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Commodities Daily Hotline

29 January 2014

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Chart of the day: Zinc eases to the large base

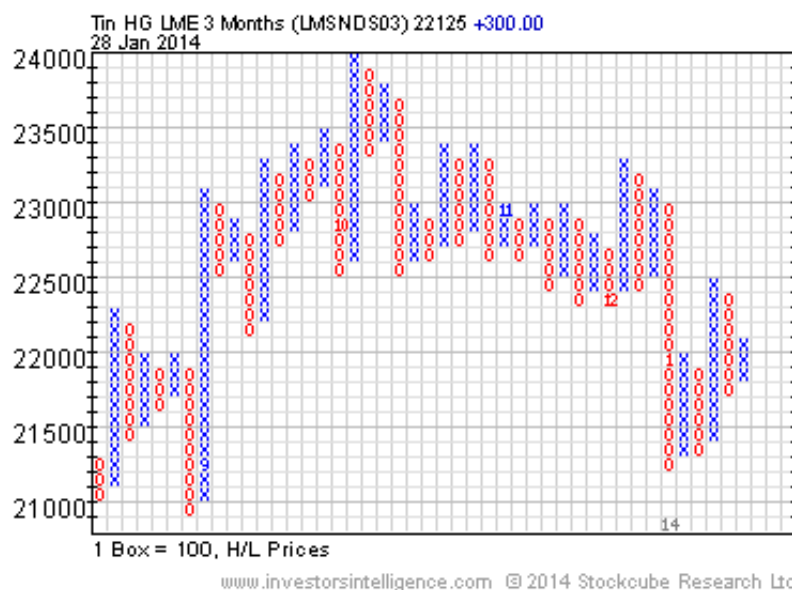
The **Zinc** instrument has continued to react to the late-2013 high near 2100, dipping under initial support at 2006 (plotted on 9 January) on Tuesday. The fall to 2005 has generated a 'Bear' P&F Breakout signal on the automated scanner, which can be viewed under 'Signals' on the II website. However, we hold onto the long trade established mid-month, because of the huge base formation starting near the round 2000 number. Also, the 50-day moving average close by may also offer a lift.



Daily Comment:

Also in the Industrial Metals sector, **Tin** has reversed its reaction from the September-December trading band/top. It will be interesting to see whether bulls can manage a clearance of the last recovery high around 22500. Should they succeed, the target after that will be in the 23000 region.

In the Energy grouping, the **Carbon Emission** contract price rallied strongly to the September high (6.06) during yesterday's session. However, the long 'thin upper tail' on the last candlestick shows that still intraday resistance was met thereabouts, at 5.94. Against the background of a high RSI, indicating the onset of an overbought situation, we err on the side of caution and book the remaining profit on the long trade held in the instrument, making 8.74%.



In Meats, the **Live Cattle** issue enjoyed a strong rally after establish a floor near 132 in November/December. The advance has been extremely overbought for some time (note the very high level of the RSI this month). The recent drift from the latest contract high, at 144.575, could mark the start of a corrective period.

In the Grains sector, **Oats** has registered a 4% gain. The commodity renews the advance after a brief and shallow pullback from the prior overbought high near 400. With the RSI back in overbought territory; and resistance at 419.5 nearby (17 October 2012 high), we have stayed on the sidelines. If the barrier near 420 does yield though, next chart resistance is at 448, from last summer's ceiling.

In Softs, the **LIFFE Sugar** product is showing signs of life after drawing a 'Trough' Key Day Reversal from a new contract low at 399.1. This could mark the start of a counter move from oversold, possibly towards the 50-day moving average.





Gainers / Losers

Top 5 Gains.

Symbol	Stock	Close	% Change
NG2	Natural Gas NYME (cont)	4.941	+5.7%
NGH4	Natural Gas NYME (March 14)	4.941	+5.7%
O 2	Oats CBT (cont)	372.75	+4.1%
O H4	Oats CBT (March 14)	416.75	+4.0%
O 1	Oats CBT 1st Month Continuation	416.75	+4.0%

Top 5 Losses.

Symbol	Stock	Close	% Change
SIH4	Silver CMX (Mar 2014)	19.503	-1.5%
SI1	Silver CMX 1st Month Continuation	19.483	-1.5%
SI2	Silver CMX (cont)	19.503	-1.5%
KO1	Palm Oil 1st Mth Continuation	2520	-1.0%
GC1	Gold CMX 1st Month Continuation	1250.8	-1.0%

The Commodities Model Portfolio

Date	Stock	Code	Type	Open Price	Current Price	% P&L	Stop	Comment
10 Jan 2014	Corn CBT (March 04)	C H4	Long	428	432	+0.93%	400	
13 Jan 2014	Zinc Special HG LME 3 Months	LMZSDS03	Long	2064	2004	-2.91%	1960	
22 Jan 2014	Feeder Cattle CME (March 2014)	FCH4	Long	169	168.375	-0.37%	165	
24 Jan 2014	Coal (March 2014)	QZH4	Long	59	59.5	+0.85%	54.5	
27 Jan 2014	Cocoa NYBOT (March 2014)	CCH4	Long	2844	2905	+2.14%	2550	

- The remaining profit is taken on the long held in the Carbon Emission contract.

Daily Analysis

Symbol	Name	Comment	Close	1 day	Support	Resistance
CRY	CRB Index NYFE	'Bear trap' recovery	282.18	+0.9%	266.78/272.036	288.712/284.684

		falters beneath the Dec high; near the 200-day MA.				
CLH4	Crude Oil NYME (March 14)	Reasserts the rally towards the Dec high; near the psychological 100 level.	97.41	+1.8%	93.73/95.21	100.79/97.84
XBH4	Gasoline RBOB NYME (March 14)	Counter move finds resistance near the 50-day MA.	263.76	+0.2%	252.29/260.33	284.35/269.78
HOH4	Heating Oil NYME (March 14)	Broadly rangebound.	299.39	+0.9%	284.16/289.05	309.56/303.36
NGH4	Natural Gas NYME (March 14)	Volatile. Bounces back to the accelerated and overbought high.	4.941	+5.7%	3.936/4.143	5.5/5.199
QZH4	Coal (March 2014)	Breaks the 200-day MA, leaving a m-t base.	59.5	+0.4%	55.21/55.78	65.75
GCG4	Gold CMX (Feb 14)	Gradual recovery.	1250.8	-1.0%	1186/1230.8?	1294.7
PAH4	Palladium NYME (Mar 14)	Retraces the s-t rally after finding resistance beneath the June-Nov highs.	716.5	-0.8%	695	766.95/753.3
PLJ4	Platinum NYME (April 04)	Finds resistance near the late-Oct high.	1409.4	-0.8%	1315.8/1415.1	1553.9/1483
SIH4	Silver CMX (Mar 2014)	Downtrend flattens after the 'Trough' KDR of 4 Dec. Extends the s-t range.	19.503	-1.5%	18.6/18.89	23.115
LMAHDS03	Aluminium HG LME 3m	Retraces the rally from the late-Nov floor after finding resistance by the s-t range/base highs.	1754.5	-0.2%	1545/1736.25	1905.75/1839
LMCADS03	Copper Grade A LME 3m	Falls out of the s-t range/top.	7140	-0.1%	6910	7460/7379.5
LMPBDS03	Lead LME 3 Months	Finds resistance beneath the Dec high. Extends broad l-t range.	2154	+0.5%	2037.75/2098.75	2289/2230.25
LMNIDS03	Nickel LME 3 Months	Finds resistance at the broad band/base highs.	14140	-0.1%	13205/14316	15001/14880
LMSNDS03	Tin HG LME 3 Months	Small bounce back towards supply at the Sept-Dec top.	22125	+1.4%	20950/21300	23350/22590
LMZSDS03	Zinc Special HG LME 3 Months	Reacts to the late-2013 high to the upper side of the huge base starting near 2000.	2004	-0.4%	1855/1970	2123/2108
FCH4	Feeder Cattle CME (March 2014)	Holds the uptrend after finding support at the 50-day MA.	168.375	-0.3%	163.825/166	/
LCG4	Live Cattle CME (Feb 14)	Overbought rally pauses near the contract highs.	142.55	-0.4%	131.25/136.05	144.575
LHG4	Lean Hogs CME (Feb 14)	Pauses the downtrend from the Oct high, but remains penned in by the 50-day MA.	85.275	-0.4%	83.275/84.5	90.8/87.425
C H4	Corn CBT (March 04)	Retests downtrend resistance at the 50-	432	+0.1%	406.25	449.5/440.75

		day MA after a 'Trough' KDR from a new contract low.				
O H4	Oats CBT (March 14)	Renews the advance after a brief and shallow correction. RSI overbought again.	416.75	+4.0%	383.5/388.25	448/419.5
IJG4	Rapeseed LIFFE (February 14)	Failed break to a new contract low with a (small) 'Trough' KDR. 'Bear trap' scope to downtrend resistance near the 50-day MA?	363	+0.7%	354.25	372.5/367.5
S H4	Soybeans CBT (March 14)	Broadly rangebound.	1285.5	-0.2%	1256.25/1262.5	1339.25
SMH4	Soybean Meal CBT (March 2014)	Rallies back to resistance at the contract highs near 440.	428.6	-0.5%	403.4/413.8	440.4
BOH4	Soybean Oil CBT (March 2014)	Holds the decline near the contract lows.	37.4	+0.9%	/	42.85/38.45
W H4	Wheat CBT (March 2014)	Oversold decline slows.	566	+0.4%	560.5	674.75/612.75
QKK4	Wheat LIFFE (May 2014)	Oversold fall shows a loss of momentum.	154.3	+0.0%	151.15/152.05?	169.5/158.5
CCH4	Cocoa NYBOT (March 2014)	Clears the Nov/Dec ceiling (2844), renewing the uptrend.	2905	+0.6%	2629/2660	/
KCH4	Coffee NYBOT (March 2014)	Recovery slows by resistance at the Sept high.	114.65	+0.7%	104.15/110.2	129.7/124
CTH4	Cotton (March 2014)	Corrects from overbought. Falls to support at the 50 and 200-day MAs.	84.35	+0.1%	81.42/82.39	90.61/88.43
LBH4	Lumber CME (March 2014)	Broadly rangebound beneath the Nov/Dec ceiling.	351.2	-0.9%	347.6	384.1/373
JOH4	Orange Juice (March 2014)	Ranging above support along 135.	138.7	-0.4%	119.05/135.1	168.9/152.4
SBH4	Sugar NYBOT (March 2004)	Oversold fall slows after a new contract low.	15.02	+1.5%	14.7?	17.85/16.58

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