REUTERS QUARTERLY TECHNICAL OUTLOOK
APRIL 2021

Brent and WTI may be rangebound in the second quarter. They are steady on long-term uptrend. Palm oil may experience shallow correction before rising. Gold looks bullish. Copper and aluminium may retrace further. Soybeans are expected to keep rising while corn and wheat may correct more. Coffee will resume uptrend after correction. Cocoa will head south. Dollar index may revisit Sept 2020 high

REUTERS

Brent oil may retreat into $55.88-$59.71 range before rising in Q2

Brent oil may retreat into a range of $55.88-$59.71 per barrel next quarter, before retesting a resistance at $70.04.

The resistance is identified as the 76.4% retracement of the downtrend from $86.74 to $15.98. It triggered a pullback towards a falling trendline.

This barrier is not working alone. It is strengthened by two resistances, at the January 2020 high of $71.75 and the September 2019 high of $71.95.

These resistances could only be broken when bulls have accumulated sufficient momentum. The accumulation may take a few months to complete.

That means oil could be range-bound between $55.88 and $70.04 for most of the next quarter. Market took more than six months to complete the sideways move in this range from May 2019 to February 2020. The current consolidation could be mirroring the historical move.

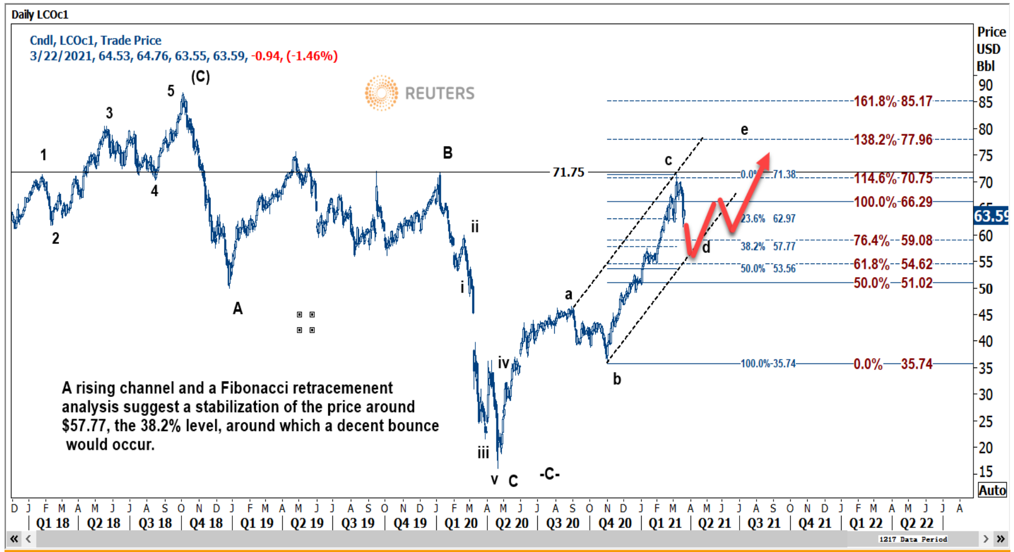
This consolidation is regarded as a part of a long-term uptrend from $15.98, which may eventually extend far above $70.04. Based on a huge wedge developing from the July 2008 high of $147.50, oil could at least rise to $77.12.

On the daily chart, oil deeply pierced above a key resistance at $66.29, the 100% level of an upward wave c. Such a move significantly increases the chance of an extended gains into $77.96-$85.17 range.

However, this target zone could hardly be fulfilled in the second quarter, due to the current correction. A rising channel and a Fibonacci retracemenent analysis suggest a stabilization of the price around $57.77, the 38.2% level, around which a decent bounce would occur. A break above $71.75, which looks very unlikely in short term, could open the way towards $77.96-$85.17 range.

Weekly chart

Daily chart



U.S. oil could be range-bound between $50.99 and $64.32 in Q2

U.S. oil could be range-bound between $50.99 and $64.32 per barrel next quarter, following its failure to break a falling trendline.

The contract may hover below this trendline for some time. It eventually found a good excuse for a decent correction after a linear rise from the November 2020 low of $33.64.

A congestion area between April 2019 and February 2020 works as a resistance zone, making the trendline resistance stronger. The following consolidation below the trendline could be mirroring the historical move in that area.

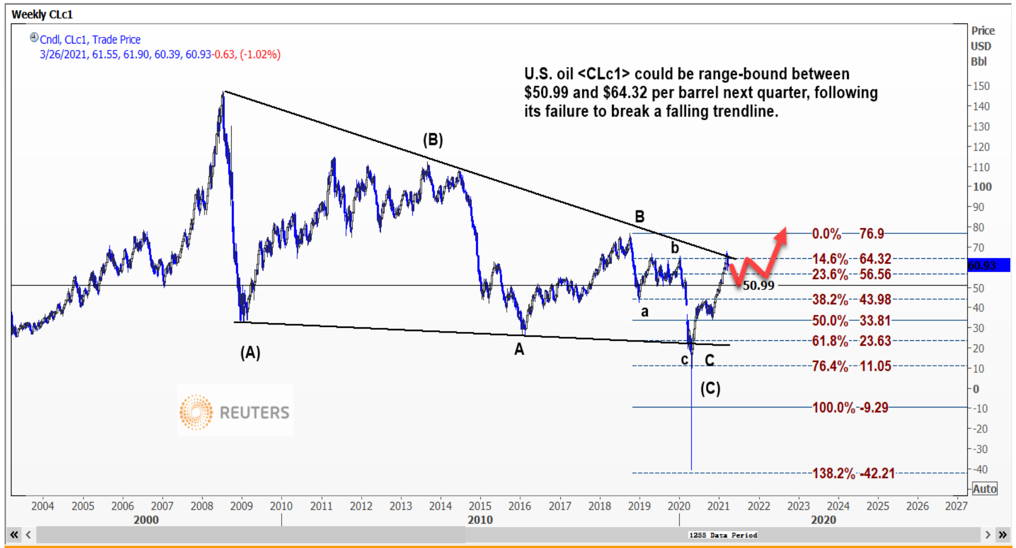
Even if this consolidation turns out to be much brief, as it could be similar to the correction from the Aug. 26, 2020 high of $43.78, it could at least develop for one or two months.

A projection analysis on a downward wave C from $76.90 reveals a support at $56.56, which may be tested very soon. A break above $64.32, which looks very unlikely in near term, could open the way towards $76.90.

The uptrend from the April 2020 low of negative $40.32 will remain steady, despite the subsequent complex consolidation. A presumed long-term wedge, which excludes the much distorted price of negative $40.32, has completed. It suggests an aggress target of $120.

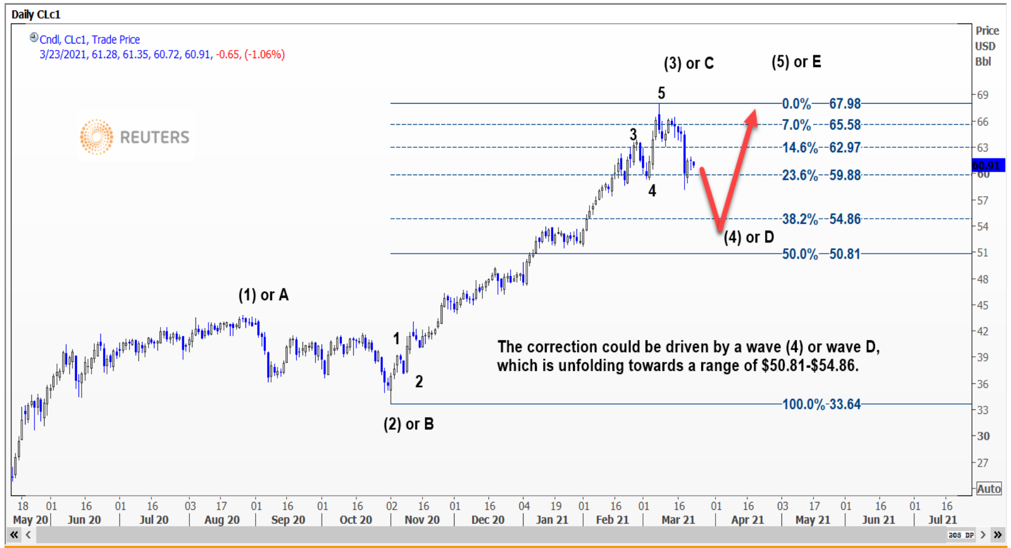
Indeed, oil has been trying to rise above the wedge. It failed in its first attempt. After the current sideways move, which is deemed as an accumulation of the bullish momentum, the contract may successfully rise above the wedge. On the daily chart, the correction could be driven by a wave (4) or wave D, which is unfolding towards a range of $50.81 to $54.86, formed by the 50% and the 38.2% retracements. A further bounce from the current level may end around $62.97.

Weekly chart



REUTERS TECHNICAL WANG.TAO@THOSMONREUTERS.COM +65 6973 8364/9188 4196

Daily chart



REUTERS TECHNICAL WANG.TAO@THOSMONREUTERS.COM +65 6973 8364/9188 4196

Palm oil may retest 4,141 ringgit after shallow correction in Q2

Palm oil may retreat to 3,492 ringgit before retesting a resistance at 4,141 ringgit per tonne next quarter, as suggested by its wave pattern and a projection analysis.

The resistance is identified as the 86.4% projection level of an upward wave (C) from 1,863 ringgit. This wave is expected to travel to 4,499 ringgit, as indicated by a triple-bottom forming around 1,863 ringgit.

The part of the wave C from the May 2020 low of 1,939 ringgit consists of five smaller waves. The current fall is driven by a wave 4, which has unfolded below a support 3,877 ringgit.

This wave 4 may extend to 3,492 ringgit. It seems that all the preceding corrections against the uptrend from 1,939 ringgit were pretty shallow. The wave 4 may end around 3,492 ringgit.

A break above 3,877 ringgit may lead to a gain into 4,141-4,499 ringgit range. On the daily chart, wave pattern looks a bit more bullish than that on the monthly chart.

The contract is riding on wave (3), which is travelling towards its 161.8 projection level at 4,649 ringgit. A short rising channel and an ascending trendline suggest a further correction to 3,484 ringgit.

The bounce triggered by the support at 3,654 ringgit may end around 3,929 ringgit, to be reversed by another drop towards 3,484 ringgit.

A break above 3,929 ringgit may lead to a gain into 4,099-4,204 ringgit range.

Monthly chart

REUTERS TECHNICAL WANG.TAO@THOSMONREUTERS.COM +65 6973 8364/9188 4196

Daily chart

REUTERS TECHNICAL WANG.TAO@THOSMONREUTERS.COM +65 6973 8364/9188 4196

Spot gold may rise to $1,848 in Q2

Spot gold may rise to $1,848 per ounce next quarter, as it could have completed a correction from the August 2020 high of $2,072.50.

The correction was driven by a wave IV, the fourth wave of a five-wave cycle from the December 2015 low of $1,045.85. This wave consists of three smaller waves.

The third wave, labeled c, is roughly equal to the wave a. Such an equality indicates a completion of the wave c and the wave IV.

A further signal on a completion of the wave IV is the failure of the metal to break a key support at $1,710, the 38.2% retracement of the wave III.

The wave V could be stealthily unfolding towards $2,072.50. Even if this wave count turns out to be incorrect, the metal is expected to at least bounce towards $1,848, as this bounce may somewhat match the one from the December 2020 low of $1,764.29.

A short falling channel points at the target of $1,848 as well. A break above this level could lead to a gain into the $1,959.01-$2,072.50 range.

A break below $1,710 may not necessarily trigger a deep fall to $1,597, as such a fall may be limited to $1,651, the 100% projection level of the wave c. This is the ultimate low that this wave c could travel to.

On the daily chart, the whole correction from the August 7, 2020, high of $2,072.50 adopted a typical corrective wave mode. Its complex structure only makes the picture clearer that a medium-term uptrend remains steady.

A retracement analysis reveals a close relation between the current bounce and the downtrend from $2,072.50. This relation well supports the assumption that the downtrend has reversed.

The analysis also reveals a target zone of $1,828-$1,874, which engulfs $1,848 (weekly chart). The peak of the wave B at $1,959.01 will serve as a higher target once gold breaks $1,874.

Weekly chart

REUTERS TECHNICAL WANG.TAO@THOSMONREUTERS.COM +65 6973 8364/9188 4196

Daily chart

REUTERS TECHNICAL WANG.TAO@THOSMONREUTERS.COM +65 6973 8364/9188 4196

LME copper may retreat into $8,116-$8,558 range in Q2

LME copper may retreat into a range of $8,116-$8,558 per tonne next quarter, as suggested by its wave pattern and a projection analysis.

A wave C from the March 20, 2020 low of $4,371 may have completed, as indicated by its five-wave structure and the bearish divergence on the weekly RSI.

This wave happened to end in a strong resistance zone of $9,274-$9,716, formed by its 161.8% and 176.4% projection levels.

The current drop could be extending towards the range of the wave 4 from $7,613 to $8,116. A shooting star formed in the week of Feb. 22 to Feb. 26.

This is a typical bearish reversal pattern, confirmed by a black candlestick the following week. They suggest a reversal of the uptrend from $4,371.

The bearish divergence on the weekly RSI is generally a convincing signal of a serious correction. It simply represents an exhaustion of the uptrend, which could hardly extend above $9,274 again in short term.

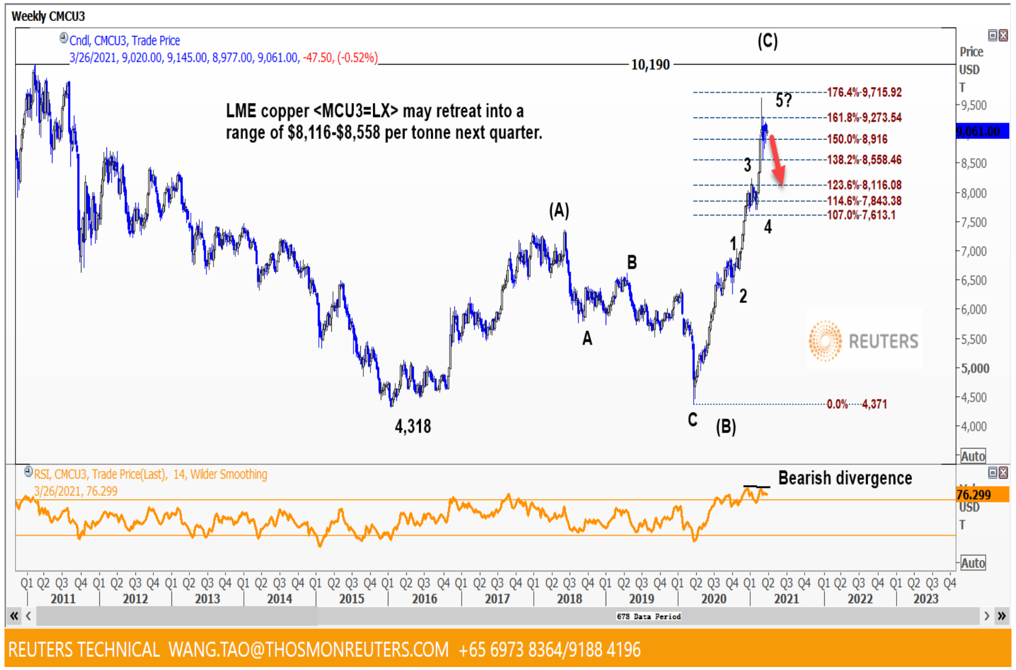
At least, copper is expected to fall to $8,558. A break above $9,274 could lead to a gain into the range of $9,716-$10,190.

On the daily chart, the correction from $9,617 may consist of three waves. So far, only the first wave completed.

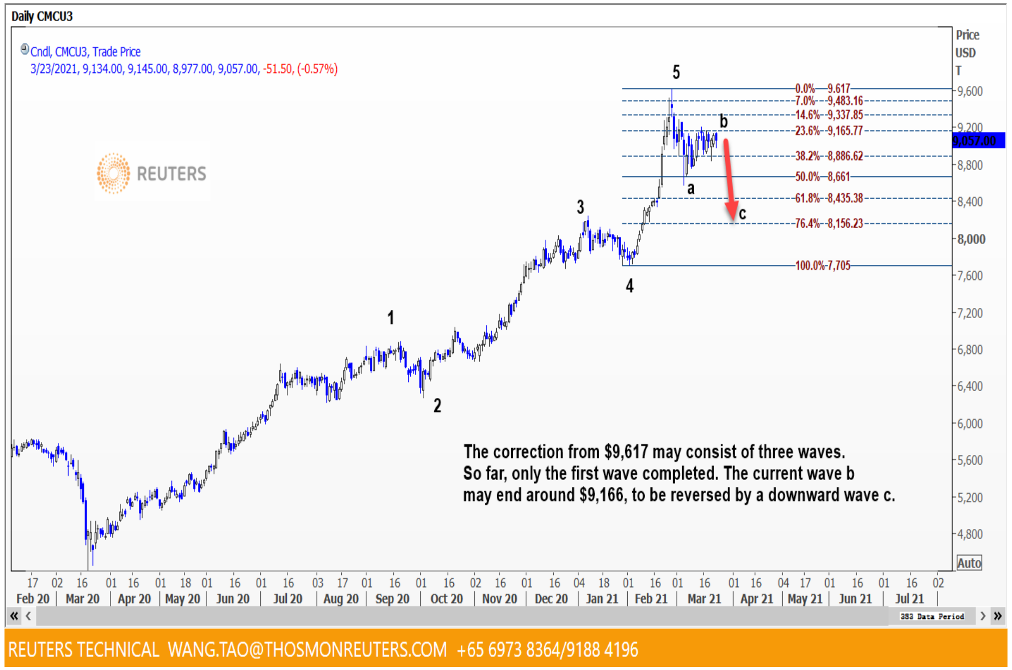
The current wave b may end around $9,166, to be reversed by a downward wave c.

Strategically, a target zone of $8,156-$8,435 will be confirmed when copper breaks $8,887.

Weekly chart



Daily chart



LME aluminium may retreat to $2,089 before rising in Q2

LME aluminium may retreat to a support at $2,089 per tonne before retesting a resistance at $2,237 next quarter, as suggested by a retracement analysis.

The support and the resistance are identified as the 50% and the 61.8% retracements on the downtrend from $2,718 to $1,460. Given that the metal started a decent correction when failing to break $2,089 in December 2020, it may have started another similar correction towards $2,089, following a false break above the resistance at $2,237.

The resistance is working closely with the one at $2,267, a high touched in Oct. 2018 and the peak of a wave B. Either of these resistances could trigger a deep correction. When joining hands, they form a solid resistance zone.

The subsequent correction could be deeper than the one from the December 2020 high of $2,096. Even though a target of $1,941 looks too aggressive to be realistic right now, it will be confirmed when the metal breaks below $2,089.

A continuation of the uptrend will only confirmed when alumiminium breaks $2,267. Such a break could open the way towards $2,421.

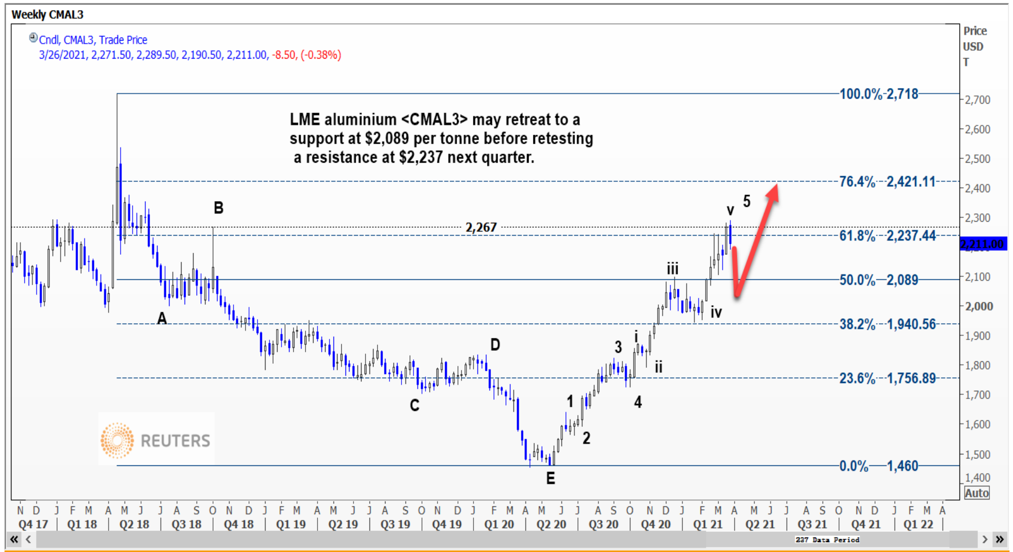
The uptrend from $1,460 consists of many impulsive waves. This wave mode suggests a huge upside potential. There are alternate wave counts which are more bullish than the current one.

The uptrend is expected to be steady after the coming correction. On the daily chart, the correction might be driven by a wave 4, which is travelling towards the bottom of the wave iv around $1,941.

Daily RSI formed kind of bearish divergence, which is not typical but good enough to tell the exhaustion of the rally.

A shallow correction may end around $2,089, while a deep one could extend to $1,941.

Weekly chart



REUTERS TECHNICAL WANG.TAO@THOSMONREUTERS.COM +65 6973 8364/9188 4196

Daily chart

REUTERS TECHNICAL WANG.TAO@THOSMONREUTERS.COM +65 6973 8364/9188 4196

CBOT soybeans may rise into $15.36-3/4 to $15.55-1/4 range in Q2

CBOT soybeans may rise into a range of $15.36-3/4 to $15.55-1/4 per bushel next quarter, as it has broken a key resistance at $14.07-1/4.

The resistance is identified as the 61.8% retracement of the downtrend from $17.94-3/4 to $7.80-1/2. The break looks convincing, as the contract managed to climb above this level after its first failure in January.

The break opened the way towards $15.55-1/4. However, all the retracements, including the 61.8% level, have not worked as perfect resistances, even though market did react to these levels after briefly piercing above them.

Chances are the contract may end its gains earlier, around $15.36-3/4, the May 2014 high, or overshoot $15.55-1/4 before staring a deep correction.

The deep fall from the January high of $14.38-1/4 is regarded as the first warning of a dissipated bullish momentum. The contract will face a big challenge when approaching the resistance zone of $15.36-3/4 to $15.55-1/4. Most likely, a deep correction towards $14.07-1/4 would occur.

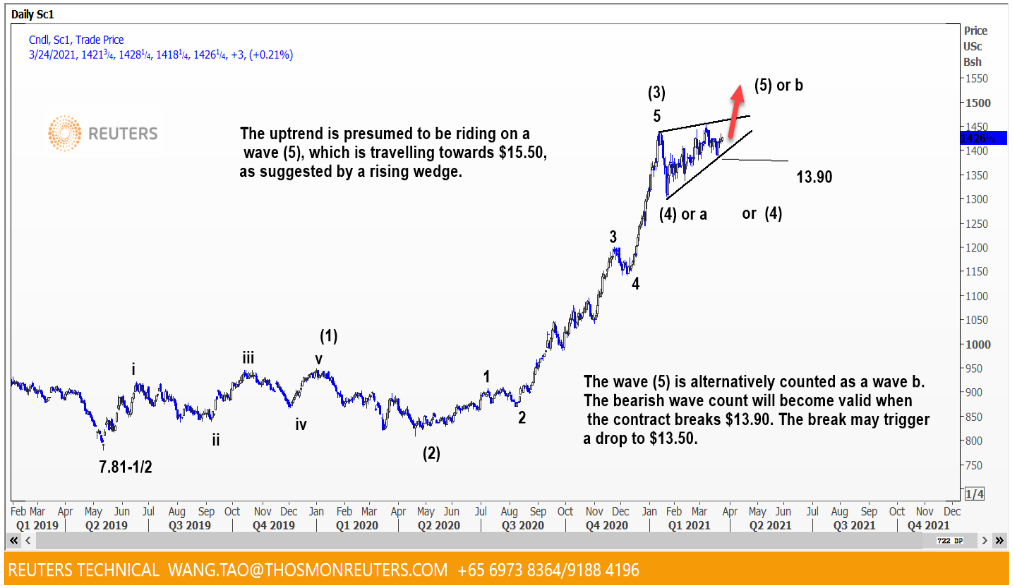
The break above $14.07-1/4 will be proved false, if the contract drops below $13.90. A bearish target of $13.50 will be established accordingly.

On the daily chart, a rising wedge is developing, which will be confirmed when the contract rises above the upper trendline around $14.65. The pattern will suggest a target of $15.50. The uptrend is presumed to be riding on a wave (5), which is travelling towards $15.50. However, the wave (4) looks too brief, compared to the preceding wave (2).

As a precaution, the wave (5) is alternatively counted as a wave b, the second wave of a bigger wave (4) from the Jan. 13 high of $14.38-1/4. The bearish wave count will become valid when the contract breaks $13.90.

Weekly chart

Daily chart



CBOT corn may fall into $4.92-3/4 to $5.19-1/2 range before rising in

CBOT corn may retreat into a zone of $4.92-3/4 to $5.19-1/2 per bushel next quarter, as it faces a strong resistance at $5.75-1/2.

The resistance is identified as the 38.2% retracement of the uptrend from $1.42 to $8.43-3/4. Both the former resistances at $4.10 and $4.92-3/4 failed to stop the rally.

The current resistance is enforced by another one at $5.72-3/4, the 50% retracement of the downtrend from $8.43-3/4 to $3.02.

They seem to have triggered a correction, which could be deep enough to extend to $4.92-3/4. A shallow correction may end around $5.19-1/2.

The uptrend is expected to resume, once the correction is over. Based on a double-bottom, the contract may eventually rise to $6.30.

A break above $5.75-1/2 could confirm the continuation of the uptrend towards the zone of $6.30-$6.78.

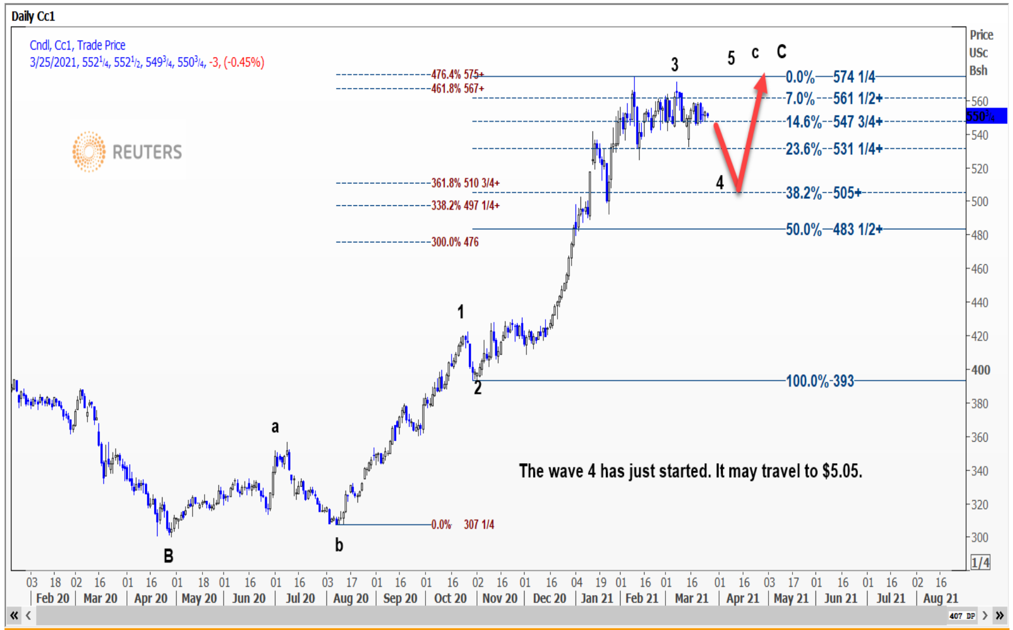
On the daily chart, a wave 4 is developing. A retracement analysis on the uptrend form $3.93 suggests a target of this wave around $5.05, which will only be confirmed when corn breaks $5.31-1/4.

A break above $5.61-1/2 could lead to a gain to $5.74-1/4. It is unlikely for the contract to break $5.74-1/4 and rise further, as the wave 4 has just started. It looks too brief to complete.

Monthly chart

REUTERS TECHNICAL WANG.TAO@THOSMONREUTERS.COM +65 6973 8364/9188 4196

Daily chart



REUTERS TECHNICAL WANG.TAO@THOSMONREUTERS.COM +65 6973 8364/9188 4196

CBOT wheat may seek support in $5.60-1/2 to $5.89-1/2 zone in Q2

CBOT wheat may seek a support in a zone of $5.60-1/2 to $5.89-1/2 per bushel next quarter, before resuming its uptrend from $3.59-1/2.

The uptrend may at least extend to $7.31-3/4, the 38.2% retracement of the downtrend from $13.34-1/2 to $3.59-1/2. An aggressive target range is from $8.47 to $9.62, which engulfs the peak of the wave B at $9.47-1/4.

The trend seems to be zigzagging up, confined within a rising channel. The lower channel line indicates a completion of the current fall around $5.60-1/2, or $5.89-1/2, if it is very shallow.

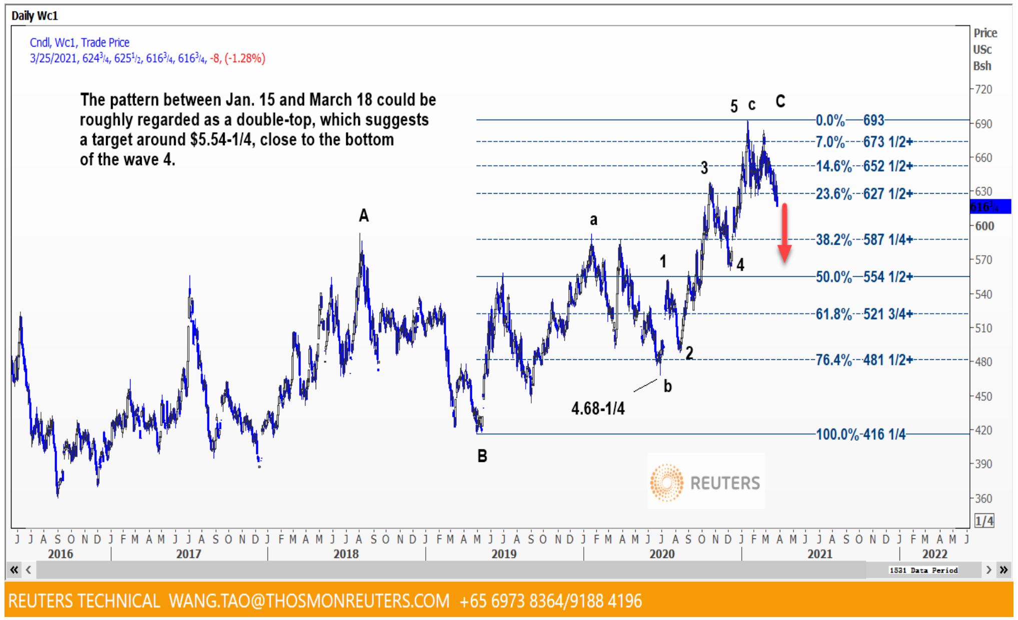
Wave pattern suggests the progress of a wave C, which has briefly travelled above its 114.6% projection level of $6.83-3/4. It has a better chance of extending into the range of $7.38-3/4 to $7.94.

A break above $6.49-3/4 may indicate a resumption of the wave C towards $7.31-3/4. However, confirmation of the resumption will be when wheat rises above $6.83-3/4. On the daily chart, a five-wave cycle from the June 26, 2020 low of $4.68 has completed. However, the drop observes closely a set of retracements on the uptrend from $4.16 to $6.93. The support at $6.28 is broken. The break opened the way towards $5.87-1/4.

The pattern between Jan. 15 and March 18 could be roughly regarded as a double-top, which suggests a target around $5.54-1/4, close to the bottom of the wave 4. This target will be confirmed when wheat breaks $5.87-1/4. A rise above $6.27-1/2 may be extended to $6.52-1/2. Only a break above $6.73-1/2 could signal the continuation of the uptrend.

Monthly chart

Daily chart



NY coffee may retest resistance at $1.3985 in Q2

New York coffee may seek a support at $1.1990 per lb next quarter and then retest a resistance at $1.3985.

The contract has broken above a falling trendline and risen far above it. This move confirms a reversal of the downtrend from the May 2011 high of $3.0890.

Coffee is riding on a wave C from $0.9455, the third wave of a three-wave cycle from the May 2019 low of $0.8760. This wave is expected to travel to $1.4940, the 100% projection level.

The pattern between May 2019 and June 2020 looks like a high-low bottom, which suggests a higher target around $2. However, the contract faces a resistance at $1.3985, the 38.2% retracement on the downtrend from $3.0890 to $0.8760.

Coffee failed to break this resistance in December 2019. The failure was followed by a deep correction. This time, the correction could be much shallower, probably limited to $1.1990.

A break below $1.1990 may cause a fall to $1.1550. A break above $1.3985 will not only lead to a gain to $1.4940, but also open the way towards $1.7215.

On the daily chart, the current correction is driven by a wave (c), which has briefly pierced below a support at $1.2845. It is highly likely to extend to $1.22, the 50% projection level of a bigger wave C from $0.9455.

A rising trendline points at the same level. A break above $1.3645 could signal a resumption of the uptrend.

Monthly chart

Daily chart

NY cocoa may fall into $2,177-$2,300 range in Q2

New York cocoa may test a support at $2,400 per tonne next quarter, a break below which could cause a fall into a range of $2,177-$2,300.

The contract is riding on a wave C from $2,821, which is the third wave of a corrective wave cycle from the February, 2020 high of $2,935.

This wave may travel into a range of $$1,978-$2,300, formed by its 100% and 61.8% projection levels. Three smaller waves make up this wave C.

So far, only two small waves have unfolded. The third wave labelled c is travelling towards $2,177-$2,300 range. Resistance is at $2,499, a break above which could lead to a gain to $2,622.

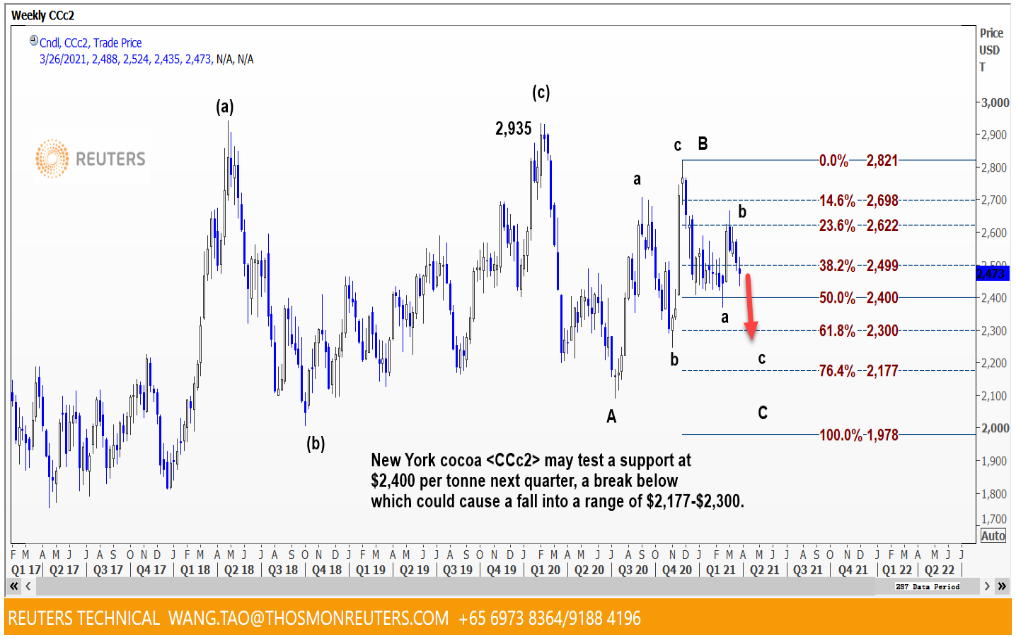
The bearish wave count has to be reviewed, however, once cocoa breaks $2,622, as such a break could signal the extension of the uptrend from the July 2020 low of $2,092, or the uptrend from the April 2017 low of $1,756.

On the daily chart, a retracement analysis on the uptrend from $2,092 to $2,821 reveals more precise supports and resistances.

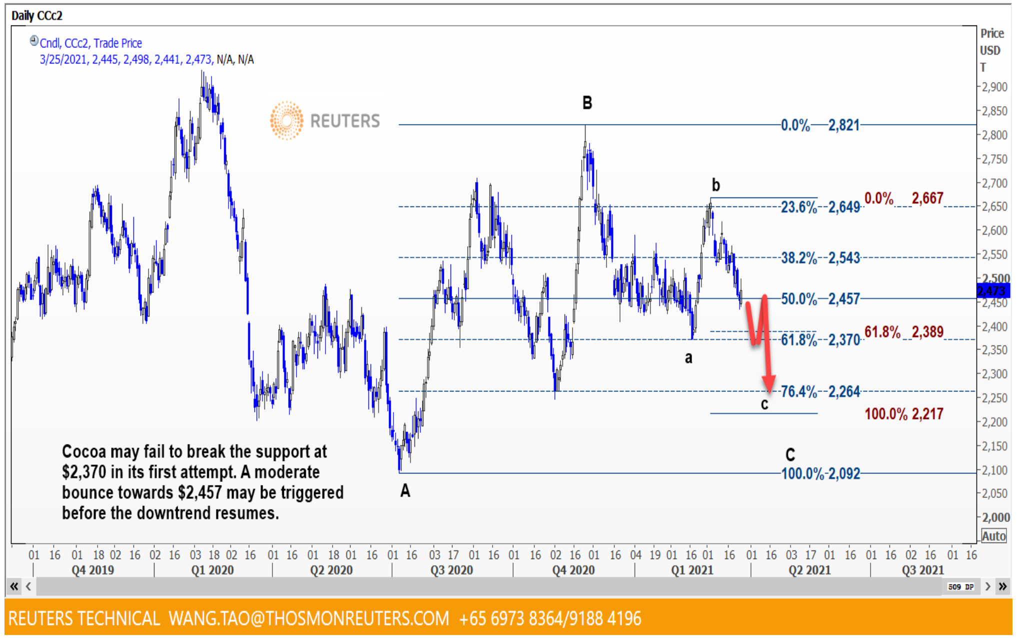
The bounce triggered by the support at $2,370, sharp as it was, has been deeply reversed. The reversal signals a continuation of the wave c towards $2,217, its 100% projection level.

Cocoa may fail to break the support at $2,370 in its first attempt, as this support is enforced by another one at $2,389. A moderate bounce towards $2,457 may be triggered before the downtrend resumes.

Weekly chart



Daily chart



Dollar index may rise to 95.21 in Q2

The dollar index may test a resistance at 93.37 next quarter, with a good chance of breaking above this level and rising towards 95.21.

A downward wave c from 102.99 may have completed around 89.54, its 86.4% projection level. It is slightly short of its ultimate target of 87.43.

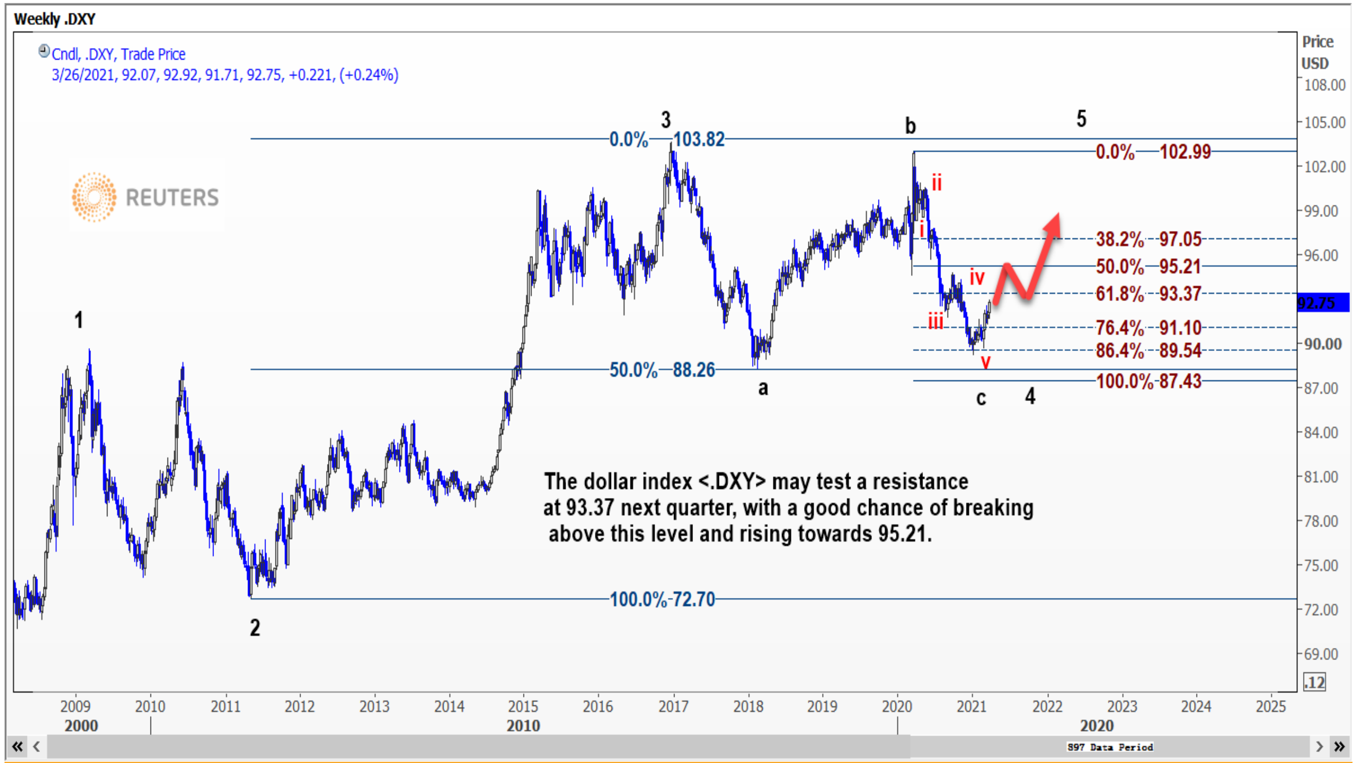
This wave could be divided into five smaller waves. This structure, along with the strong rise from the January low of 89.21, works as a convincing signal that the wave c is over.

The index is riding on a wave 5, which is capable of travelling to 102.99. A correction may occur around the strong resistance at 95.21, as there is a congestion area between Sept. 1, 2020 and Nov. 4, 2020.

A retracement analysis on the daily chart reveals a break above 92.459, the 23.6% level. The break opens the way towards 94.469, which is near 95.21 (weekly chart).

A break below 92.459, now a support, may cause a shallow drop to 91.219.

Weekly chart



REUTERS TECHNICAL WANG.TAO@THOSMONREUTERS.COM +65 6973 8364/9188 4196

Intraday technical outlooks are available to Eikon users on the following 12 products: Brent oil, U.S. oil, palm oil, spot gold, LME copper, LME aluminium, CBOT soybeans, CBOT corn, CBOT wheat, New York coffee , New York cocoa and Dollar. To retrieve the 24-hr technical outlooks, please press F9 and key in TECH/C.

Reporting by Wang Tao (Market Analyst, Commodities Technicals), wang.tao@thomsonreuters.com
Phone: +65 69738364
Compiled by **Rupali Shukla** in Bangalore, commodity.briefs@thomsonreuters.com

** Wang Tao is a Reuters market analyst for commodities and energy technical. The views expressed are his own. No information in this analysis should be considered as being business, financial or legal advice. Each reader should consult his or her own professional or other advisers for business, financial or legal advice regarding the products mentioned in the analyses. **