

Global Commodity Technical Strategy

8 April 2008

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Commodity Technical Strategy Daily

Daily Focus: Natural gas coils

While most exchange-traded energy markets are breaking free from their month-long ranges, natural gas has proven to be far more stubborn, with the June 2008 contract and the Cal'09 strip holding to an increasingly well-defined range. However, these ranges are looking increasingly Triangular in nature indicating that an upside resolution is forthcoming. A break of 10.19 and 9.58 (M08 and Cal'09, respectively) would provide the initial evidence for a resumption of their bull trends, with closes through their mid-March highs at 10.43 and 9.99, confirming. Upside targets are seen toward 11.70 and 10.60, respectively.



Source: CQG

Support & Resistance – Metals

	Gold	Silver	Platinum	Palladium	Aluminium	Copper	Lead	Nickel	Tin	Zinc
Resistance	955	18.84	2125	507	3120	9000	3160	30700	21375	2535
	941	18.64	2110	489	3075	8820	3060	30440	20950	2500
	933	18.25	2053	460	3020	8617	3010	29700	20800	2460
Support	905	17.45	1990	432	2910	8435	2790	28240	20090	2230
	898	17.25	1909	423	2860	8160	2740	27310	19910	2150
	888	16.93	1880	419	2805	8070	2655	26250	19400	2025

Support & Resistance – Energy Momentum & Sentiment

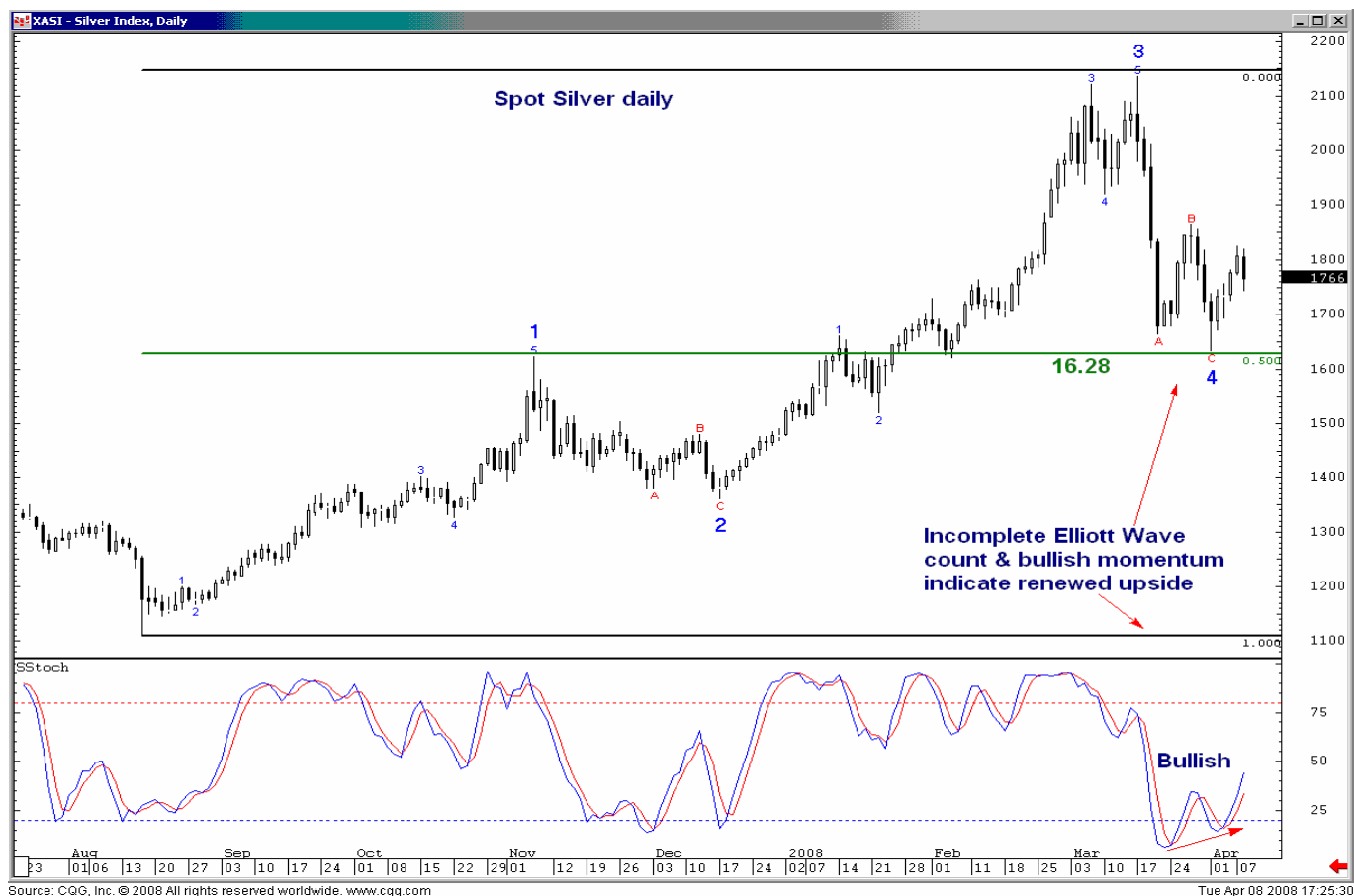
	WTI	Brent	Nymex Nat Gas	Momentum	Gold	Oil	Aluminium	Copper
Resistance	115.00	109.62	10.21	Daily	Bullish	Overbought	Bullish	Overbought
	111.00	107.97	10.10	Weekly	Bearish	Bearish	Bearish	Bearish
	110.35	107.63	9.97	Monthly	Overbought	Overbought	Bullish	Monthly
Support	106.44	104.00	9.29	DSI	Gold	Oil	Aluminium	Copper
	105.80	102.01	9.23	1 Day	71	90	N/a	83
	103.20	101.47	9.06	18 Day	72	86	N/a	80

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

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Precious Metals & Energy

Maintain a bullish Silver bias



Gold

Short Term: *A modest pullback, but no change* – A small decline Tuesday but of no technical significance following the Monday close through seven-month trendline resistance (now 915). As mentioned yesterday, this strong close provides further bullish evidence, in addition to the bullish daily momentum divergences and hold of 883 retracement support, that the near-term bear trend has run its course. However, we do not expect gold to resume its bull trend straight away, but to likely chop about in an 883/955 range-trade in the sessions and weeks ahead. It is a similar story with silver, as the recent low looks to have marked the completion of a wave 4 correction, suggesting an eventual push toward new highs. A sustained break of the 18.64 highs confirms.

Medium Term: *Bullish* – Temporary top at 1000 calls for a deep choppy correction to 850 before the longer-term uptrend resumes.

Crude (May)

Short Term: *Holding the bid* – A modestly lower close as WTI spent the session consolidating following the Monday break through three-week Triangle resistance (now support at 105.80). With global energy markets generally retracing little of Monday's gains – indeed heating oil finished .84% higher, making new intra-day all time highs – we maintain an upside bias. A move through the March 17, 110.35 highs would confirm the Monday breakout, opening a run toward 115/117 and potentially beyond. The incomplete Elliott Wave count provides further evidence for continued gains, with long-term targets seen toward 121 channel resistance. Near-term support is seen from the Triangle breakout at 105.80. Closes through here are needed to warn of renewed range trading.

Medium Term: *Bullish* – Bull trend channel defined between 87 and 115.

Base Metals

Aluminium coils for a pop higher



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Source: CQG

Tue Apr 08 2008 16:37:39

Copper

Short Term: *The 1st sign of stalling* – The Tuesday close below 8617, three-week trendline support indicates that the near-term advance is stalling. With daily momentum oscillators rolling over within overbought territory, further topside should be unable to overcome the 8820 area, 2008/2006 price peak. Near-term support is seen from the 8160, April 1 low, a break of which would confirm a high and further pullback toward 7855/7610 (50-day average, trendline, daily cloud support, and March 20 low) before renewed basing potential. Bigger picture, the ongoing bull trend and incomplete Elliott Wave count (also seen in our most recent weekly, dedicated to Elliott Wave) indicate that the range highs are likely to give way for a push toward the 9000/9100 zone, through which targets a run toward 12,350, Triangle objective.

Medium Term: *Triangular correction* – The market remains within a large contracting range of 6,000-8,800. We believe the range will break higher and test 9,400 and 10,000.

Aluminium

Short Term: *And the range goes on* – While month-long trendline resistance (now 2985) has given way on the close, we do not consider it valid as price action finished lower on a close to close basis. As such, we maintain a neutral bias. Support remains defined by two-month trendline and 50-day average (now 2908). Given the series of inside weeks, we still believe the calm of recent days is unlikely to last much longer. A break of the 3015/20 resistance (Monday high, 2-week trendline) could prove to be the catalyst for a return to the bull trend toward the 3255/3310 highs of March 2008 and April 2006. A break of support would lead to a sharp pullback toward 2712/2660 support before renewed basing potential. Bigger picture, the incomplete Elliott Wave count indicates an eventual break of the 3310 highs for a run toward 4000.

Medium Term: *Bull trend returns* – Aluminium has broken out of its 2400/3000 range, suggesting the long-term uptrend is resuming toward and above 3,310 (2006 peak) with 4000 targets.

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