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REUTERS QUARTERLY TECHNICAL OUTLOOK

JULY 2023

Crude oil has formed a bottom and may revisit its April high. Palm oil is heading towards its November 2022 high. Gold and copper may extend loss while aluminium may experience a strong bounce. Soybeans may reverse its big gains from the June low. Corn looks firm on the medium-term downtrend. Wheat is likely to bounce strongly. Coffee looks rangebound and cocoa may approach its 2011 high. Dollar index may plunge deeply.

3-MONTH TECHNICALS

Brent oil biased to rise into $83.63-$89.28 range

Brent oil is biased to rise into a range of $83.63-$89.28 per barrel in the next quarter, as suggested by its wave pattern and a Fibonacci projection analysis. The contract has been stabilizing around a support at $73.82 for a few months. The support is identified as the 123.6% projection level of a wave (C) from $125.19.

This wave has been expected to travel into a wide range of $57.95-$67.75. But the consolidation around the support seems to have altered the planned course.

Even though this support is not considered as a major barrier in terms of projection analysis, the behaviour of the market suggests a strong upside bias.

Bears failed to seize a few windows of opportunity in June to drive the price towards either $67.75 or $57.75. The failures have been nurturing some bullish sentiment, as demonstrated by the resilience of the price around $73.82, after a deep long-term drop from $125.19.

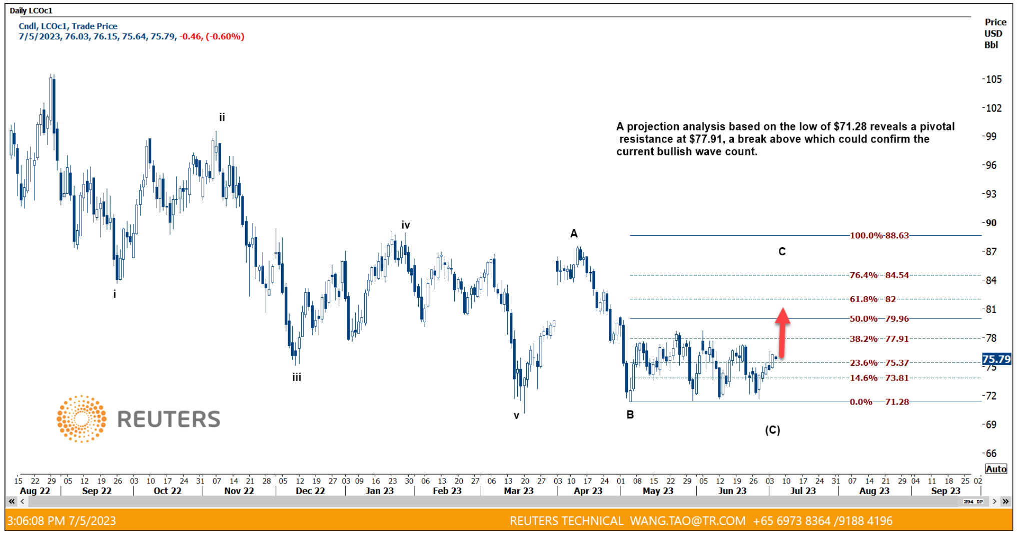
If the market is unable to drop further, it may rise then. The downtrend from $125.19 could be divided into five waves, not a perfect wave count, but still acceptable. It suggests the progress of a wave C, the third wave of a possible flat pattern developing at the end of March.

Given that oil is still trapped within a box of $71.28 to $78.73, The target zone of $83.63-$89.28 will be strategically available when the resistance at $78.73 is broken.

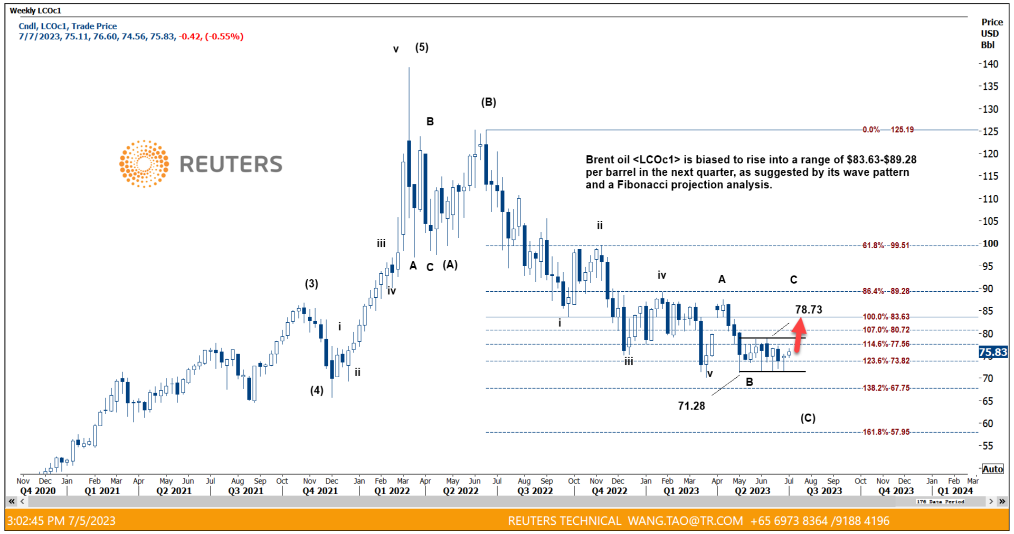
A drop below $71.28 will signal a continuation of the wave (C) towards $57.95. On the daily chart, a projection analysis based on the low of $71.28 reveals a pivotal resistance at $77.91, a break above which could confirm the current bullish wave count.

The analysis marks a sensitive support of $73.81, a break below which would suggest a further drop towards $71.28.

Daily Chart



Weekly Chart



3-MONTH TECHNICALS

U.S. oil may retest resistance at $75.62

U.S. oil may retest a resistance at $75.62 per barrel in the third quarter, a break above which may lead to a gain into $80.62-$86.11 range.

Since March 20, the contract has been stabilizing above a strong support zone of $62.89-$64.43, which is formed by the 161.8% projection level of a wave (C) from $123.68 and the 61.8% projection level of a wave C from $93.74.

Could both of these waves have completed, as suggested by the stabilization and the following sideways move? Signals are a bit mixed. The wave (C) may have completed, as it almost fulfilled its ultimate target of $62.89.

The small wave C seems incomplete. It is still capable of travelling towards $46.31. Under this scenario, the wave (C) would extend accordingly.

Even if the whole downtrend from $123.68 has not reversed, it may only resume after the completion of the current consolidation, which may be shaped into a flat pattern.

The flat pattern is characterized by three component waves that are roughly equal in length. The current wave c is expected to travel towards the peak of the wave "a" around $83.48.

The flat pattern may turn out to be a wedge or a triangle, which means a completion of the wave c far below $83.48. To reach this target, bulls have to make piecemeal achievement.

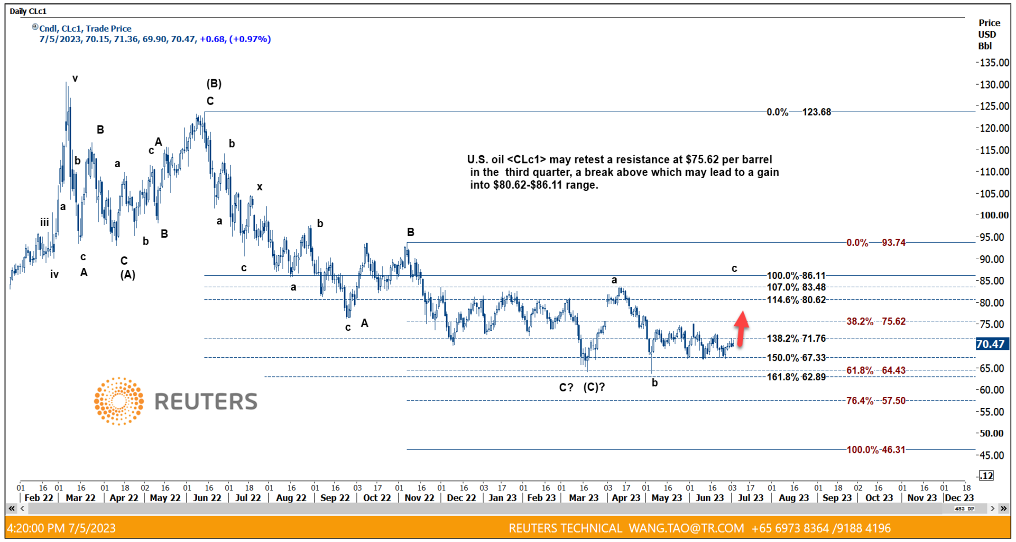
Oil has to first break the immediate resistance at $71.76 and the next one at $75.62, before being able to climb further towards $83.48.

A failure at $71.76 or $75.62 would significantly reduce the chance of the flat pattern. Support is at $67.33, a break below which could open the way towards $62.89-$64.43 again.

When the possible flat is zoomed in, a key resistance at $75.64 surfaces, which is identified as the 61.8% projection level of a wave c, and coincides with $75.62.

If the market steers away from its planned course towards $83.48, the $75.64 level would highly likely be the turning point.

Daily Chart



Daily Chart

3-MONTH TECHNICALS

Palm oil may rise towards Nov 2022 high of 4,497 ringgit

Palm oil may rise towards its November 2022 high of 4,497 ringgit per metric ton in the third quarter, as it has found a strong support at 3,197 ringgit.

The contract failed twice to break the support. The failures increase the chance of a flat pattern or a double-bottom. Both of them suggest a further gain towards the November 2022 high of 4,497 ringgit. The gain makes a part of the consolidation within the range of 3,197-4,604 ringgit. The subsequent development of the chart remains unclear after the consolidation, as a double-bottom may take effect, prompting market to surge towards 6,010 ringgit.

The consolidation may also turn out to be a flat pattern, followed by a resumption of the downtrend from 7,268 ringgit.

Regardless of the final outcome of the consolidation, a rise towards 4,604 ringgit seems to be a high probability. A detailed study on the daily chart reveals a close relation of the current rise to the preceding bounce from the Sept. 28, 2022 low of 3,220 ringgit.

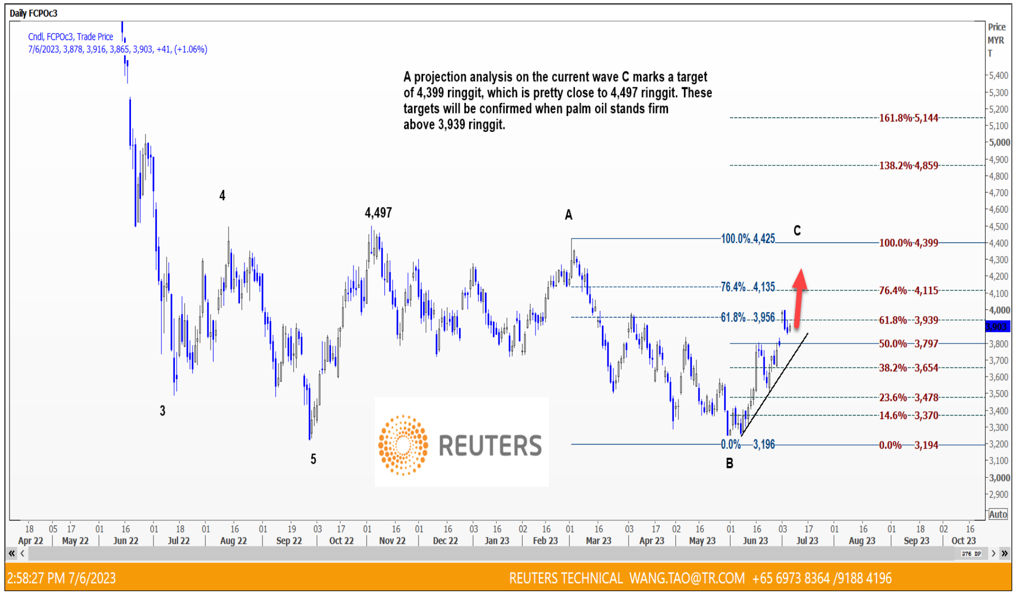
A projection analysis on the current wave C marks a target of 4,399 ringgit, which is pretty close to 4,497 ringgit. These targets will be confirmed when palm oil stands firm above 3,939 ringgit, which is also considered as a key barrier.

Marking this barrier stronger is a similar one of 3,956 ringgit, the 61.8% retracement of the downtrend from 4,425 ringgit.

The wave C may end around 3,956 ringgit, if it proves surprisingly weak, or the current wave count goes wrong. A fall below 3,797 ringgit would be the early signal of the completed wave C.

A deeper fall below 3,654 ringgit could confirm the completion. The contract may revisit the low of 3,194 ringgit thereafter.

Daily Chart



Weekly Chart

3-MONTH TECHNICALS

Spot gold may test $1,804-$1,857 zone

Spot gold may test a support zone of $1,804-$1,857 per ounce in the third quarter, a break could open the way towards $1,616-$1,724 range.

Since August 2020, gold has stopped its rallies around $2,072 three times, leading to a speculation that a triple-top has been developing.

The deeper gold drops, the more likely this pattern is confirmed. Due to the completion of a five-wave cycle from the September 2022 low of $1,613.60, gold is expected to retrace towards $1,804, the bottom of the wave 4.

The drop so far still looks very shallow and could hardly be interpreted as a convincing signal of the triple-top. The five-wave mode of the rally from $1,613.60 is also a contradiction, as the rally is liable to extend.

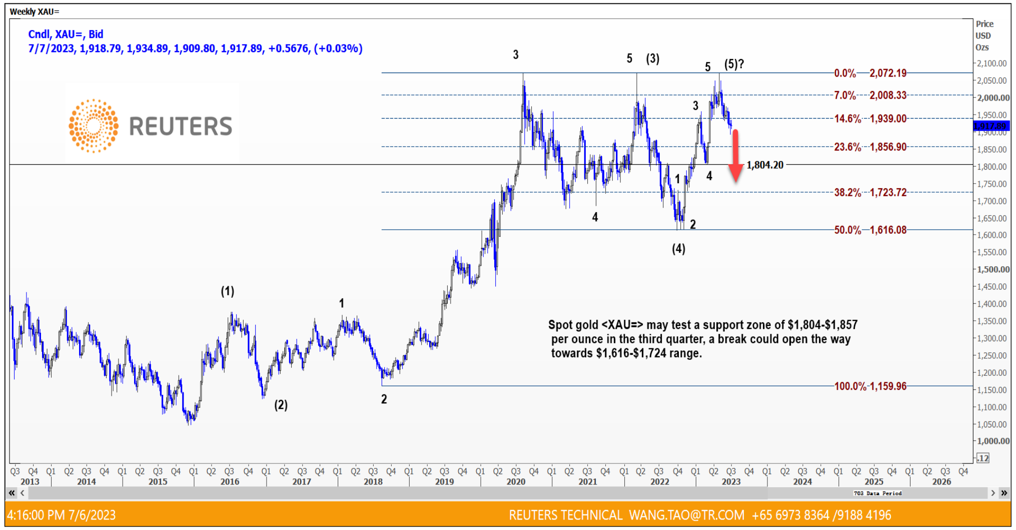
Picture will become clearer when gold either ends its drop around $1,804 or falls far below it. The likelihood will be low that the metal rises towards $2,072 without fulfilling the target zone of $1,804-$1,857.

On the daily chart, gold has broken a rising trendline. The break confirmed a reversal of the uptrend from $1,913.60. A retracement analysis reveals a support of $1,897, which temporarily stopped the fall, and triggered a pullback towards the line.

The pullback is expected to end below $1,964, as the metal is yet to slide into the zone of $1,789-$1,843. A break above $1,964 may lead to a gain into a wide range of $2,005-$2,072.

Daily Chart

Weekly Chart



LME copper biased to retest support $6,844

LME copper is biased to retest a support at $6,844 a metric ton in the third quarter, as a bounce triggered by this level seems to have ended at the January high of $9,550.50.

The bounce is considered as a part of the consolidation within a range of $6,844-$9,317. It might have been driven by a wave B, the second wave of a three-wave cycle from $10,845.

This wave is expected to be reversed by the current wave C. Two trendlines are converging to a point. A strong move is due over the next few weeks. A break above $8,632 may lead to a gain into $8,983-$9,551 range.

However, wave pattern suggests a break below $8,065, which could be followed by a deep drop towards $6,844-$7,147 range. Given that the wave C has a fierce character, the anticipated drop could be as sharp as the preceding one from the June 2022 high $9,805.50.

A closer look at the structure of the wave C reveals a its three component waves. The current wave (c) is supposed to travel into a range of $7,184-$7,827.

A trendline falling from $9,550.50 remains intact, suggesting a steady downtrend from this level.

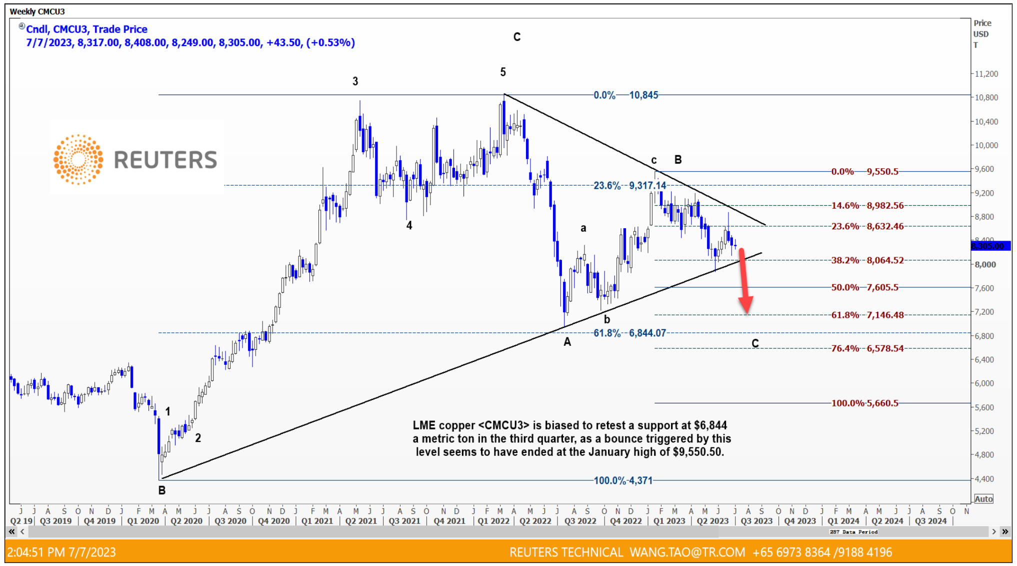
Before the downtrend from $8,867.85 resumes, it may be moderately reversed by a further bounce towards $8,471-$8,622 range, as the bounce could consist of three small waves.

A break below $8,225 could signal the continuation of the downtrend towards $7,827, while a break above $8,622 may lead to a gain to $8,938.

Only a further gain could confirm the extension of the uptrend from $6,955.

Daily Chart

Weekly Chart



LME aluminium may stabilize around $2,073 and bounce towards $2,455

LME aluminium may stabilize around a support at $2,073 a metric ton and bounce towards $2,455 in the third quarter, as suggested by a retracement analysis and the wave pattern.

The current drop is regarded as a part of a consolidation within a range of $2,073-$2,764, formed by the 76.4% and the 50% retracements on the uptrend from $1,455 to $4,073.

The consolidation followed a linear drop from $4,073.50, which could be divided into five waves.

The bounce against the drop looks too brief to complete at the January high of $2,679.50.

Most likely, it could start to extend around $2,073.

Three waves are expected to make up the bounce.

They may form a triangle or a flat pattern.

These patterns suggest an extension of the bounce towards $2,455-$2,764 range. Even if the alternative wave count is confirmed at a later stage, which labels the current drop as a big wave C, the drop is expected to pause around $2,073 as well.

The second bounce could be much weaker than the first one, which was from the September 2022 low of $2,080.50, if the big wave C is unfolding.

A detailed study on the fall from $2,679.50 on the daily chart suggests a brief piercing below the support of $2,073 before market is able to start the second bounce.

A wave (c) is unfolding towards $2,037, as it has travelled below the 76.4% projection level of $2,137.

This wave is expected to end around $2,037, to be reversed by a decent bounce towards $2,199-$2,249 range.

Whether the bounce could extend further will largely depend on the performance of the metal around $2,249. A failure to break this level is likely to be followed by a resumption of the downtrend, while a break above it could lead to a gain into $2,362-$2,462 range.

Daily Chart

Weekly Chart

3-MONTH TECHNICALS

CBOT soybeans may test $14.00-1/2

CBOT soybeans may test a support of $14.00-1/2 per bushel in the third quarter, following its failure to break a resistance at $16.37 and a rising trendline.

The failure confirmed a completion of the sharp rally triggered by the strong support of $12.82-1/4. The nature of the rally remains a bit confusing, as it could be either a continuation of the uptrend from $7.80-1/2 or a part of a consolidation from $17.84. Whichever it is, it is subject to a further reversal. A bearish engulfing pattern has formed over the past two weeks, suggesting a reversal of the uptrend and a further drop over the past few weeks.

The consolidation scenario would look more convincing if considering the rally as a pullback towards the trendline. An alternative wave count labels the rally from the June low of $12.80-3/4 as a wave c, the third wave of an irregular flat that developed from the October 2022 low of $13.50. This wave count is well supported by a projection analysis, which reveals the wave c stopped around its 161.8% projection level.

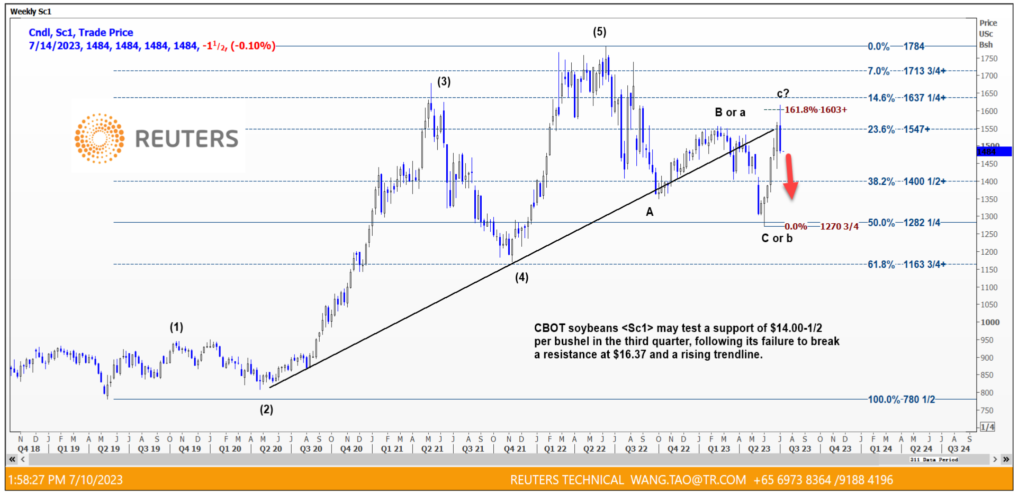
The wave mode suggests a return of the price to $12.70-3/4 in due course. However, the timing and the exact course to reach this level remain unknown.

On the daily chart, a retracement analysis on the rise from $12.70-3/4 to $16.16-1/2 marks a target zone of $14.02-3/4 to $14.43-1/2.

A consolidation is highly likely to occur around this zone, followed by either a resumption of the rally or a further drop towards $12.70-3/4.

Daily Chart

Weekly Chart

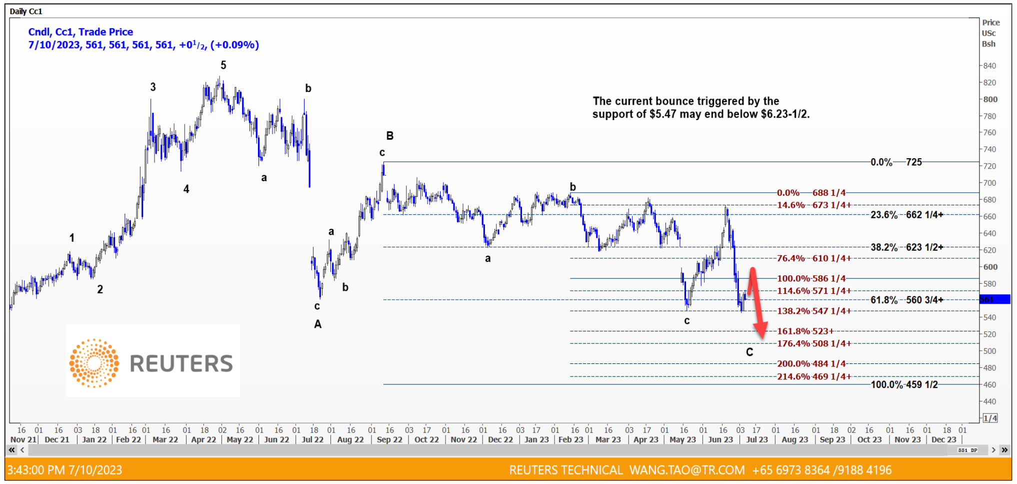


CBOT corn may drop into $4.59-1/2 to $5.01-1/4 range

CBOT corn may drop into a range of $4.59-1/2 to $5.01-1/4 per bushel in the third quarter, driven by a wave C.

This wave started from $7.25. It is capable of travelling to $4.59-1/2, its 100% projection level. The key support of $5.60-3/4 is deemed broken. This wave C is very unlikely to complete around $5.60-3/4. Instead, it is unfolding towards $4.59-1/2. Besides a set of projection levels, the wave C is controlled by a set of retracemnts on the rise from $3.00-1/4 to $8.27.
The support of $5.63-1/2, the 50% level, seems unable to hold. The next support based on this calculation will be at $5.01-1/4.
The pattern from $8.27 looks like a bearish pennant, which suggests a target of $4.59 as well. Resistance is at $5.92-1/4, a break above which could lead to a gain into $6.23-1/2 to $6.62-1/4 range.
On the daily chart, a projection analysis on the wave c from $6.88-1/4 reveals more accurate supports and resistances. The immediate support is indeed at $5.47-1/4, which triggered a bounce.
It is hard to tell how strong the bounce would be. Most likely, it will be weaker than the former one from the May 18 low of $5.47.
The $6.23-1/2 level looks like a limit to the bounce. There are also lower limits, such as $6.10-1/4 and $5.86-1/4.
Resistance is at $5.71-1/4, a break above which could lead to a gain into $5.86-1/4 to $6.10-1/4 range. A break below $5.47-1/4 could trigger a drop to $5.23, which is likely to temporarily stop the fall and cause a bounce.

Daily Chart



Weekly Chart

CBOT wheat may retest resistance at $7.37

CBOT wheat may retest a resistance at $7.37 per bushel in the third quarter, after its stabilization around a support of $5.92-3/4.

The stabilization followed the completion of a five-wave cycle from $14.25-1/4. The main theme could be a constant bounce towards the peak of the wave d at $9.49-3/4 over the next few months.

The support triggered a strong bounce that extended to $7.56-3/4, a high touched in June.

Three waves make up the bounce. The current wave b may end around a rising trendline which establishes a support about $6.24.

This wave is expected to be reversed by the wave c.

The bullish divergence on the weekly MACD confirmed an exhaustion of the downtrend. It suggests a further bounce as well.

A break below $5.92-3/4, which seems very unlikely in the third quarter, may open the way towards $4.93-3/4.

When the bounce from the May 31 low of $5.73-1/4 is zoomed in on the daily chart, it seems to be against the downtrend from $9.49-3/4.

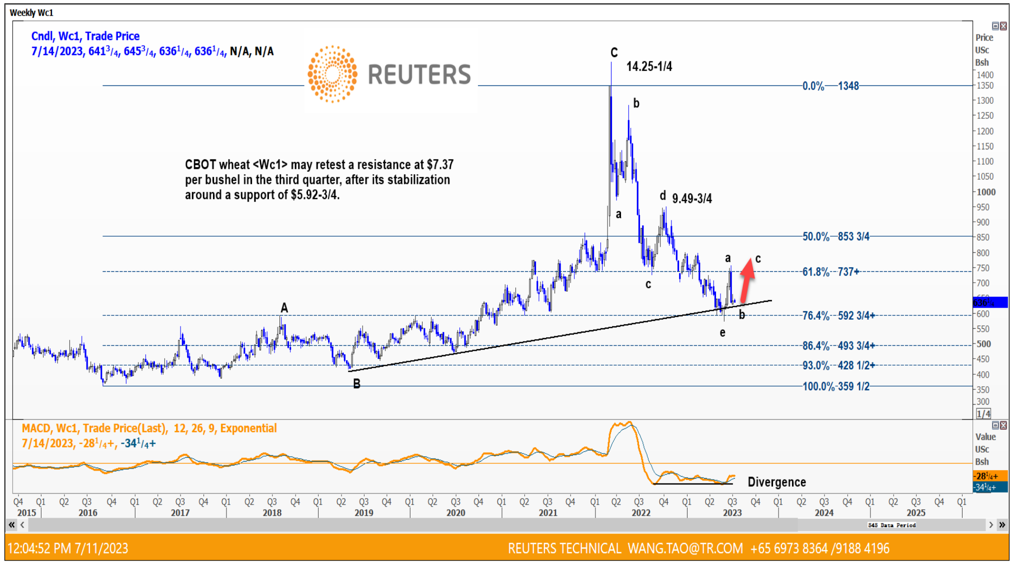
A retracement analysis on the trend reveals a support zone of $5.73-1/4 to $6.28, in which, the wave b is likely to complete.

Indeed, it may have ended around $6.28, the 14.6% retracement. The sharp drop from the June 26 high of $7.56-3/4 looks like a pullback towards a falling trendline.

A break above $6.62 could signal the progress of the wave c towards $7.41-1/2 to $8.11-3/4 range while a break below $6.28 may trigger a drop limited to $5.73-1/4.

Daily Chart

Weekly Chart



3-MONTH TECHNICALS

NY coffee bound in $1.5365-$1.9440 range

New York coffee may be bound within a range of $1.5365-$1.9440 per lb in the third quarter, as suggested by its wave pattern and a retracement analysis.

A correction from the February 2022 high of $2.6045 has completed, creating an opportunity for the current bounce. Three waves make up the bounce.

The wave b may end around $1.5365, to be totally or partially reversed by the wave c. Even if the downtrend from $2.6045 has resumed, a bounce is still likely to occur around $1.5365.

The tricky part is how strong the wave c could be. The pattern from the Jan. 2023 low of $1.43 may turn out to be either a triangle or a flat.

A triangle would mean a completion of the wave c far below $1.9440, while a flat pattern suggests an extension of this wave to $1.9440. In either case, the contract may rise to $1.74 first.

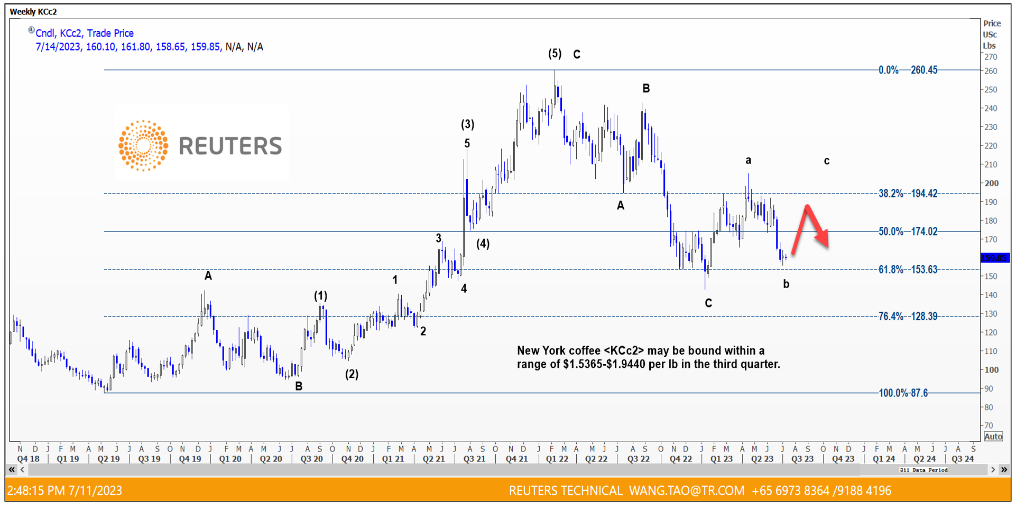
A break below $1.5365 would open the way towards $1.2840. On the daily chart, a correction from $2.0490 adopted a zigzag mode.

The wave c is roughly equal to the wave a. The equality suggests a completion of the zigzag around a good support of $1.5760.

The uptrend from $1.43 may have resumed, riding on a wave C which is unfolding towards a range of $1.7945-$1.9405. A drop below $1.5580 may signal a continuation of the downtrend towards $1.43.

Daily Chart

Weekly Chart



NY cocoa may rise to $3,652 after shallow correction

New York cocoa may rise to $3,652 per metric ton in the third quarter, driven by a wave (C).

This wave started at $1,756, and has travelled above its 50% projection level of $3,290. It has a better chance of extending to $3,652.

Three smaller waves make up the wave (C). A projection analysis on the third wave, labelled C, reveals a similar target of $3,732, the 138.2% projection level.

The target zone of $3,652-$3,732 will be confirmed when cocoa breaks the resistance at $3,452. The break, however, will not occur until the current correction completes.

The correction was due to the resistance at $3,429, the December 2015-high and the peak of wave (b).

Ever since the uptrend started from the September 2022-low of $2,190, it has not experienced a decent correction.

The overdue correction may have indeed started, extending towards $3,118. But could this correction be so deep, considering that the uptrend has such strong momentum?

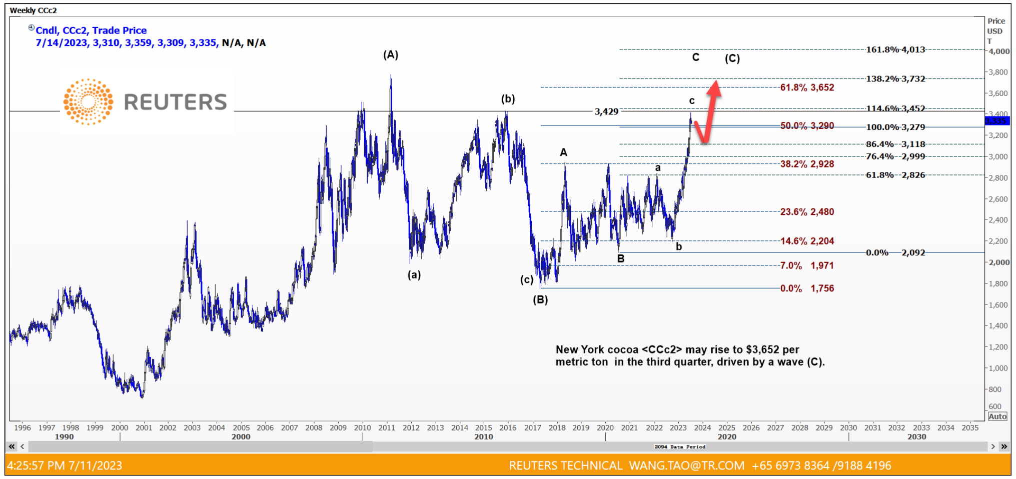
A study on the daily chart may clear the confusion.

The uptrend looks due for a correction, as a bearish divergence appeared on the RSI.

A rising channel suggests a shallow correction zone from $3,195-$3,248. The correction is driven by a wave 4, which will be reversed by a wave 5.

Daily Chart

Weekly Chart



Dollar index may fall into 97.03-98.98 range

The dollar index may fall into 97.03-98.98 range in the third quarter, driven by a wave (c).

This is the third wave of a downtrend from the September 2022 high of 114.78. It will drive the trend towards a lower support of 98.98 or 97.03, as the two supports at 101.99 and 101.86 look unable to hold.

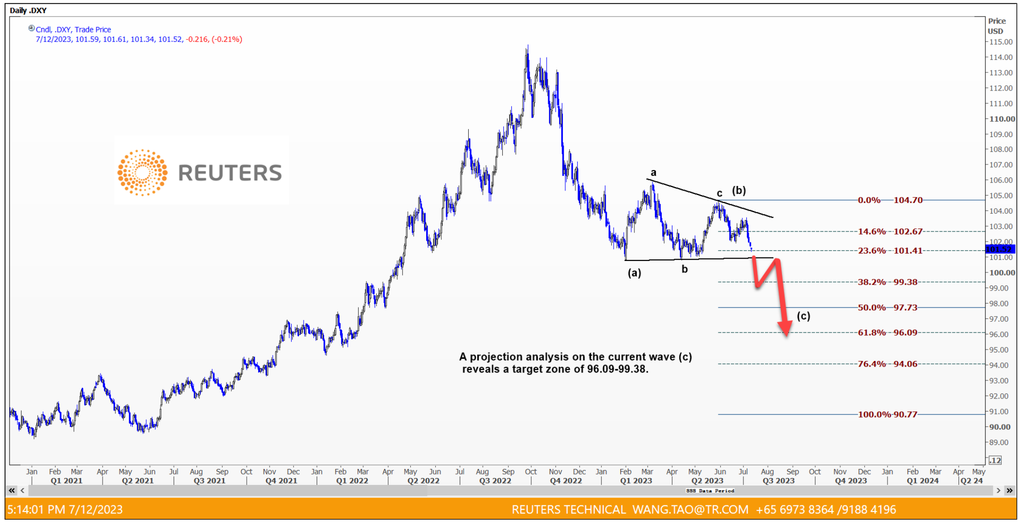
The consolidation triggered by these two supports is taking the shape of a triangle, which is highly likely to be confirmed as a bearish continuation pattern. Together with the preceding drop, this triangle forms a more bearish pennant, which suggests a target around 89. An alternative wave count on the uptrend from 70.70 would be able to justify this aggressive target.

This wave count suggests a completion of a five-wave cycle at 114.78. The bottom of the wave 4 is at 89.21, which seems to be a realistic target.

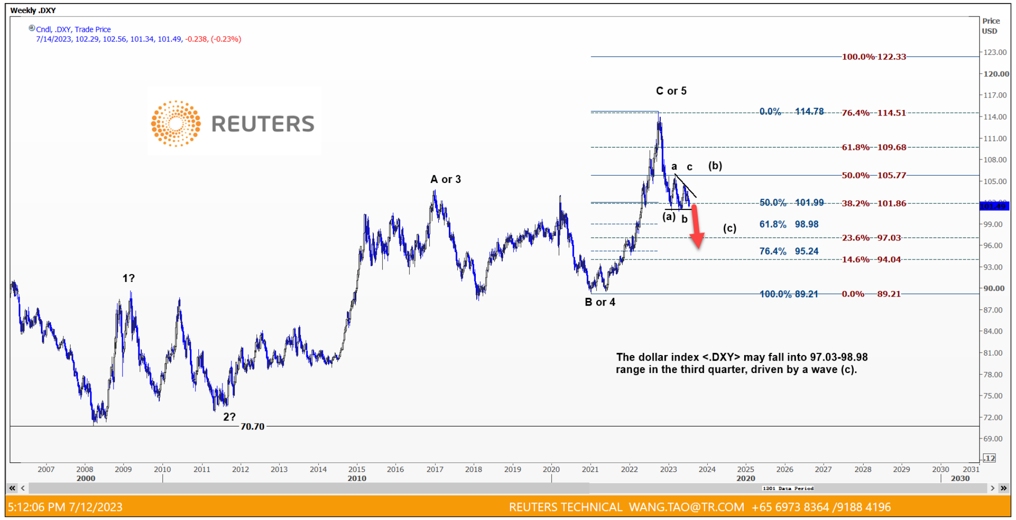
A break above the upper trendline of the triangle around 103.50 would make these bearish targets invalid. On the daily chart, a projection analysis on the current wave (c) reveals a target zone of 96.09-99.38.

The fall is expected to pause around 99.38, to be moderately reversed by a pullback towards 101.41, before resuming towards 96.09.

Daily Chart



Weekly Chart



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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 6973,8364

Compiled by **Shoubhik Ghosh** in Bangalore, commodity.briefs@thomsonreuters.com

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