# REUTERS QUARTERLY TECHNICAL OUTLOOK

# APRIL 2022

*Most of the commodities are riding on a super bull cycle that started in 1990s. Oil, palm oil, gold, aluminium and coffee may revisit highs hit in early March or February while grains and copper are likely to touch record highs. Cocoa looks a bit underperforming, but may catch up. Dollar index joins the bull run as well.*

REUTERS

# 3-MONTH TECHNICALS

## Brent oil may revisit March 7 high of $139.13

Brent oil may revisit its March 7 high of $139.13 per barrel next quarter, driven by a wave (C).

The downtrend from the 2008 high of $147.50 was almost reversed by the uptrend from $15.98. The uptrend may have been driven by a wave (C), the third wave of a long-term cycle for the 1998 low of $9.55.

This wave observes closely a set of its projection levels. The resistance at $135.13 was responsible for the deep drop to the March 16 low of $96.93.

The wave (C) may look incomplete until it travels to $153.88. The drop is thus categorized as a correction against the uptrend.

In addition to the set of projection levels, oil also watches carefully a set of retracements on the fall from $147.50 to $15.98.

The support at $97.26 - the 61.8% level, has been working together with the one at $101.20 to stop the fall. Even though this set of retracements participate in controlling the uptrend precisely, the strong rally could hardly fall into the category of a retracement.

The uptrend is believed to have resumed, as confirmed by the stabilization of the price around $97.26. A break below $97.26, however, could strongly indicate a reversal of the uptrend from $15.98.

A closer look at the uptrend from $15.98 reveals its motive wave structure. The trend is still riding on a wave (3), which consists of many smaller waves.

Deep as it is, the drop from the March high of $139.13 is classified as a wave (3)-4, which is expected to be reversed by the current wave (3)-5.

An alternate wave count suggests the completion of a five-wave cycle from $15.98. Both of these wave counts indicate a rise into $121.34-$129.61 range.

### Weekly Chart


### Weekly Chart

# U.S. oil may revisit March 7 high of $130.50

U.S. oil may revisit its March 7 high of $130.50 per barrel next quarter, as suggested by its wave pattern and a projection analysis.

The contract is riding on a wave (C), which may eventually travel to $146.22, its 100% projection level. The starting point of this wave is fixed at $10.72, the 161.8% projection level of a downtrend from $66.60, as the negative $40.32 level touched in April 2020 looks too distorted to be added to the calculation.

Deep as it is, the correction triggered by the resistance at $127.79 seems to have completed around a support at $94.46, after a stabilization of the price.

The correction looks like a pullback towards a falling trendline which establishes a support around $94.46 as well.

The uptrend may have resumed towards $146.22. Before fulfilling this target, oil needs to retest a resistance at $114.24, even though it broke above this level in early March.

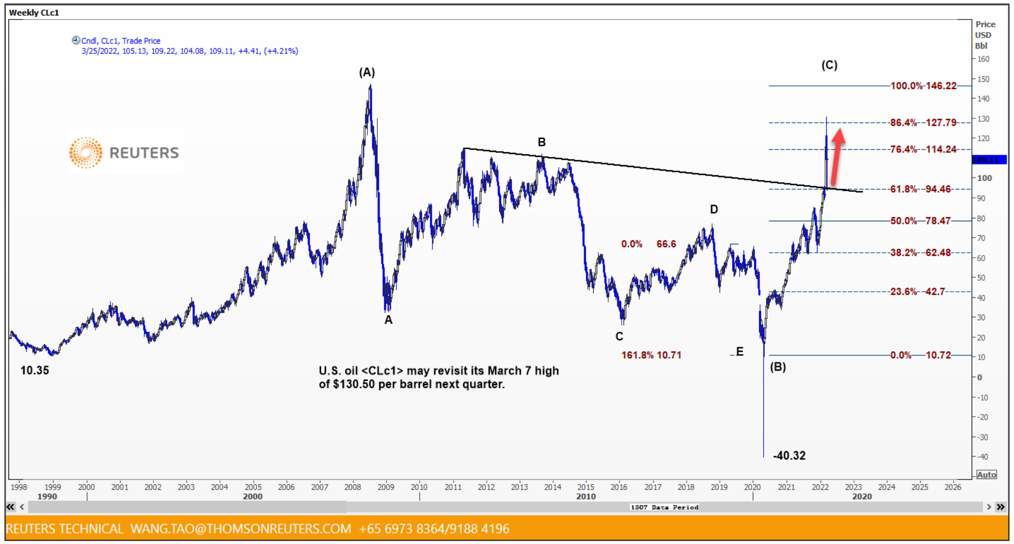
A break above this resistance again would confirm the bullish outlook, while a break below $94.46 could strongly suggest a reversal of the uptrend.

A detailed study on the structure of the wave (C) provides a positive sign of a further gain. This wave adopted an impulsive wave mode. It is full of bullish momentum.

The strong rally from the December 2021 low of $62.43 may have been driven by a wave (3)-4, which will be reversed by the current wave (3)-5.

There is an alternative wave count which offers a rather bearish outlook. Based on this wave labelling, a five-wave cycle has completed. Oil may drop towards $62.48. The support at $94.46 will be pivotal in confirming this bearish target.

## Weekly Chart




## Weekly Chart

# Palm oil may revisit March 9 high of 7,268 ringgit

Palm oil may revisit its March 9 high of 7,268 ringgit per tonne next quarter, as its uptrend from the 2020 low of 1,939 ringgit remains firm.

The trend is riding on wave (C) from the 2019 low of 1,916 ringgit. This wave has a complex structure, consisting of three waves.

The third wave labelled (c) could be further broken down into many smaller waves. The third wave, the wave 5-3, is still unfolding.

This wave is capable of travelling to 7,268 ringgit. The deep fall from 7,268 ringgit may have been driven by a wave iv, which will be reversed by the current wave v.

The complex and confusing wave structure only tells one thing that the uptrend keeps healthy and steady, similar to a growing tree, which is yet to see its flourishing top.

A rise above 7,268 ringgit may be extended into 8,142-8,764 ringgit range. Support is at 5,506 ringgit, a break below which will not only open the way towards 5,121 ringgit, but also signal a reversal of the uptrend. The bullish outlook has to be aborted.

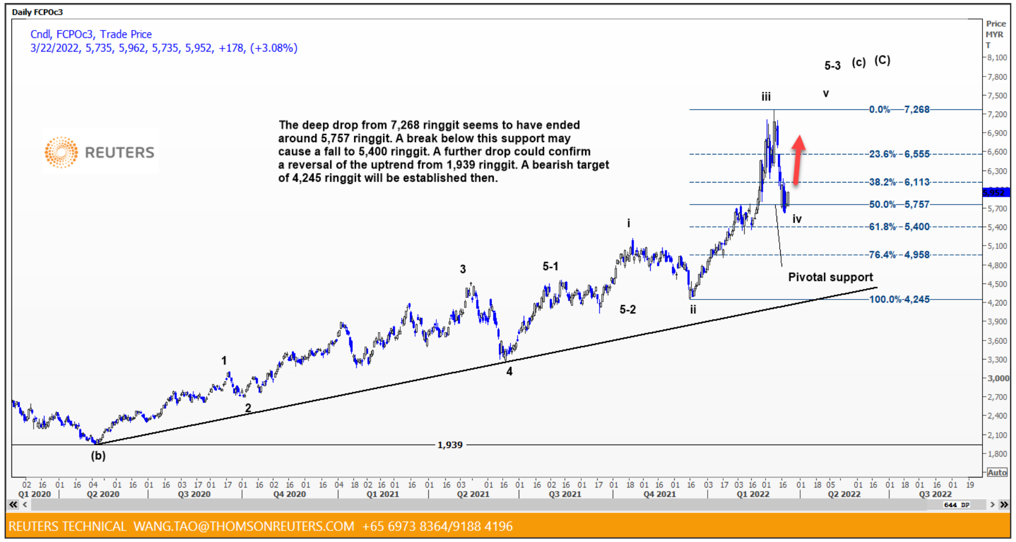
Even if the trend may have reversed, palm oil is still likely to approach 7,268 ringgit, as a top generally takes some time to form.

On the daily chart, a retracement analysis on the uptrend from 4,245 ringgit to 7,268 ringgit reveals a pivotal support at 5,757 ringgit, the 50% level.

The deep drop from 7,268 ringgit seems to have ended around this support. A break below this support may cause a fall to 5,400 ringgit. A further drop could confirm a reversal of the uptrend from 1,939 ringgit. A bearish target of 4,245 ringgit will be established then.

## Weekly Chart


## Daily Chart



# Spot gold may retest resistance at $2,069

Spot gold may retest a resistance at $2,069 per ounce next quarter, a break above which could open the way towards $2,195.

The uptrend from $1,045.85 remains steady. It adopted an impulsive mode, consisting of five waves. The wave 5 is unfolding towards 2,350, the 361.8% projection level, as pointed by a rising trendline.

A realistic target is $2,069 or $2,195. Among the big bullish readings, there are small bearish signs also. Gold failed twice to break $2,069. The failures suggest the development of a failed fifth wave or a double-top.

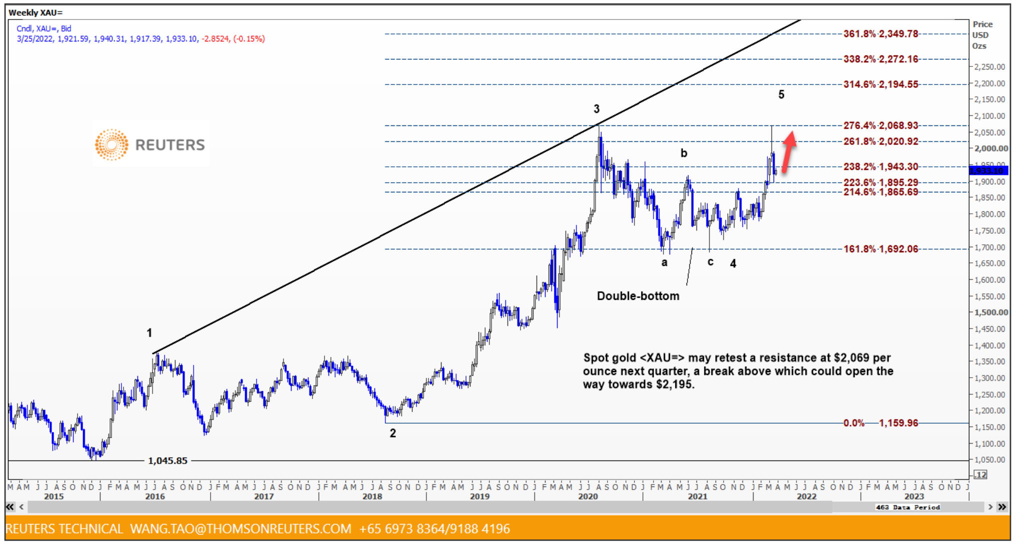
The shooting star in the week of March 11 and the black candlestick in the following week account for more weightings as well.

However, the structure of this wave 5 seems to be against a bearish outlook. It simply looks incomplete. The drop from the March 8 high of $2,069.89 is classified as a pullback towards the neckline of a small double-bottom around $1,692. The pattern suggests a target of $2,195. A break below $1,895, especially below $1,866, could signal the formation of a double-top or a flat.

Both of these patterns indicate a deep drop towards $1,692. On the daily chart, a retracement analysis on the uptrend from $1,779.20 reveals a support at $1,890, around which the sharp fall from $2,069.89 may have ended.

The fall may have been driven by a wave 4, which is expected to be reversed by the wave 5. This wave count looks a bit unconvincing in that the wave 4 is similarly sharp as the wave 2. Based on the wave guidelines, the wave 4 is supposed to be sideways. As a result, it could be safer to target $2,069 until gold breaks $1,959. A break below $1,890 would not only open the way towards $1,779-$1,848 range but also suggest the formation of a double-top around $2,069.

## Weekly Chart



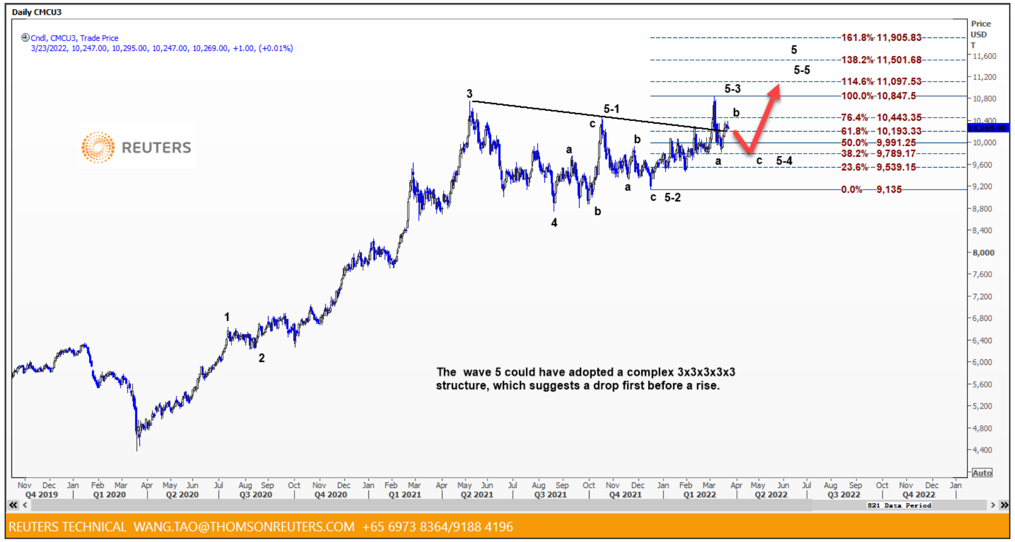

## Daily Chart

# LME copper targets $11,714

LME copper may test a resistance at $10,715 per tonne next quarter, a break above could open the way towards $11,714.
The metal is riding on upward wave (C) from $4,371. This is the third wave of a big three-wave cycle from the 2008 low of $2,817.25.
Five smaller waves make up this wave (C), with the wave 5 unfolding towards $11,714. The whole uptrend from $4,371 may peak around $11,714 as the current wave 5 is unlikely to extend, following the extension of the wave 3.
A break above $11,714, however, could suggest the extension of the wave 5 towards $14,519-$16,252 range. Strategically, the target of $11,714 will be confirmed when copper breaks the nearest resistance at $10,715.
It will be a dismal failure if the metal can't break $10,175, as such a failure may suggest a failed wave 5, which could peak around this level.
On the daily chart, the wave 5 adopts a complex 3x3x3x3x3 structure. Five small waves make up the wave 5, with each small wave consisting of three smaller corrective waves.
This wave mode suggests a drop first before a rise, as the current wave 5-4 consists of three small waves. The wave c is expected to travel into $9,539-$9,789 range.
The upward wave 5-5 will start upon the completion of the wave 5-4, to drive the price towards the range of $10,848 to $11,052.

## Monthly Chart


## Daily Chart



# LME aluminium may revisit March 7 high of $4,073.50

LME aluminium may revisit its March 7 high of $4,073.50 per tonne next quarter, as suggested by its wave pattern and a projection analysis.

The metal is riding on a powerful wave C from $1,455, the third wave of a three-wave cycle from the November 2015 low of $1,432.50.

Five smaller waves make up the wave C. The wave 5 has extended. It consists of five smaller waves as well. The deep fall from $4,073.50 had been driven by a wave iv, which seems to have completed around a support at $3,228.

This wave iv will be reversed by a wave v, which may travel above $4,073.50. Alternatively, the wave iv could be counted as a wave a, the first wave of a correction from $4,073.50.

This wave count offers a bearish scenario that the uptrend has indeed peaked at $4,073.50. However, even under this scenario, the metal may still rise into $3,847-$4,021 range, to form a convincing top.

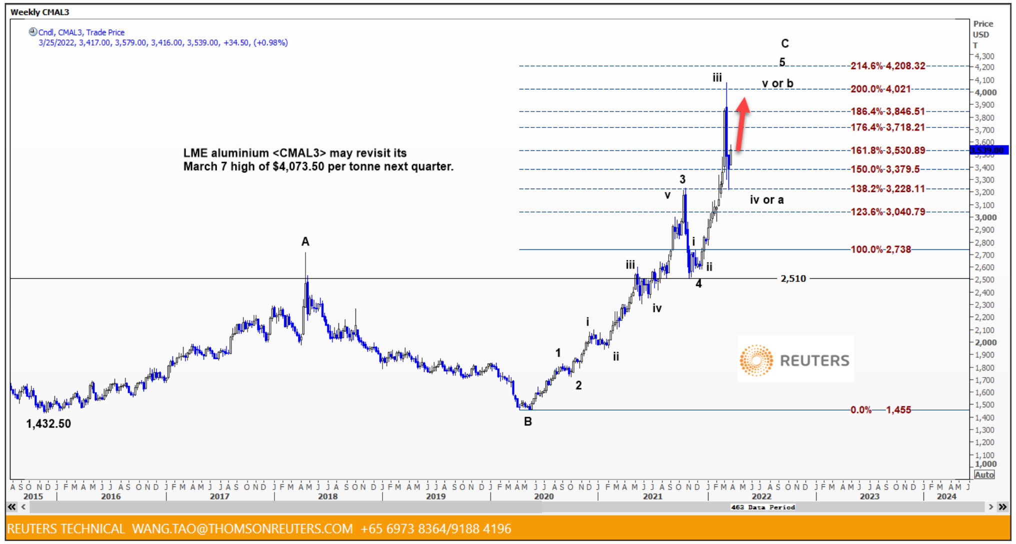
A break below $3,228 will not only open the way towards $2,738-$3,041 range, but also confirm a reversal of the uptrend from $1,455.

A detailed study on the daily chart provides more supporting evidence for a bullish outlook. Bulls are riding the final wave towards $4,073.50.

The metal formed a solid bottom around a key support at $3,292. It may rapidly rise towards $4,073.50, as the wave (v) is generally sharp.

The bullish outlook will be revised if the metal unexpectedly breaks $3,392.

## Weekly Chart




## Daily Chart

# CBOT soybeans may test resistance at $17.94-3/4

CBOT soybeans may test a resistance at $17.94-3/4 per bushel next quarter, a break above could open the way towards $19.84-1/4 to $21.73-3/4 range.

The resistance is identified as the 2012 high, where a giant wave A peaked. The contract is riding on a wave C, the third wave of a long-term cycle from the 1999 low of $4.01-1/2.

A projection analysis reveals a break above a key resistance at $16.41-1/2, the 61.8% level. The break confirms an extension of the wave C towards $21.73-3/4.

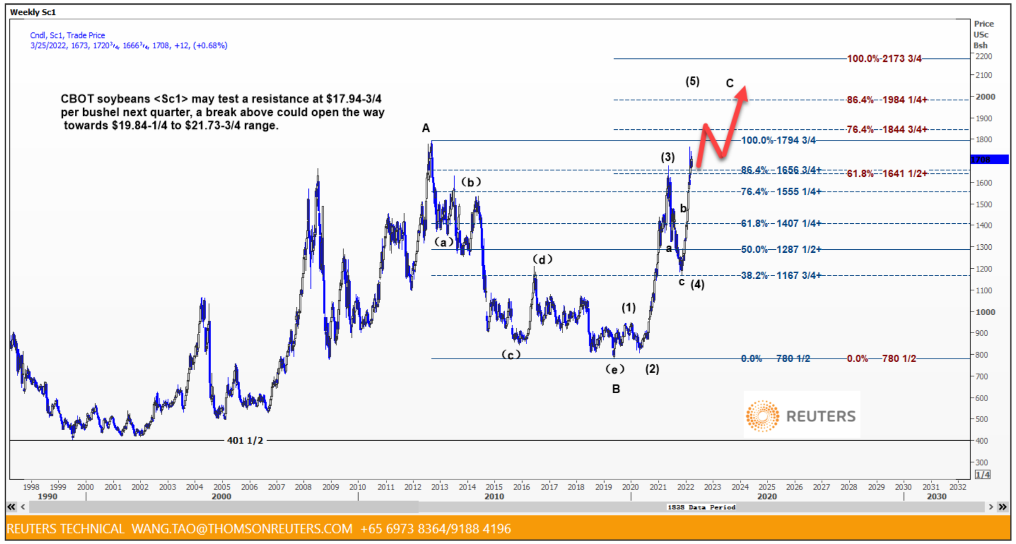
Five small waves make up this wave C. Based on the depth of the wave (4), the current wave (5) may travel to $21.73-3/4. However, the resistance at $18.44-3/4 may work together with the one at $17.94-3/4 to temporarily stop the rise.

The contract may consolidate in the range or retrace towards $16.56-3/4. Eventually the contract could break $18.44-3/4 and climb towards the range of $19.84-1/4 to $21.73-3/4.

A break below $16.41-1/2, now a support, may cause a fall into $14.07-1/4 to $15.55-1/4 range. A close look at the structure of the wave (5) on the daily chart reveals a convincing wave mode that guarantees a further rise.

A powerful wave (3) is still unfolding. It may drive the price into $18.05-1/4 to $18.50-1/4 range, or a much higher range of $19.96-1/2 to $20.41-1/2, as pointed by a rising trendline.

## Weekly Chart

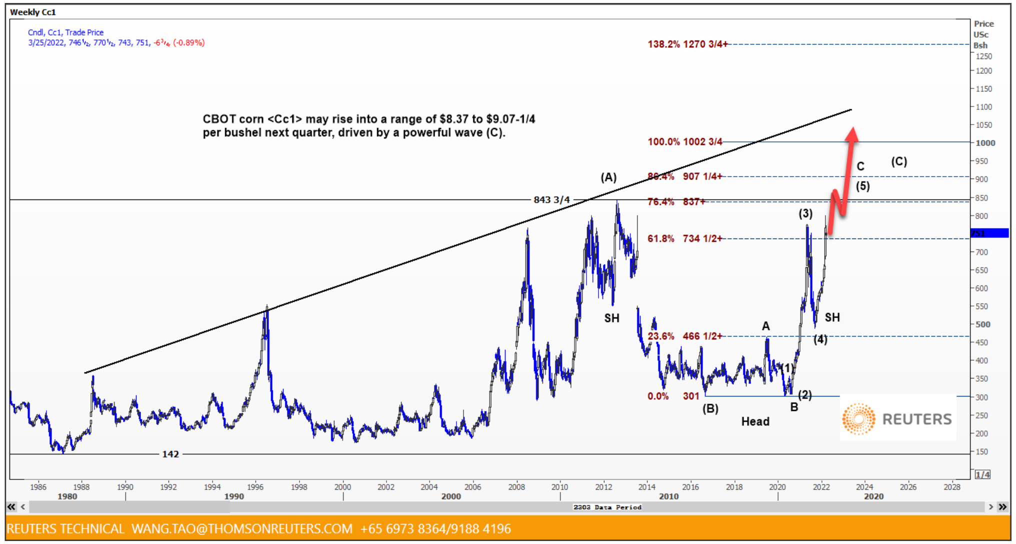



## Daily Chart

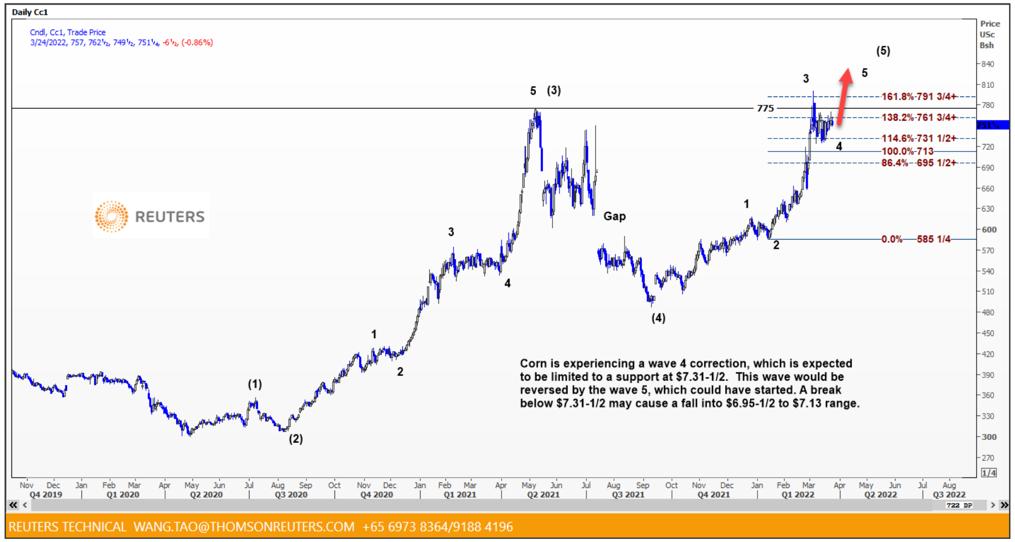
# CBOT corn may rise into $8.37-$9.07-1/4 range

CBOT corn may rise into a range of $8.37 to $9.07-1/4 per bushel next quarter, driven by a powerful wave (C).
This is the third wave of a giant three-wave cycle from the 1,987 low of $1.42. It is heading towards its 100% projection level of $10.02-3/4.
This wave is mainly composed of three waves. The third wave, the wave C is unfolding. This wave C could be broken down into five smaller waves.
Based on the depth of the wave (4), the current wave (5) could travel to $10.02-3/4. The bullish readings agree with the interpretation of the grain market fundamentals.
With Russia's invasion being deeply stuck in Ukraine, world production of grains will certainly suffer a big setback. When reflected in prices, the shortage could generate a 30% increase from the current level.
The pattern from the 2012 low of $5.51 looks like an inverted head-and-shoulders, which will suggest a stunning $12.70-3/4 once confirmed.
The confirmation will be when corn breaks a narrow resistance zone of $8.37 to $8.43-3/4. A shallow correction may be triggered by this zone.
The target of $9.07-1/4 will be aborted, if the correction extends below $7.34-1/2, as such an extension would signal a completion of the wave (5) around $8.37.
On the daily chart, corn is experiencing a wave 4 correction, which is expected to be limited to a support at $7.31-1/2.
This wave would be reversed by the wave 5, which could have started. A break below $7.31-1/2 may cause a fall into $6.95-1/2 to $7.13 range.

## Weekly Chart




## Daily Chart

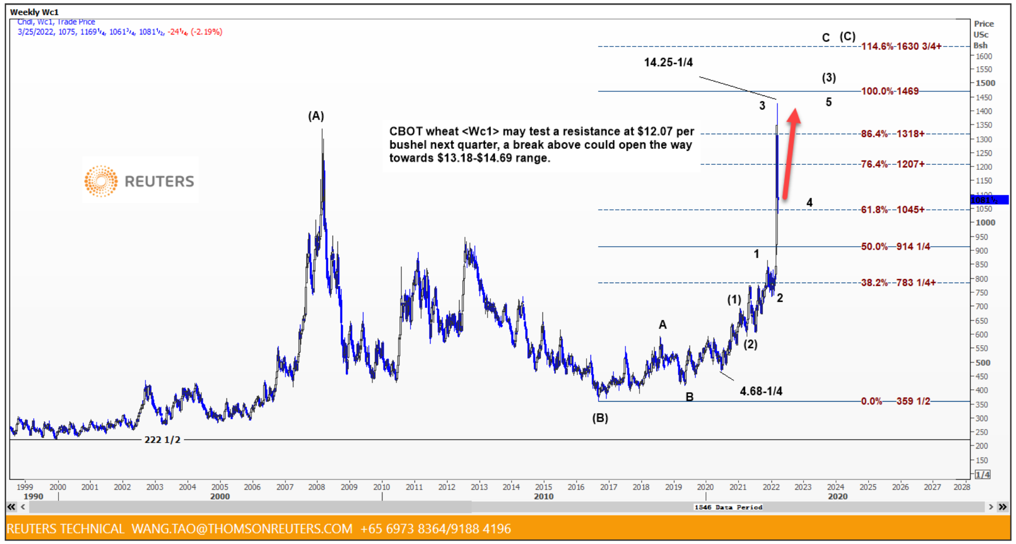


# CBOT wheat may retest resistance at $12.07

CBOT wheat may test a resistance at $12.07 per bushel next quarter, a break above could open the way towards $13.18-$14.69 range.
The contract is riding on a powerful wave C from $3.59-1/2, which is capable of travelling to $14.69, its 100% projection level.
This is the third wave of a super cycle from the 1999 low of $2.22-1/2. It has a complex structure, consisting of many small waves. The rise from $4.68 -1/4 began forming clear impulsive waves.

Only a few waves have unfolded. There are more to come. The uptrend remains convincingly steady, despite the recent deep drop from $14.25-1/4.
The drop was driven by a wave 4, which will be reversed by the current wave 5. The main reason for the drop from $14.25-1/4 could be the strong resistance at $14.69.
The drop serves as an accumulation of the bullish momentum for retesting this barrier. A much shallower correction may occur when wheat approaches $14.69 again.
Eventually, wheat may break $14.69 and rise towards $16.30-3/4, as suggested by the complex wave structure. On the daily chart, the wave 4 is unfolding its final part.
This wave is supposed to complete around a support at $10.45, which is strengthened by a similar one at $10.48-1/4. A break below $10.45 will not only open the way towards a range of $9.14-1/4 to $9.59-1/4, but also raise a big question of the bullish outlook.

## Weekly Chart

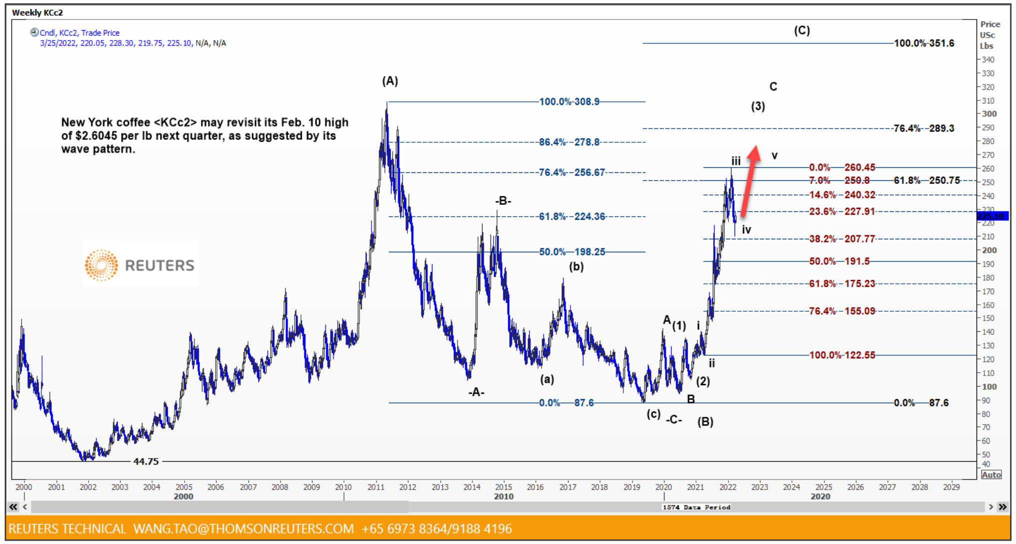



## Daily Chart

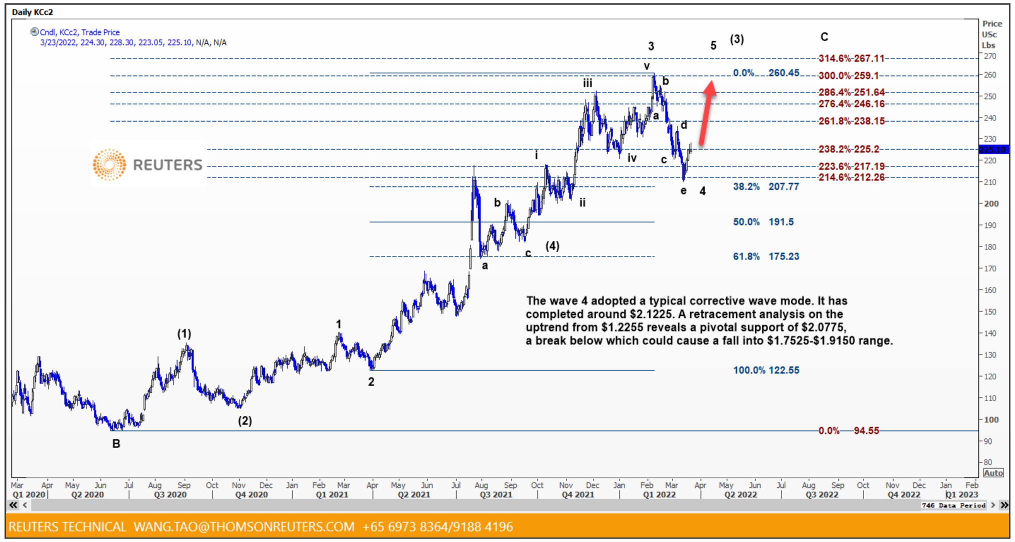
# NY coffee may revisit Feb. 10 high of $2.6045

New York coffee may revisit its Feb. 10 high of $2.6045 per lb next quarter, as suggested by its wave pattern.
A corrective wave cycle from 2019 low of $0.8760 is still developing. It consists of three big waves. The current wave C has only partially completed.
This wave could be broken down into many impulsive waves. The drop from $2.6045 was driven by a corrective wave iv, which may have completed around a support at $2.0775, the 38.2% retracement of the preceding wave iii.
An upward wave v has started, extending toward $2.6045. This wave may travel far above this level, as suggested by another retracement analysis on the fall from $3.8090.
This retracement analysis reveals a resistance at $2.5665, the 76.4% level, which temporarily stopped the wave C and triggered the wave iv correction.
Coffee is expected to overcome this barrier in its second attempt, to extend its gains towards $2.7880 -$3.0890 range. From a longer-term perspective, the current uptrend belongs to a super cycle from the 2001 low of $0.4475.
A projection analysis suggests a record target of $3.5160. Whether coffee could fulfil this target is subject to a further observation. But one thing is clear that the uptrend remains firm.
On the daily chart, the wave 4 adopted a typical corrective wave mode. It has completed around $2.1225. A retracement analysis on the uptrend from $1.2255 reveals a pivotal support of $2.0775, a break below which could cause a fall into $1.7525-$1.9150 range.

## Weekly Chart




## Daily Chart



# 3-MONTH TECHNICALS

## NY cocoa may retest resistance at $2,821

New York cocoa may retest a resistance at $2,821 per tonne next quarter, a break above which could lead to a gain to $2,993.

The contract is riding on a wave C from $2,092. It consists of three smaller waves. The third wave labelled c is expected to be equal to the wave a, to travel in $2,993.

A projection analysis on the wave C suggests a higher target of $3,271, which will only be confirmed when cocoa breaks $2,993.

A falling trendline establishes a resistance around $2,993 as well. Cocoa may fail to break above this level in its first attempt.

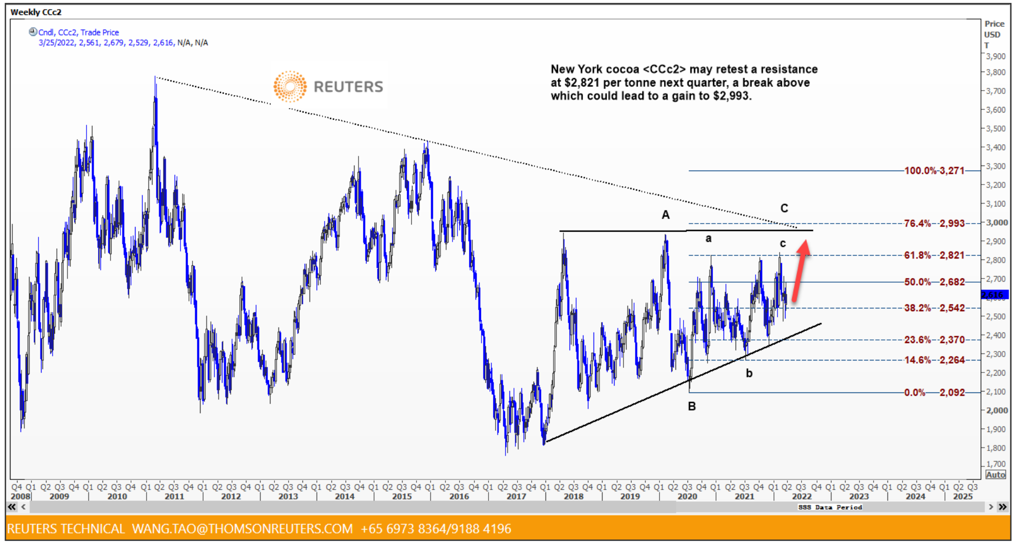
A break will definitely be a major achievement of bulls, as it will not only open the way towards $3,271, but also confirm a wedge as a bullish pattern, which will indicate a target of $3,600.

The contract failed three times to break $2,821. However, the correction triggered by this barrier became shallower. The drop from the February high of $2,838 seems to be ending around a support at $2,542.

On the daily chart, a projection analysis on an upward wave c from $2,333 reveals a neutral range of $2,461-$2,669.

A break above $2,669 could signal the continuation of the uptrend towards $2,877 while a break below $2,461 could cause a fall towards $2,333.

### Weekly Chart




### Daily Chart

# Dollar index to rise into 100.72-102.99 range

The dollar index is expected to break a resistance at 99.32 and rise into a range of 100.72-102.99 next quarter, as suggested by its wave pattern and a projection analysis.

The current rise is driven by a wave C, the third wave of the uptrend from $72.70. This wave still observes closely a set of projection levels on a small wave c from $102.99.

A projection analysis on the big wave C itself reveals a target of 108.44. However, the resistance at 101.10 may pose a big challenge to bulls, which may experience a retreat.

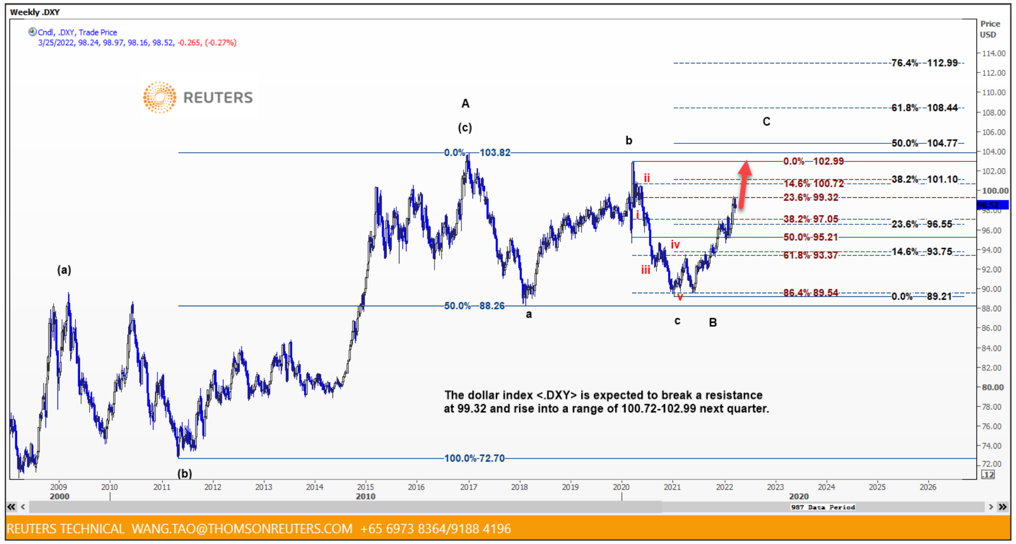
The retreat is expected to be moderate, as the wave C has a fierce character. The strong bullish momentum has been well proved by the shallow corrections on the rise from the May 25, 2021 low of 89.54.

On the daily chart, the uptrend remains firm above a rising trendline. It is full of impulsive waves. The consolidation triggered by the resistance at 99.61 is taking the shape of a triangle, which will most likely turn into a bullish continuation pattern.

A break above 99.89 could confirm the pattern and a target of 100.60. Before testing 99.89, the index may drop moderately to 97.99 to complete the consolidation.

A break below 97.99 may cause a fall limited to the support zone of 96.99-97.42.

## Weekly Chart




## Daily Chart

*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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