65.32	65.15	7.76
	64.20	63.75	7.59
	63.00	62.65	7.42

## Momentum & Sentiment

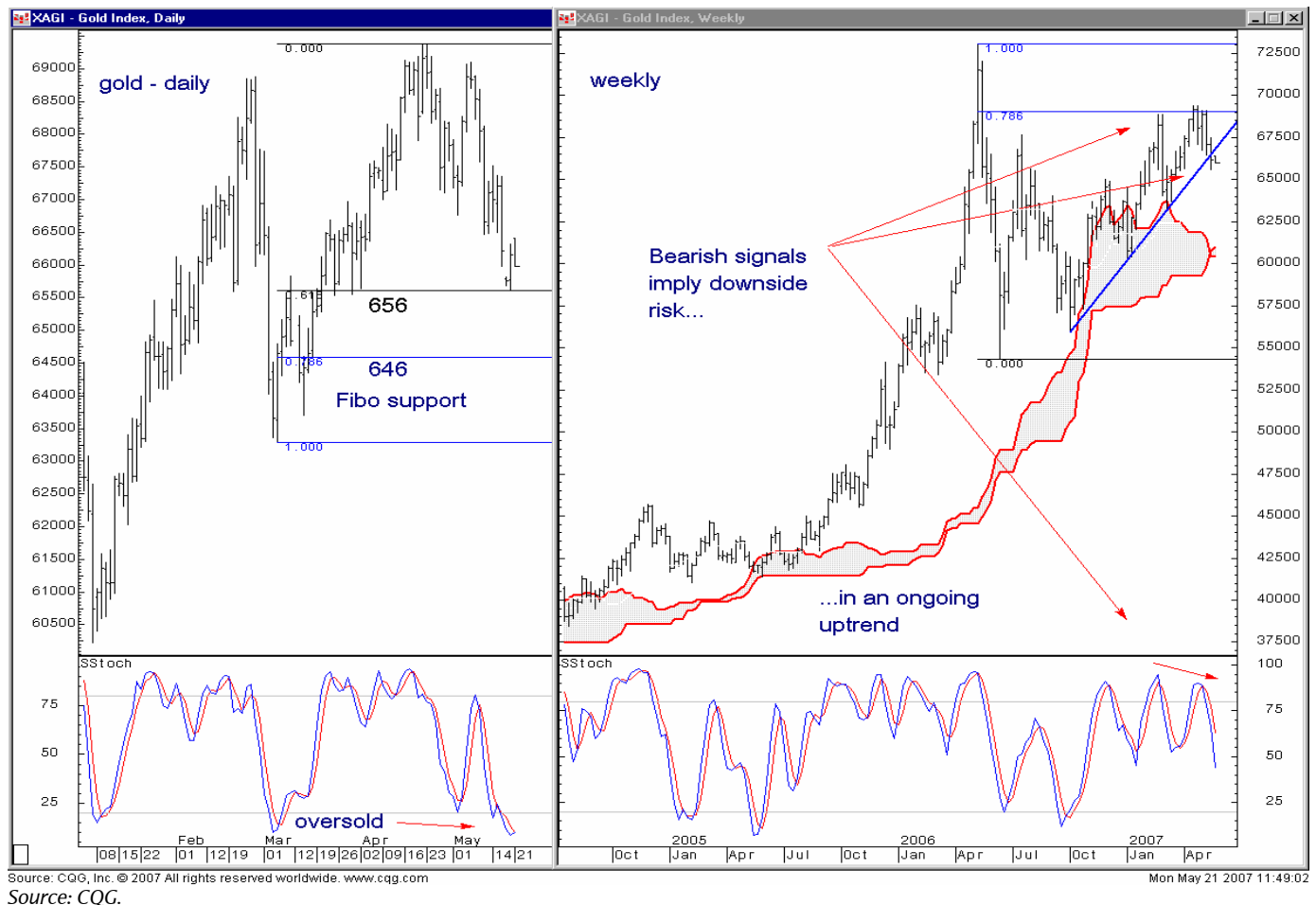
Momentum	Gold	Oil	Aluminium	Copper
Daily	Oversold	Bullish	Bullish	Oversold
Weekly	Bearish	Neutral	Neutral	Bearish
Monthly	Bullish	Bullish	Bullish	Bullish
DSI	Gold	Oil	Aluminium	Copper
1 Day	58	66	N/a	68
18 Day	72	59	N/a	78

Source: Barclays Capital, CQG, DSI courtesy of trade-futures.com

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# Precious Metals & Energy

## Edgy precious metals: gold needs a quick recovery



### Gold

**Short Term: Oversold** – Last week was a bad one for precious metals bulls. The failure of support around 660 warns that the uptrend of the last six months is faltering and suggests gold is going to remain in a 610-695 range for longer than we had envisaged. However, given oversold signals against Fibo support at 656 on daily charts, we are reluctant to turn bearish just yet and look for a rebound to 675 this week. A quick recovery is needed to negate the bearish signals generated last week.

**Medium Term: Chop before gains** – Weekly patterns/Elliott wave counts suggest there are still higher highs to come for gold. We expect the choppy range to give way to the topside in the months ahead; above 695 targets 730 but ultimately 850.

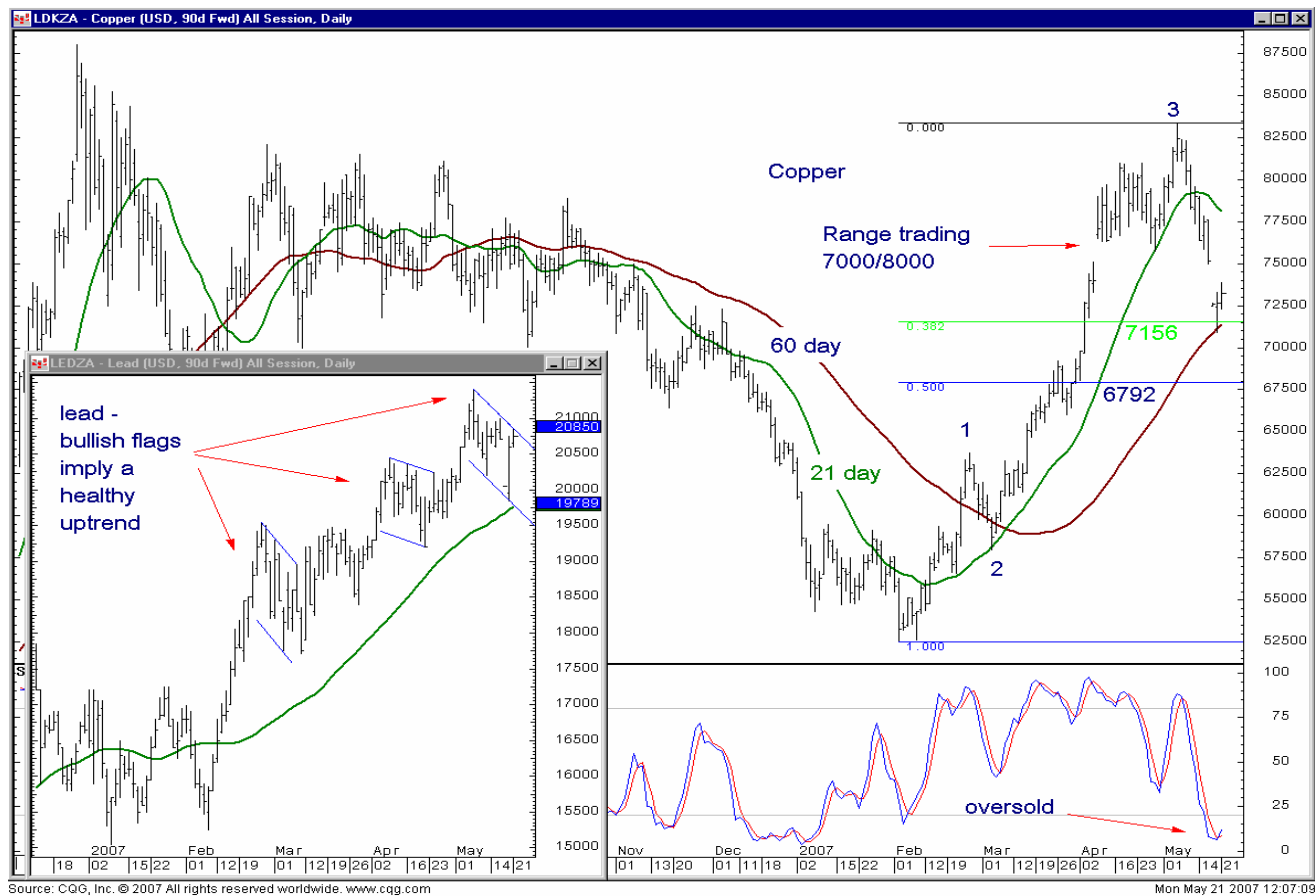
### Crude (July)

**Short Term: Bull flag** – Brent broke higher last week; this week, we are watching for WTI to rally out of its recent range, after rebounding from cloud support last week. Above 67.35 would complete a Bull Flag and imply further gains this week toward 68.90. In Brent, it is more a question of consolidating and building on gains. Sideways above 67.50 maintains our interest in higher levels and a run at 72.60.

**Medium Term: Range trading** – Range trading between 50 and 75 would ultimately set up a test of 80.00.

# Base Metals

## Copper: a roller coaster ride in prospect – hold onto your hats



Source: CQG.

### Copper

**Short Term:** 60-day at 7110 – Follow-through selling below 7000 was not forthcoming, and it would appear that the sharp clearout of last week has ended. After such a collapse, we are not convinced that a rapid recovery is likely. Rather, we think this market is in for a roller-coaster ride over the next fortnight. Although 7510 is likely to provide some resistance, we see it much more likely that a 7000/8000 range is about to unfold. Clearly, the 60-day average is important, and we will be buyers on dips against that average over the coming weeks. A progression of bullish Flags implies upside potential for lead; above 1987 targets 2300.

**Medium Term:** Bullish – The three-wave correction into the Q1 06 trough suggests that the market will ultimately retest and likely exceed its 2006 peak near 8800.

### Aluminium

**Short Term:** Higher in the range – Lacklustre trading activity is well reflected in the alternating down and up months since October 2006; odds favor a continuation of this pattern (ie, a bearish May– close below 2853). Momentum has rolled bullish, and for the coming weeks, it would appear the well-established 2800-2930 range is likely to keep churning.

**Medium Term:** Range – Range between 2400 and 3000. Eventual risk is for a retest of May 2006 highs near 3300.

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