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REUTERS QUARTERLY TECHNICAL OUTLOOK

APRIL 2024

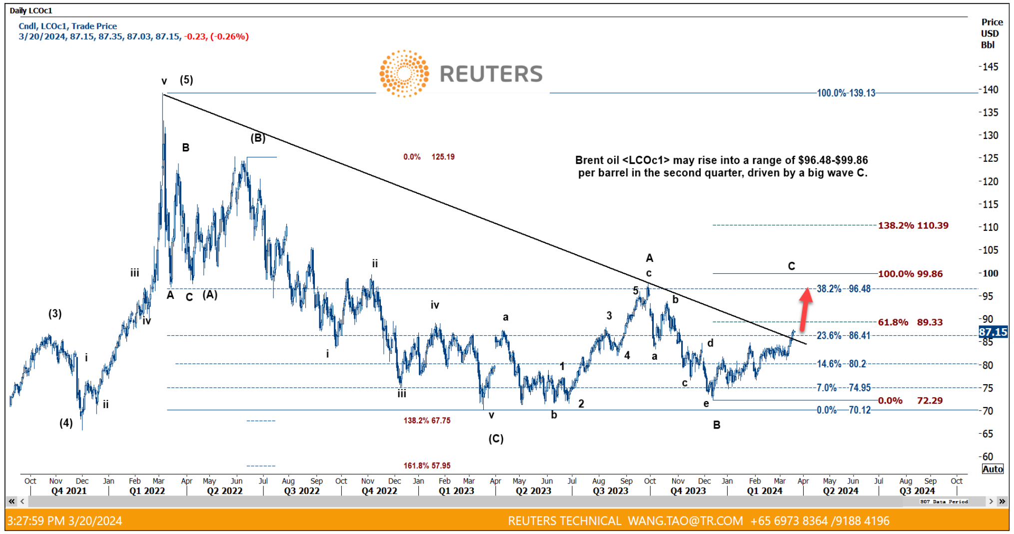
Brent and WTI may rise towards their Sept. 2023 highs. Palm oil targets 4,751 ringgit. Gold looks very bullish, heading towards $2,500. Copper may bounce to $9,460 before falling while aluminium may rise to $2,461. Soybeans and corn may slide further to complete their long-term downtrends. Wheat may bounce into $6-$6.33 range. Coffee looks mixed and is biased to fall. Cocoa is likely to maintain its strong momentum and surpass $10k. Dollar index may rise to 109.

3-MONTH TECHNICALS

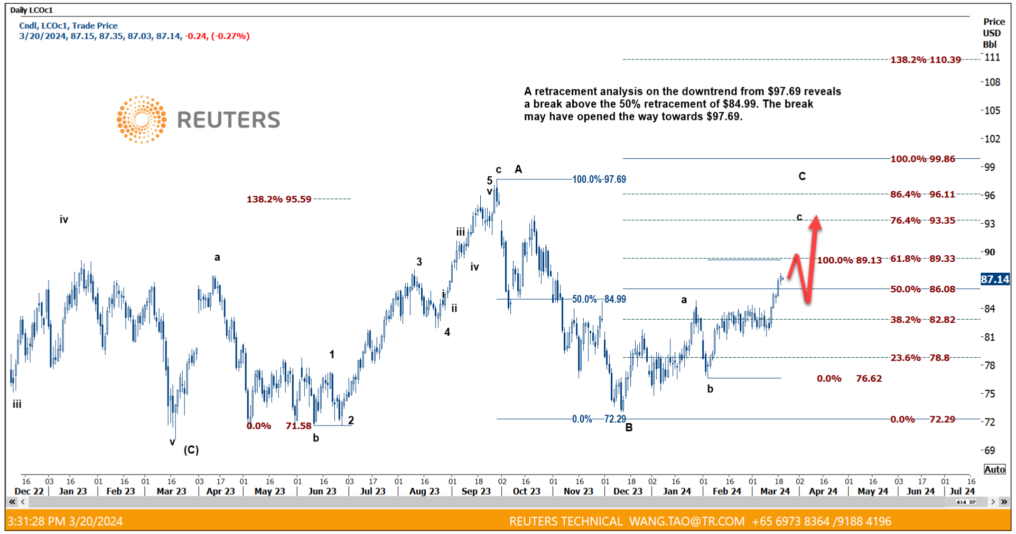
Brent oil may rise into $96.48-$99.86 range

Brent oil may rise into a range of $96.48-$99.86 per barrel in the second quarter, driven by a big wave C. This is the third wave of a medium-term corrective cycle from $70.12, the March 20, 2023 low. It may either end around $89.33 or extend to $99.86. A retracement analysis on the downtrend from $139.13 suggests an extension of this wave, as it has travelled above the 23.6% level. Chances are it may extend to $96.48. A long-term trendline falling from $139.13 has been broken. The break significantly increases the chance of the wave C to extend. A failure of the market to break $89.33 would mean either a decent consolidation to follow, or a completion of the wave C. In either case, the failure is likely to trigger a fall to $86.41. A detailed study on the relation between the wave a from $70.12 and the wave c that ends at the Sept. 28, 2009 high of $97.69 reveals a 1.382 ratio, which, if applied to the current wave C, would generate a very bullish target of $110. This target looks too aggressive in the second quarter. The focus now is on the resistance at $89.33, a break above which could open the way towards $96.48-$99.86 range. On the daily chart, a retracement analysis on the downtrend from $97.69 reveals a break above the 50% retracement of $84.99. The break may have opened the way towards $97.69. In the meantime, the market has climbed above the 50% projection level of the wave C at $86.08. This wave is expected to travel into $89.33-$99.86 range. Even a calculation on a small wave c suggests a further gain to $89.13, around which, strong resistance may stand in the way to stop the gain and trigger a correction.

Daily Chart



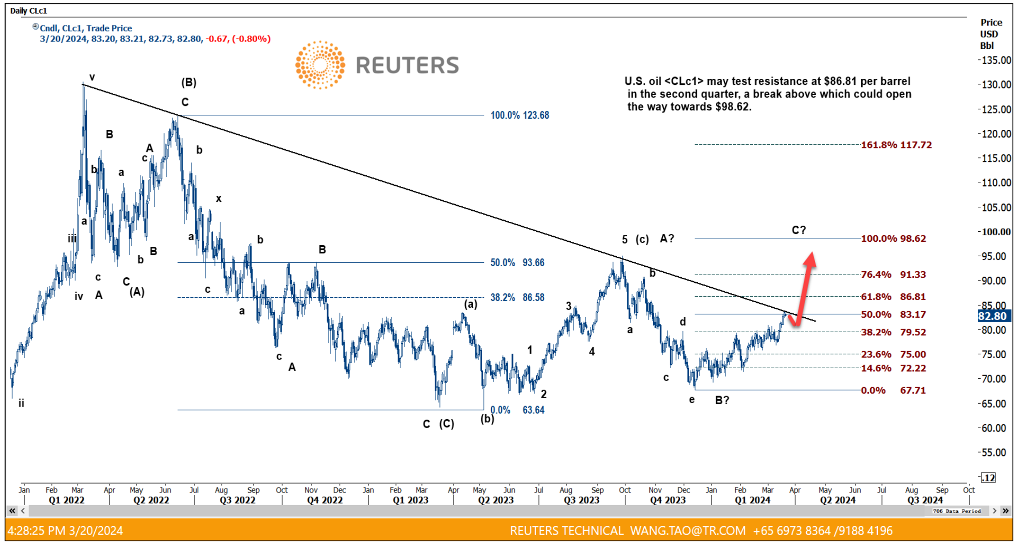
Daily Chart



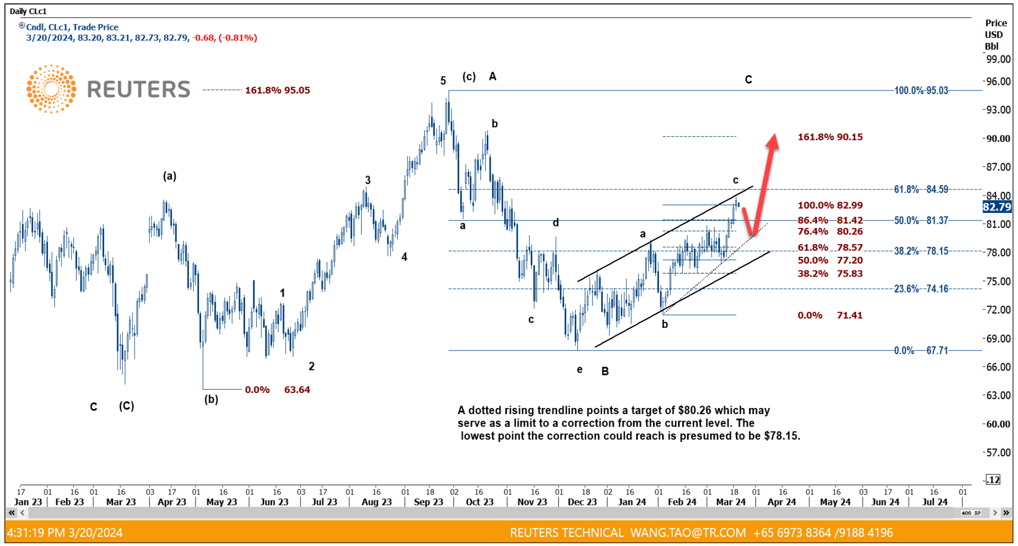
US oil targets $98.62

U.S. oil may test resistance at $86.81 per barrel in the second quarter, a break above which could open the way towards $98.62. The current rally is presumed to ride on a powerful wave C, which could either end around its 61.8% projection level of $86.81 or extend to $98.62. This is the third wave of a big corrective wave cycle from the March 20 low of $64.12. In addition to its own projection levels, it also observes a set of retracements on the fall from $123.68. The wave A peaked around the 50% retracement of $93.66. The current wave C is supposed to be much stronger, to be able to travel to this high or a higher point. Indeed, a bullish target of $123 would be worked out if oil climbs to $98, as such a rise would confirm a high-low bottom around $64 forming between early May 2023 and December 2023. A detailed study on the relation of the wave (a) to the wave (c) reveals a ratio of 1.618, which indicates an extension of the current wave C to $118, if it shares a similar relation to the wave A. All these optimistic targets have to be validated by a break above a falling trendline which established resistance around $83.17. It is generally difficult for the market to break the long-term trendline at its first attempt. Most likely, oil would remain sideways around $83 or retrace towards $79.52 before making its second attempt to break the line. On the daily chart, a rising channel and a ratio analysis reveals a major obstacle around $84, where the 61.8% retracement of $84.59, the 100% projection level of $82.99 and a channel line resistance are working together to prevent a further rise. A dotted rising trendline points a target of $80.26 which may serve as a limit to a correction from the current level. The lowest point the correction could reach is presumed to be $78.15.

Daily Chart



Daily Chart

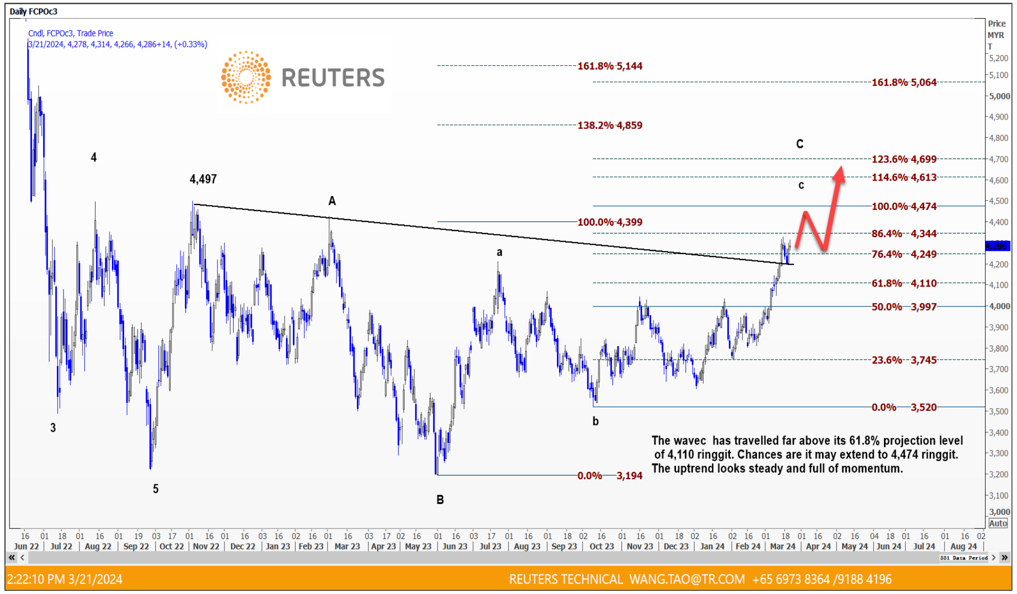


Palm oil may rise into range of 4,751-4,859 ringgit

Palm oil may rise into a range of 4,751-4,859 ringgit per metric ton in the second quarter, driven by a wave C. This is the third wave of a three-wave cycle from the September 2022 low of 3,220 ringgit. It has come to its 100% projection level of 4,399 ringgit. Simply based on the projection analysis, the wave C may either end around 4,399 ringgit or extend to 5,144 ringgit. However, a retracement analysis on the downtrend from 7,229 ringgit suggests an extension of this wave. The resistance at 4,166 ringgit, the 23.6% level, has been broken. The break opened the way towards the 38.2% level of 4,751 ringgit. A rise to 4,751 ringgit will prove this wave's capacity to travel to 5,144 ringgit. By the time market climbs to 4,751 ringgit, a double-bottom around 3,220 ringgit will be confirmed as well. The pattern indicates a much higher target of 5,698 ringgit. Several highs around 4,043 ringgit touched in September and November 2023 and January 2024 work together to provide a strong support, serving as a limit to any correction from the current level.The wave C consists of three smaller waves. A calculation on the small wave c on the daily chart reveals a set of projection levels that are controlling the market more precisely.This wave has travelled far above its 61.8% projection level of 4,110 ringgit. Chances are it may extend to 4,474 ringgit. The uptrend looks steady and full of momentum.The contract has just completed a pullback towards a falling trendline. It is poised to test the resistance zone of 4,399-4,474 ringgit, which is likely to trigger a decent correction.

Weekly Chart

Daily Chart

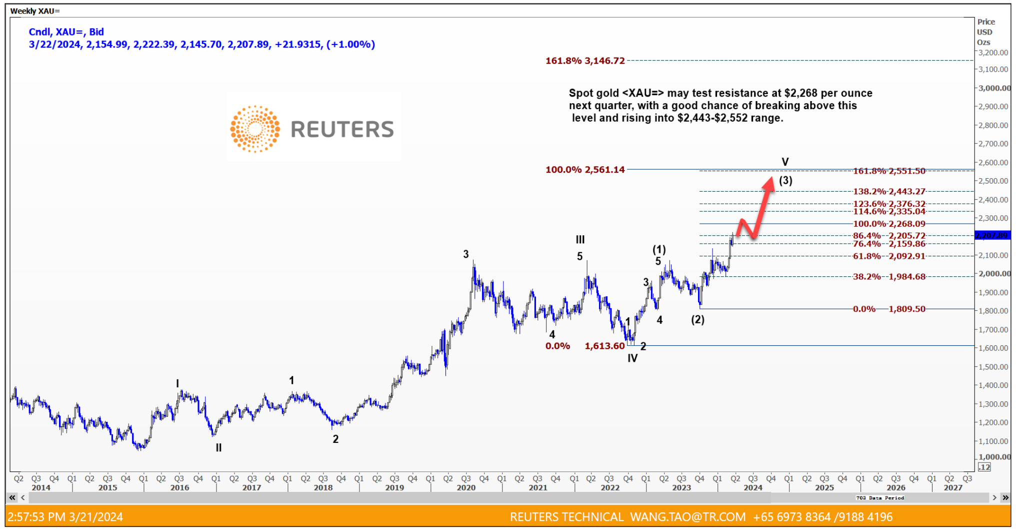


3-MONTH TECHNICALS

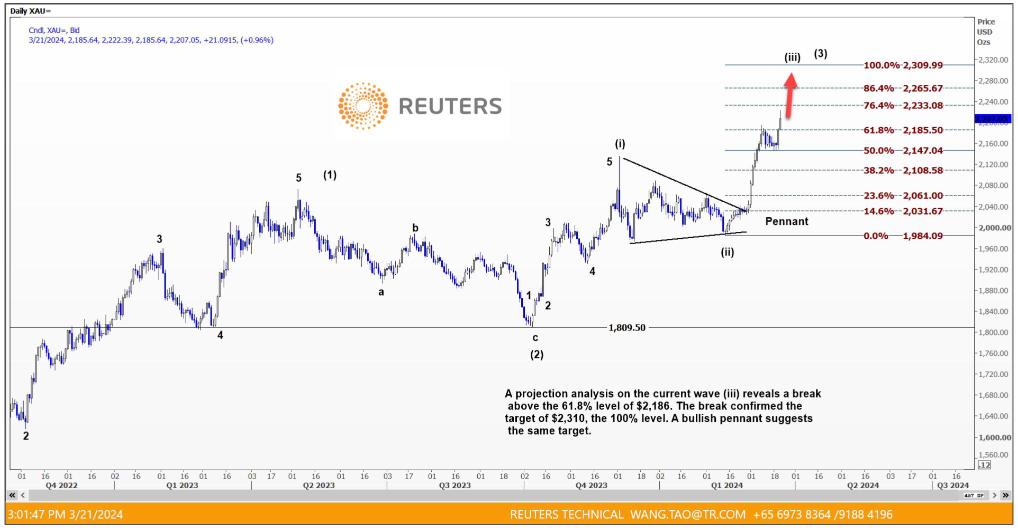
Spot gold targets $2,443-$2,552 range

Spot gold may test resistance at $2,268 per ounce next quarter, with a good chance of breaking above this level and rising into $2,443-$2,552 range. The metal is riding on a wave V, the final wave of a five-wave cycle from the December 2015 low of $1,045.85. It is expected to be an extended fifth wave, which would be much longer than the preceding wave III. A projection analysis reveals an immediate resistance at $2,268, the 100% level, around which market may experience a brief correction. However, the uptrend shall remain intact, as it is riding on a powerful wave (3), this third wave of a bigger wave V. This wave (3) is unlikely to be stopped by any resistances until it extends to $2,552. Perhaps it is a bit too early to discuss the fate of the wave V. The analysis on this peculiar wave would require a bit imagination. It is highly likely that the wave V becomes extended. A logical calculation based on the preceding wave III suggests an aggressive target of $3,147, one of the few possible ending points of the wave V. It is a bit fictional to establish this target for the second quarter. The target provides strong psychological support for bulls over a longer term. The target won't look ridiculous at all if put in a longer time frame, say by the end of the year 2024 or 2025. Back to the near term, a break below $2,160 may open the way towards $2,093. On the daily chart, the rise from $1,809.50 is labelled as a wave (I). A projection analysis on the current wave (iii) reveals a break above the 61.8% level of $2,186. This is a considered a key barrier. The break confirmed the target of $2,310, the 100% level. A bullish pennant suggests the same target.

Weekly Chart



Daily Chart

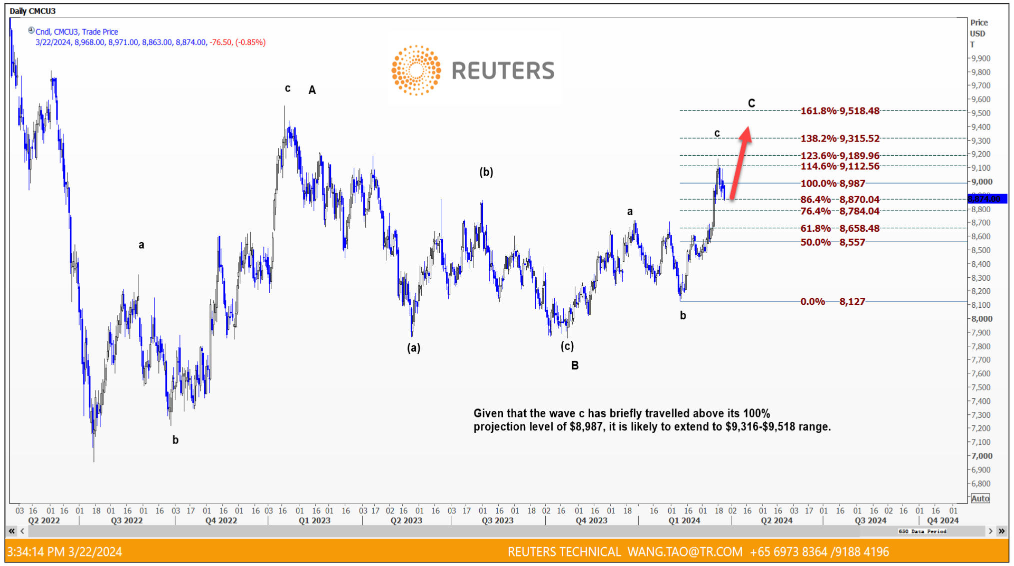


LME copper may test resistance at $9,460

LME copper may break resistance at $9,154 a metric ton in the second quarter, and test the next resistance at $9,460.The strong gains from the February low of $8,127 suggests the development of a wave C, the third wave of a three-wave cycle from the February 2022 low of $6,955. This wave could either end around its 61.8% projection level of $9,460 or extend to a much higher level of $10,452. The uptrend from the March 2020 low of $4,371 will be thought to have resumed, if the metal breaks $9,460. However, this bullish outlook is not a favoured scenario. The main problem with this perspective is the lack of a strong driver. Fundamentally, the preceding rally from $4,371 is believed to be driven by demand from China, the biggest importer of the world. With the country rapidly retrogressing towards its Cultural Revolution days, its half-dying economy could hardly support a robust copper price. Technically, copper prices tended to experience a long-term correction after a bull market. The correction from $10,845 looks too brief to complete. The current speculation is that the market may end its rise around key resistance at $9,460 and start a deep drop towards the $8,235-$8,469 range. The main rationale behind such a conservative view is that an ascending triangle might be developing, which looks like a bearish continuation pattern. On the daily chart, a projection analysis on a small wave c from $8,127 reveals a set of resistances and supports that more precisely control the price move. Given that this wave has briefly travelled above its 100% projection level of $8,987, it is likely to extend to the $9,316-$9,518 range. Support is at $8,784, a break below which could trigger a drop into the $8,557-$8,658 range.

Weekly Chart

Daily Chart

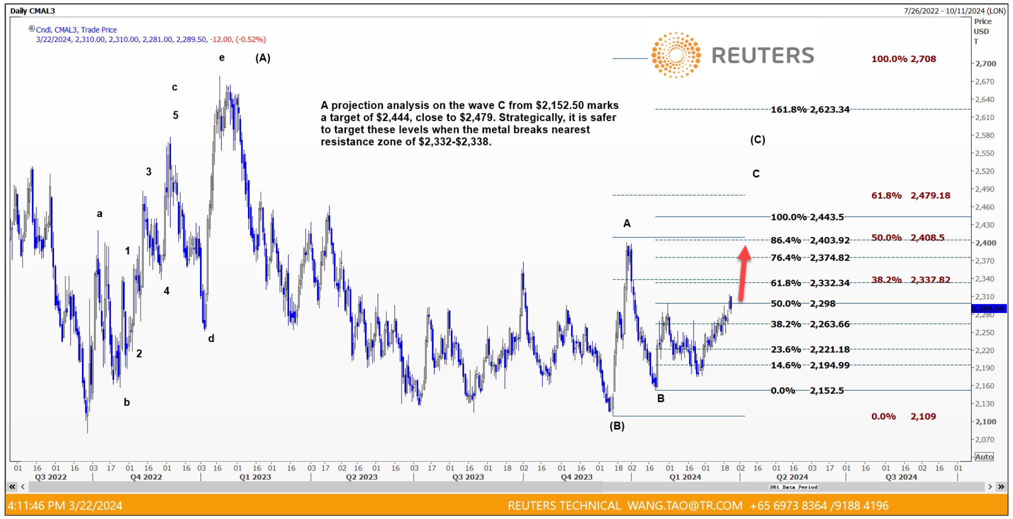


LME aluminium may retest resistance at $2,360

LME aluminium may retest resistance at $2,360 a metric ton next quarter, a break above could lead to a gain into $2,461-$2,562 range. The metal managed to stabilise around a support of $2,150 a few times. A solid bottom could have been developing. Wave pattern suggests an extension of a corrective cycle from the Sept. 28, 2022 low of $2,080.50. Three waves make up the cycle. The wave current C is unfolding towards the peak of the wave A at $2,679.50, the Jan. 2023 high. A break above $2,360 could confirm both a small triple-bottom around $2,150 and a target of $2,562. A failure to break $2,360 is likely to be followed by a drop towards $2,236. A detailed study on the corrective wave cycle on daily chart uncovers the progress of a big wave (C) from $2,109. A projection analysis on this wave reveals a target of $2,479, the 61.8% level. A more bullish target is $2,708, which will become valid when the market breaks $2,479. Three smaller waves make up the wave (C). Another projection analysis on the small wave C from $2,152.50 marks a target of $2,444, close to $2,479. Strategically, it would be safer to target these levels when the metal breaks nearest resistance zone of $2,332-$2,338. Support is at $2,264, a break below which could open the way towards $2,153-$2,221 range.

Weekly Chart

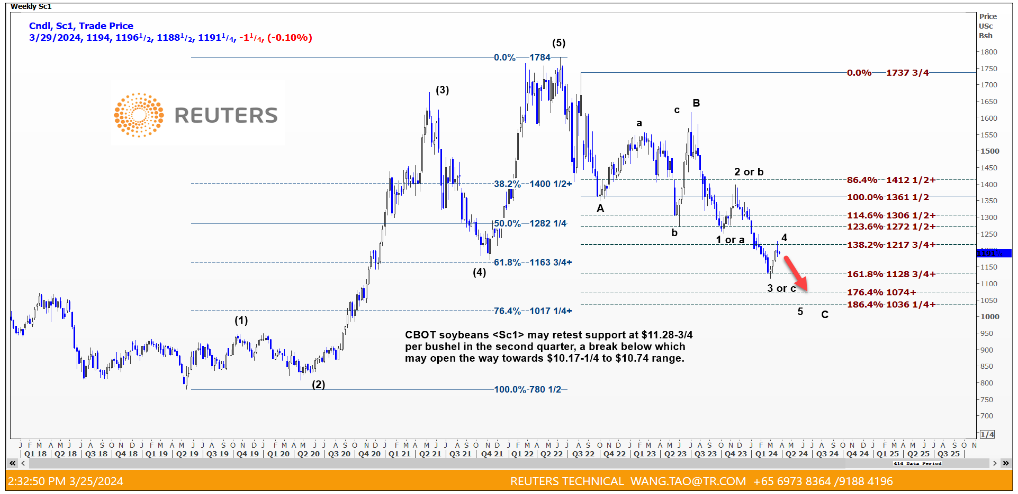
Daily Chart



CBOT soybeans may retest support at $11.28-3/4

CBOT soybeans may retest support at $11.28-3/4 per bushel in the second quarter, a break below which may open the way towards the $10.17-1/4 to $10.74 range. The contract is riding on a wave C from the July 2023 high of $16.16-1/2. Five smaller waves make up this wave. So far, only four small waves seem to have unfolded. The fifth wave, wave 5, is expected to travel into a range of $10.74 to $11.28-3/4. The wave 3 could be alternately counted as a wave c, which is expected to be roughly equal to the wave a, to travel to $10.36. A retracement analysis on the uptrend from $7.80-1/2 to $17.84 reveals a false break below the 61.8% level of $11.63-3/4. It is a bit challenging to interpret this false break, which could signal the development of a decent bounce or simply the failed first attempt of the market. Given that both the supports at 38.2% retracement of $14.00-1/2 and the 50% retracement of $12.82-1/4 triggered decent bounces, there is a good reason to believe the support at $11.63-3/4 would hold and cause a strong bounce. But whether the bounce would be as strong as the one from the July 2022 low of $14.07-3/4 or the one from the June 2023 low of $12.70-3/4 remains unclear. The current speculation is the bounce might be of the same degree to the one from the Oct. 2023 low of $12.50-1/2. Most likely, the bounce has ended around $12.17-3/4. A break above $12.17-3/4 may lead to a gain into $12.72-1/2 to $13.06-1/2 range. On the daily chart, a projection analysis on the downtrend from $13.98-1/2 reveals an incomplete wave C or wave (c). Both of these waves are expected to travel to $10.32-1/2, which is pointed by a falling trendline. A break above $12.15-1/2 may first lead to a gain to $12.58-1/2. A further gain could suggest a reversal of the downtrend from $16.16-1/2.

Weekly Chart



Daily Chart

3-MONTH TECHNICALS

CBOT corn may retest support at $3.96-3/4

CBOT corn may retest support at $3.96-3/4 per bushel in the second quarter, driven by a powerful wave C. This wave started at $7.25. It has briefly travelled below its 123.6% projection level of $3.96-3/4. Chances are it may extend into a wide range of $2.95-1/4 to $3.58. A retracement analysis on the uptrend from $3.01 to $8.27 reveals that the market has briefly pierced below the 76.4% retracement of $4.25. Even though the contract managed to hover above this key support, the indication remains bearish that the downtrend is likely to extend towards $3.01. Only when the market stabilises above $3.96-3/4 again could a reversal of the downtrend be considered. Immediate resistance is at $4.40-3/4, a break above which could lead to a gain into $4.59-1/2 to $4.95-1/2 range. Such a strong gain would signal a reversal of the downtrend from $7.25. On the daily chart, a closer examination on the downtrend from $6.72-1/2 uncovers the development of a wave C from $5.09-1/2. This wave temporarily stopped around its 50% projection level of $4.01. It is expected to resume towards $3.75-1/2, upon the completion of the bounce. A falling trendline points at a possible ending point of the bounce at $4.45-1/4. The completion of the bounce will be confirmed when the market breaks $4.30. A break above $4.45-1/4 may be followed by a rise towards $4.52-3/4 to $4.69-1/4 range.

Weekly Chart

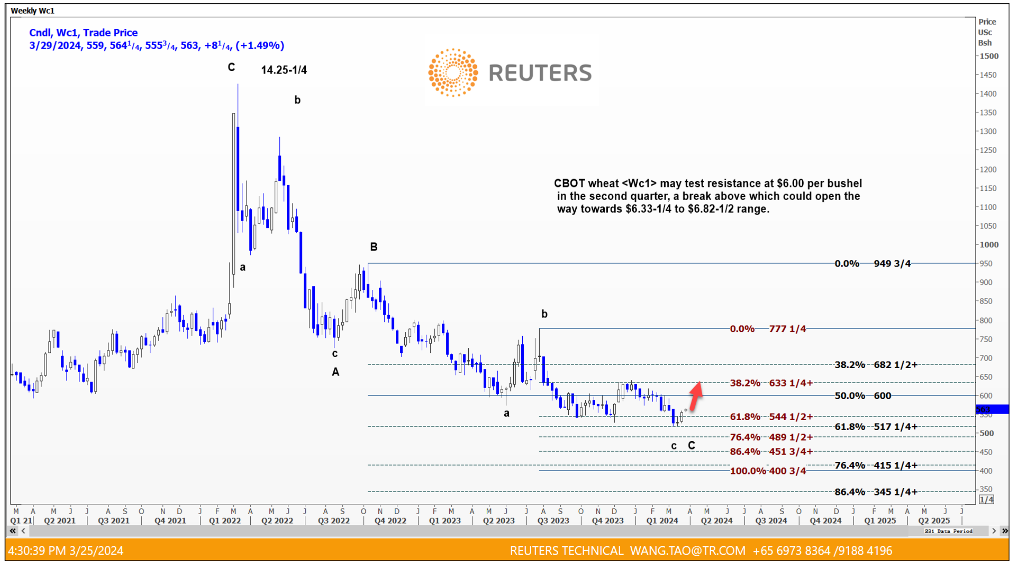
Daily Chart

3-MONTH TECHNICALS

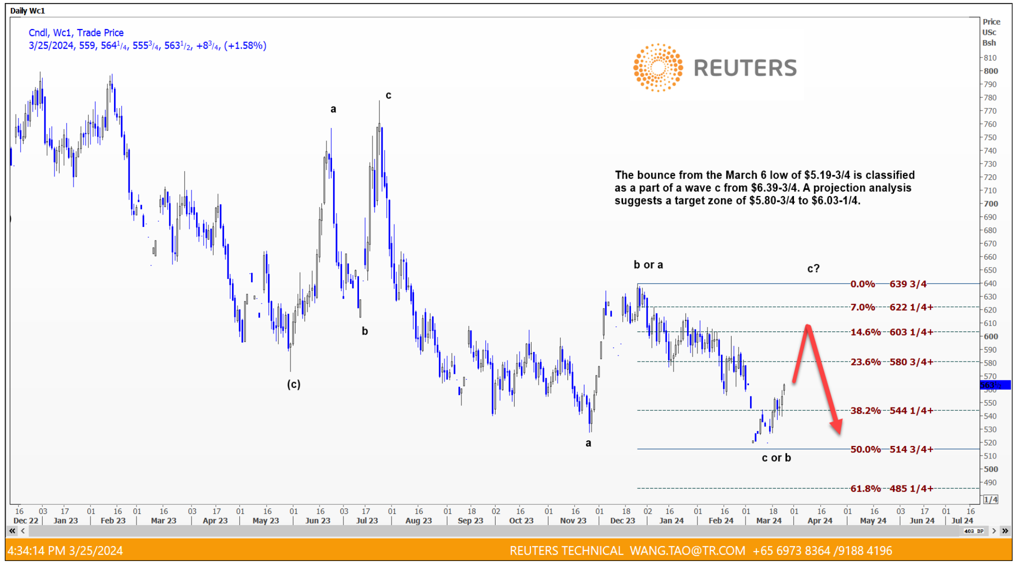
CBOT wheat may test resistance at $6.00

CBOT wheat may test resistance at $6.00 per bushel in the second quarter, a break above which could open the way towards the $6.33-1/4 to $6.82-1/2 range. The contract found strong support zone from $5.17-1/4 to $5.44-1/2, formed by the 61.8% projection level of a wave C from $9.49-3/4 and the 61.8% projection level of a small wave c from $7.77-1/4. These waves are likely to end in the zone or extend far below $5.17-1/4. Despite this uncertainty, the market seems to have stabilized in the zone and started a bounce. Based on these two projection analyses, wheat may bounce into a range of $6.00-$6.33-1/4. The downtrend will be considered to have reversed, if the market could break resistance at $6.33-1/4. A failure to break $6.00 would most likely be followed by a drop towards $5.44-1/2. A further drop below $5.17-1/4 could confirm an extension of the downtrend towards the $4.00-3/4 to $4.15-1/4 range. Readings on the daily chart look less bullish than those on the weekly chart. The bounce from the March 6 low of $5.19-3/4 is classified as a part of a wave c from $6.39-3/4. This wave is expected to at least travel to $4.85-1/4. It is not very clear how strong the current bounce would be. A projection analysis suggests a target zone of $5.80-3/4 to $6.03-1/4. The bounce may also turn out to be the third leg of a flat or irregular flat pattern developing from the Nov. 27, 2023 low of $5.27-1/2. Under both scenarios, wheat may climb to $6.39-3/4. A break below $5.44 may be followed by a drop into $4.85-1/4 to $5.14-3/4 range.

Weekly Chart



Daily Chart

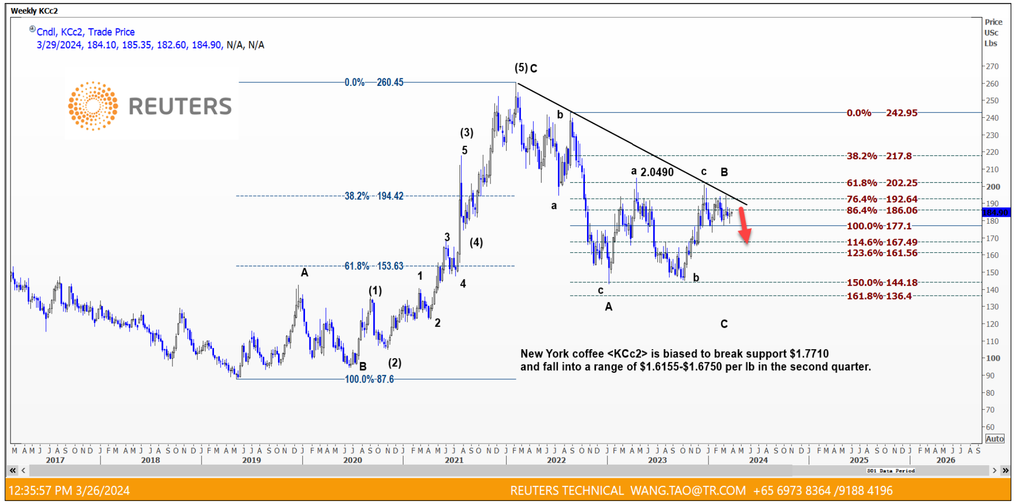


3-MONTH TECHNICALS

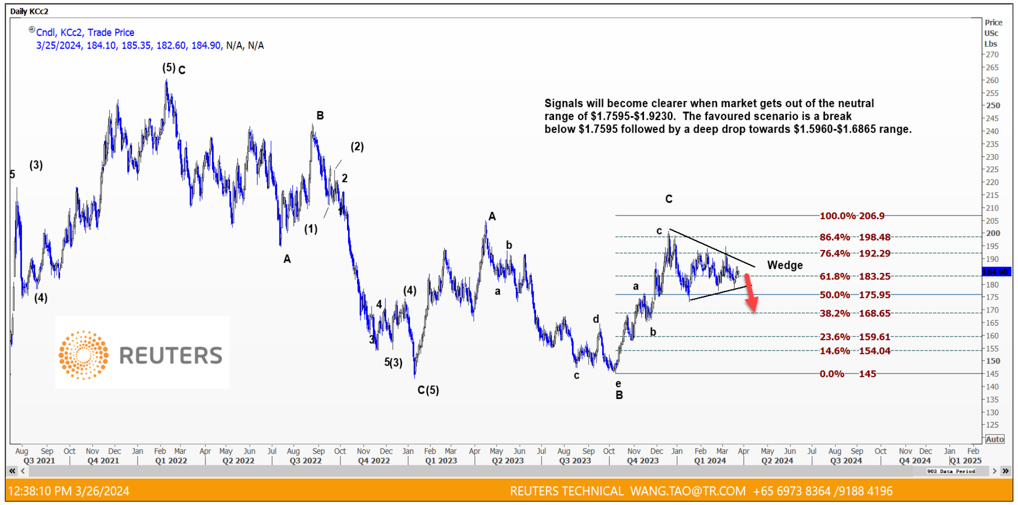
NY coffee biased to fall into $1.6155-$1.6750 range

New York coffee is biased to break support $1.7710 and fall into a range of $1.6155-$1.6750 per lb in the second quarter. The whole consolidation between the January 2023 low of $1.43 and the April 2023 high of $2.0490 looks like a big flat pattern. Three waves make up the pattern. The first wave, the wave a and the third wave, the wave c, look roughly equal. The equality represents one of the main characteristics of the pattern. The flat is classified as a bearish continuation pattern, as it followed a downtrend from $2.6045. The trend is expected to extend towards $1.3640, the 161.8% projection level on the fall from $2.4295. A falling trendline from $2.6045 remains intact. It suggests a steady downtrend from this level. The consolidation below the line over the past few months is interpreted as a weakness of the market, instead of an accumulation of the bullish momentum. However, the market quite often moves against the expectations. The bearish outlook will be revised, if the contract breaks resistance at $1.9265. A break will not only lead to a gain into the $2.0225-$2.1780 range, but also strongly suggests the formation of a double-bottom around $1.4420. On the daily chart, a wedge is contracting to a point. Simply based on the preceding rise from $1.45, this pattern may look bullish. In view of the completed wave C from $1.45, the wedge could be classified as a top pattern as well. Signals will become clearer when market gets out of the neutral range of $1.7595-$1.9230. The favoured scenario is a break below $1.7595 followed by a deep drop towards $1.5960-$1.6865 range.

Weekly Chart



Daily Chart



NY cocoa may test resistance zone of $9,788-$9,948

New York cocoa may test a resistance zone of $9,788 -$9,948 per metric ton in the second quarter, a break above which could open the way towards $10,854-$11,135 range.The contract is riding on a powerful wave (C) from $1,756. It is heading towards its 261.8% projection level of $9,788. Several smaller waves make up the wave (C). The third wave, the wave C, has surpassed its 561.8% projection level of $8,761. It could be unfolding towards $9,948.

Apparently, bears have been cornered. Under such a circumstance, the sky would be the limit to the current wild rise. Even though the two projection analyses mark the resistance zone of $9,788-$9,948, there is no indication of a peak in this area. Only a correction is likely to occur. The correction is expected to be brief and shallow, similar to the one from the September 2023-high of $3,765 or the one from the December 2023-high of $4,308. In case the contract maintains its explosive rally, easily overcoming the resistance at $11,135, a higher target zone of $12,132-$12,856 will be established. On the daily chart, a part of the rally from the Feb. 6-low of $5,329 has been isolated for a wave analysis, due to the unusual complexity of the impulsive waves. The market is riding on the fiercest wave iii, which enjoys a big room to extend. Support is fixed at $8,369, a break below which could trigger a drop into $7,229-$7,733 range.

Monthly Chart

Daily Chart

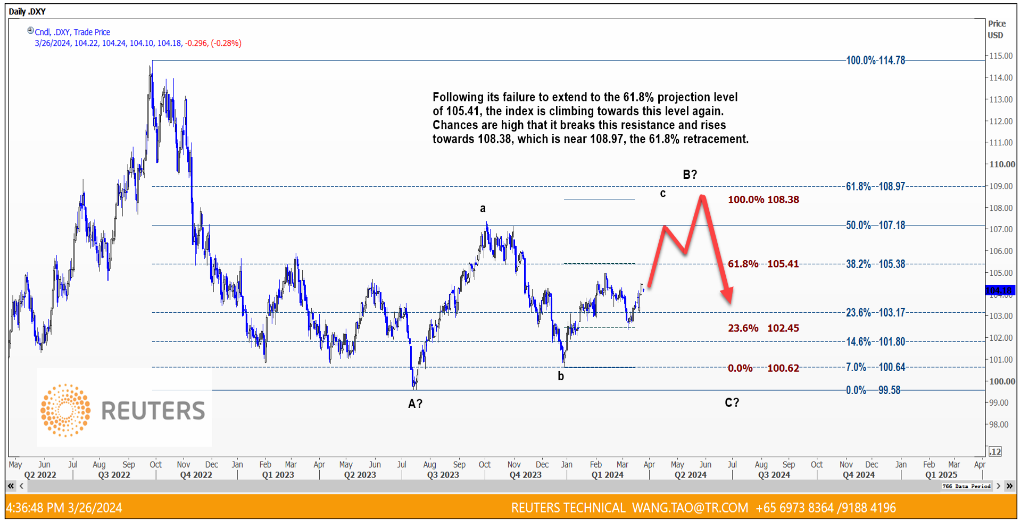
3-MONTH TECHNICALS

Dollar index may revisit its October 2023 high of 107.35

The dollar index may revisit its October 2023 high of 107.35 in the second quarter, as suggested by its wave pattern and a retracement analysis. The chart development has been roughly controlled by a set of retracements on the uptrend from 89.21 to 114.78. Since July 2023, the index has been consolidating within a range of 98.98-108.74. An upward wave c seems to be unfolding towards the peak of the wave a at 107.35. This wave makes a part of a bigger wave B, which is likely to end around 108.74, to be totally reversed by a downward wave C. This wave count is based on the historical patterns since 2008. Each time the index completed a strong rally, it experienced deep and complex corrections that lasted very long time. The correction from the 2022 high of 114.78 apparently looks too short to complete. It may eventually extend to 98.98, which is suggested by a rising channel. A break below 101.99 could open the way towards 98.98. On the daily chart, the wave c is controlled by both a set of retracements on the fall from 114.78 and a set of its own projection levels. Following its failure to extend to the 61.8% projection level of 105.41, the index is climbing towards this level again. Chances are high that it breaks this resistance and rises towards 108.38, which is near 108.97, the 61.8% retracement.

Weekly Chart

Daily Chart



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Intraday technical outlooks are available to Eikon users on the following 11 products: Brent oil, U.S. oil, Palm oil, Spot gold, LME copper, LME aluminium, CBOT soybeans, CBOT corn, CBOT wheat, New York coffee and New York cocoa.
To retrieve the 24-hr technical outlooks, please press F9 and key in TECH/C.

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