REUTERS QUARTERLY TECHNICAL OUTLOOK

OCTOBER 2023

Crude oil has completed a medium-term bounce and is falling towards its June low. Palm oil may suffer a small loss before a big rally. Gold, copper and aluminium are steady on downtrend. Grains are set for strong bounces. Coffee may experience weak bounce before dropping. Cocoa would retrace deeply. Dollar index would climb higher due to its long-term uptrend continuation.

Brent oil may drop into $80.20-$86.41 range

Brent oil may drop into a range of $80.20-$86.41 per barrel in the fourth quarter, as suggested by its wave pattern and a Fibonacci retracement analysis.

A bounce from the March 20 low of $70.12 may have ended around a resistance at $96.48. The bounce was against the downtrend from $139.13.

Three waves makes up the bounce. The wave C could be further broken down into five smaller waves, a structure that strongly suggests the completion of the bounce.

The reaction of the market to the resistance at $96.48 further indicated a completion of the wave C, as oil retraced deeply after failing to break $96.48.

Market is still likely to fall to $86.41, even if the current wave count proves incorrect, as the uptrend had been developing within a rising channel, which suggests a drop towards $86.41.

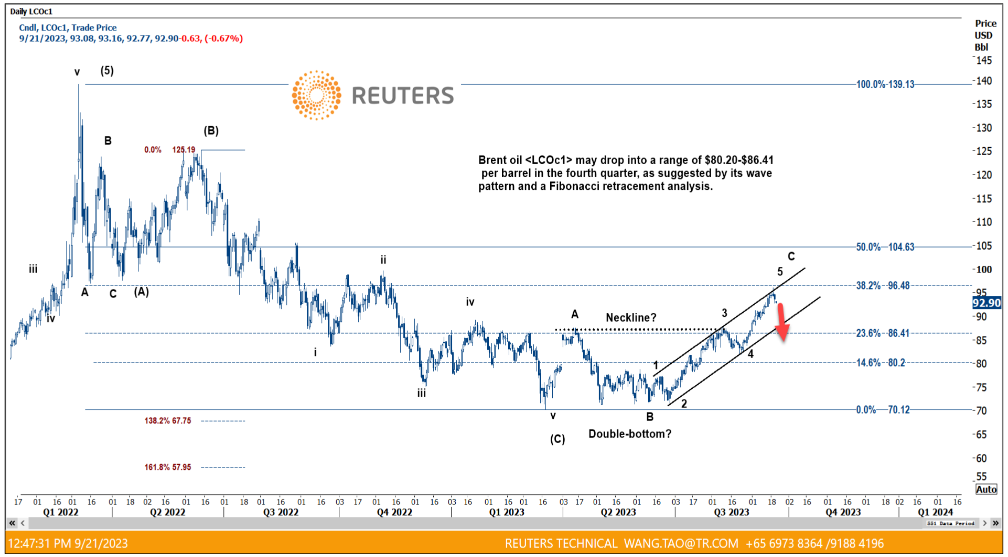
The following drop may turn out to be a pullback towards the neckline of a double-bottom forming between March 20 and June 28.

Under this scenario, the drop may end around $86.41 and the uptrend may resume towards $96.48 -$104.63 range. Long-term trending signals became unclear, as it is not very certain that the trend from $139.13 has reversed.

A break above $96.48, which looks very unlikely, may lead to a gain to $104.63. A detailed study on the wave C reveals a target zone of $80.89-$83.77, which is more fine-tuned than the $80.20-$86.41 range.

A wave 4 ended at the Aug. 23 low of $81.94, which is near $80.89. Wave theory suggests a drop towards $81.97. Market may not experience any decent bounce until it falls to $86.65, as the fall could be very sharp, due to an extension of the wave v.

Daily Chart



Daily Chart

U.S. oil may fall to $77.81

U.S. oil may fall to $77.81 per barrel in the fourth quarter as a bounce from the May 4 low of $63.64 has completed.

The bounce had been driven by a wave c, the third wave of a corrective wave cycle from the March 20 low of $64.12. This wave could be well broken down into five smaller waves.

The fifth wave labelled 5 ended around a key resistance at $93.66, the 50% retracement of the downtrend from $123.68. This resistance is strengthened by a similar one of $94.90, the 161.8% projection level of the wave c. This projection level serves as a limit to the wave c.

The deep fall from the Sept. 19 high of $93.74 confirmed the reversal of the uptrend.

Over the next few months, oil is expected to slide towards the bottom of the wave 4 around $77.81. An extension of the uptrend seems unlikely as the resistance zone of $93.66-$94.90 could be too strong to be broken.

The wave v looks a bit extended and sharp. The current fall could be similarly sharp, to quickly extend to $77.81. Until oil fulfils this target, it may not experience any decent bounce. Could the market resume its uptrend towards $100 after falling to $77.81? The answer will most likely be no.

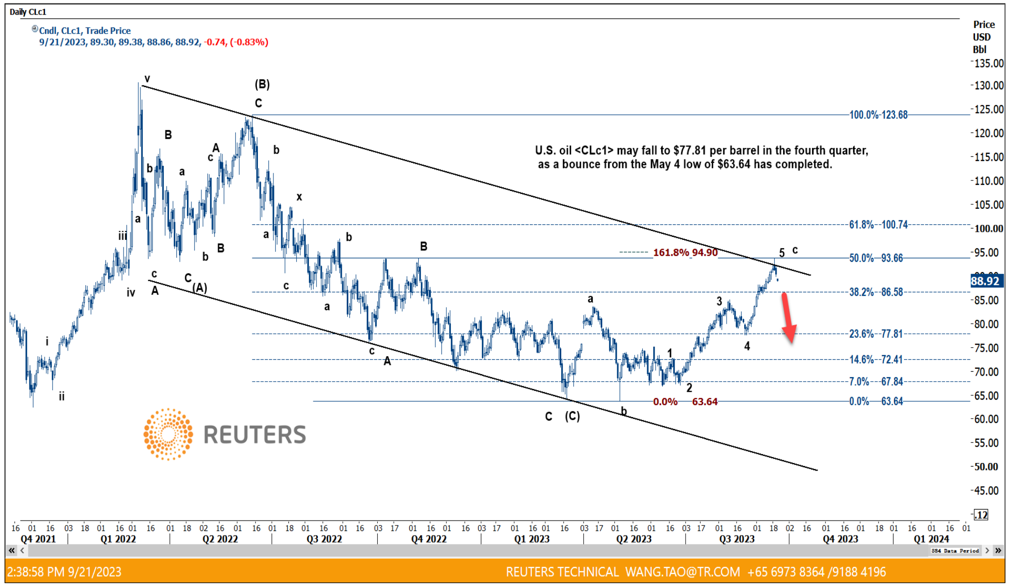
Strong as it is, the rally from $63.64 has been well confined within a falling channel, which holds intact and suggests a target around $45. Long-term trending signals remain bearish. A medium-term downtrend could be developing towards $45, which may last many months.

By end of 2023, market would be very unlikely to revisit the Sept. 19 high of $93.74. A break above $93.66, which seems impossible, may lead to a gain to $100.74.

A retracement analysis on the uptrend from $66.80 to $93.74 reveals a target zone of $77.09-$80.27, which engulfs the bottom of the wave 4.

Even though the exact move of the market generally defies predictions, a bold speculation about the chart pattern around $77.09 would be a bounce towards $80.27-$83.45 range, followed by a resumption of the downtrend.

Daily Chart



Daily Chart

Palm oil may fall into 3,360-3,501 ringgit range before rising

Palm oil may fall into a range of 3,360-3,501 ringgit per metric ton in the fourth quarter, before reversing its fall and rising towards the July high of 4,209 ringgit.

The fall is classified as a part of the three-wave cycle from the September 2022 low of 3,220 ringgit.

Compared to the wave A and the wave B, which ended at 3,194 ringgit, the current wave C looks too small to complete.

The speculation is that this wave C consists of three smaller waves. The wave b is unfolding towards 3,360-3,501 ringgit range, which will be reversed by an upward wave c.

This view will remain unchanged, unless the contract falls below the June low of 3,194 ringgit, which is presumed to be the starting point of the wave a.

Based on this reading, the market is likely to be bound within a range of 3,360-4,166 ringgit over the next few months.

A closer look at the daily chart reveals a complex wave structure.

A small wave c is unfolding towards 3,521 ringgit, its 100% projection level.

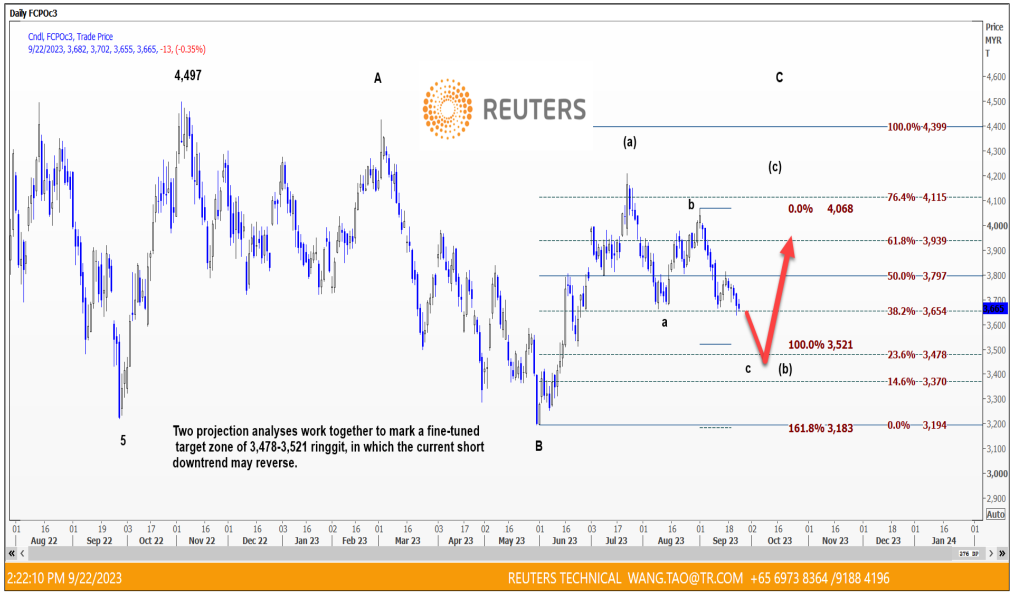
Another projection analysis on the uptrend from 3,183 ringgit uncovers its close relation to the preceding wave A, as both the 38.2% level of 3,654 ringgit and the 76.4% level of 4,115 ringgit worked effectively.

This relation suggests an incomplete wave C. These two projection analyses work together to mark a fine-tuned target zone of 3,478-3,521 ringgit, in which the current short downtrend may reverse.

A break above 3,797 ringgit may lead to a gain into the 3,939-4,115 ringgit range.

Weekly Chart

Daily Chart



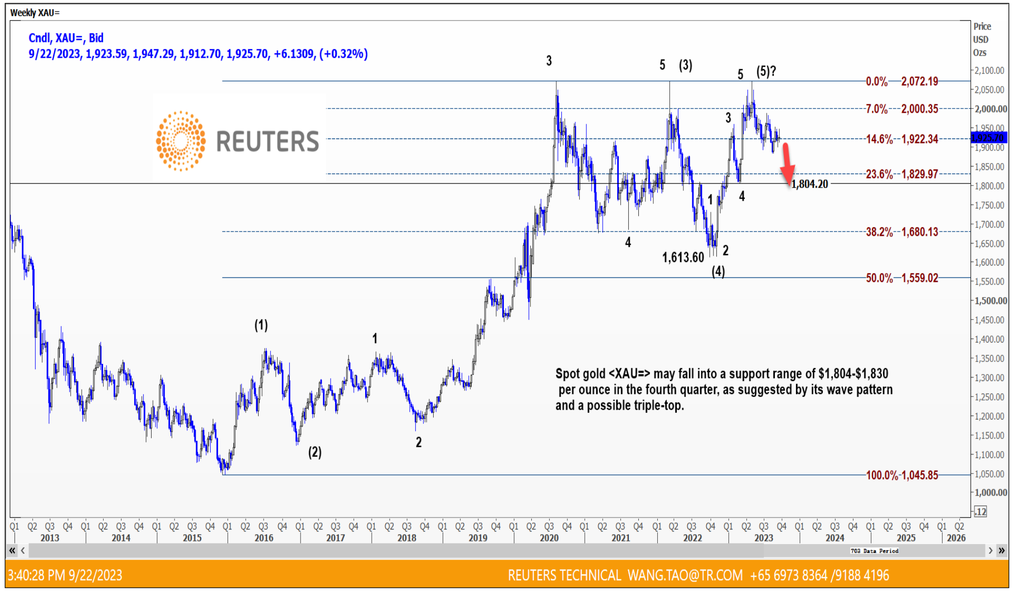
Spot gold may fall into $1,804-$1,830 range

Spot gold may fall into a support range of $1,804-$1,830 per ounce in the fourth quarter, as suggested by its wave pattern and a possible triple-top.
A five-wave cycle from the September 2022 low of $1,613.60 has completed around $2,072. The wave 4 ended at $1,804.20, which serves as a target.
A retracement analysis on a bigger five-wave cycle from $1,045.85 reveals a similar target of $1,830.
Since August 2020, gold peaked thrice around $2,072. The failures suggest the formation of a huge triple-top, or a long-term consolidation in the range of $1,600-$2,070.

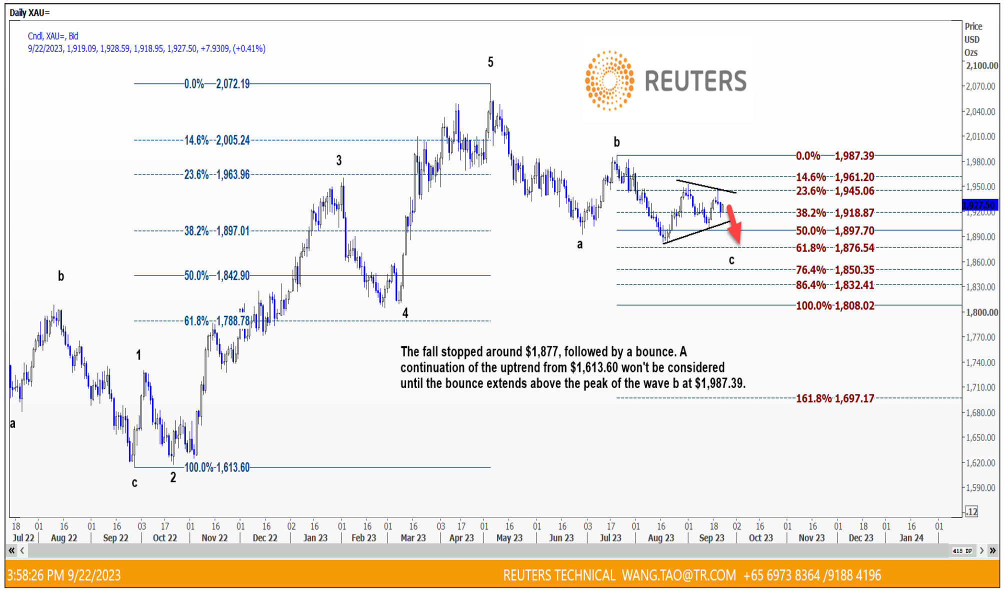
Under both scenarios, gold is expected to fall towards $1,600. Even if the five-wave rally from $1,613.60 turns out to be the first part of a long-term uptrend, a resumption of the trend may not occur until the metal fulfils its target zone of $1,904-$1,830.
A detailed study on the rise from $1,613.60 on the daily chart presents a bearish outlook as well. The metal is riding on a wave c from $1,987.39, which is expected to extend to $1,808.However, the fall stopped around $1,877, followed by a bounce.

A continuation of the uptrend from $1,613.60 won't be considered until the bounce extends above the peak of the wave b at $1,987.39.
The bounce seems to be shaped into a wedge, which looks like a bearish continuation pattern. A break above $1,945 could lead to a gain to $1,987.
Such a gain would significantly increase the chance of the uptrend from $1,613.60 to extend towards $2,072.

Weekly Chart



Daily Chart



LME copper may fall into $7,146-$7,606 range

LME copper may break a support at $8,065 a metric ton and fall into the $7,146-$7,606 range in the fourth quarter.

The consolidation in a narrow range of $8,065-$8,632 may end soon as copper is testing the support of $8,065.

Chances are the metal may break $8,065 and fall into the $7,146-$7,606 range as it has broken a rising trendline.

The break confirmed a completion of the consolidation above the rising trendline. Copper will be unlikely to climb above this line and bounce further.

Wave pattern suggests the progress of a wave C from $9,550.50, which is expected to travel into a wide range of $5,661-$7,146.

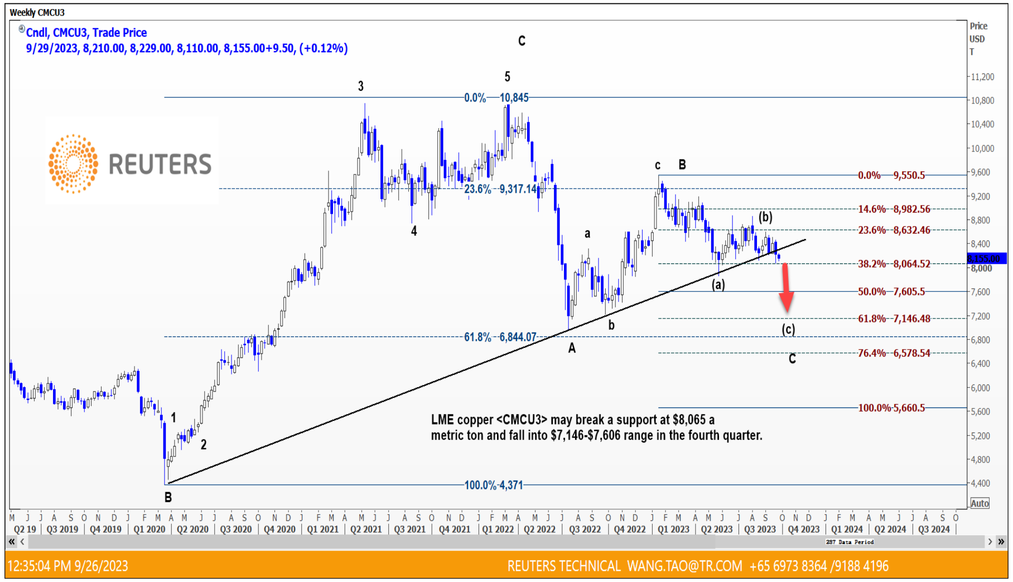
This wave consists of three smaller waves. The current wave c is expected to rapidly unfold towards $7,147.

A rise above the trendline resistance around $8,360 may lead to a moderate gain to $8,632. Only a further rise could indicate the extension of the wave B towards the $8,983-$9,551 range.

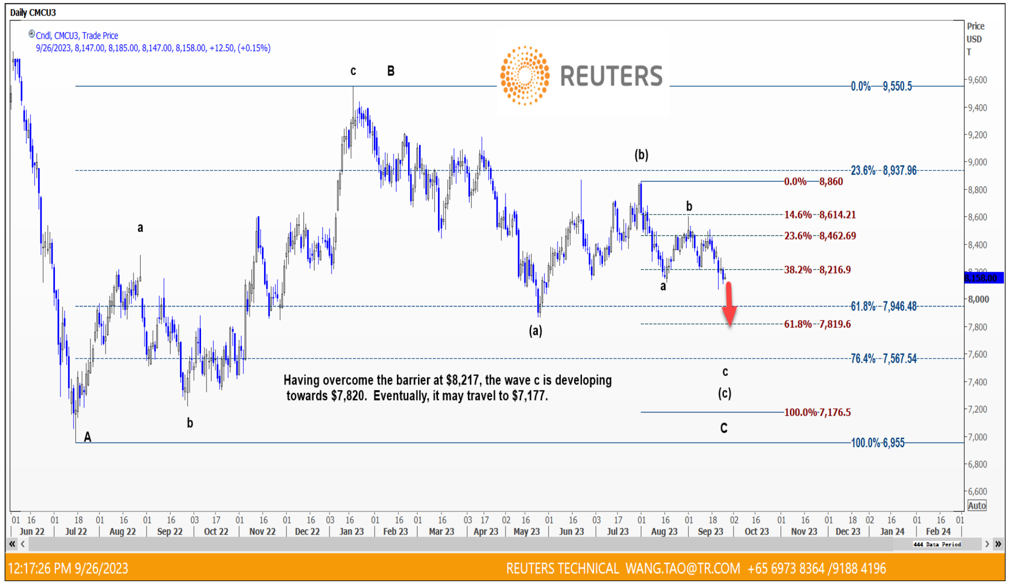
A closer look at the wave C on the daily chart reveals its complex structure. The wave (c) could be further broken down into three smaller waves. The strongest wave c is unfolding, which seems to have been tightly controlled by a set of projection levels on the wave (c).

Having overcome the barrier at $8,217, the wave c is developing towards $7,820. A retracement analysis on the uptrend from $6,955 reveals a similar support of $7,947, which forms a support zone together with $7,820. Based on the personality of the strong wave c, market is unlikely to start a decent bounce in the zone. A sideways move could be the most optimistic scenario to bulls.

Weekly Chart



Daily Chart



LME aluminium may fall into $1,909-$2,034 range

LME aluminium may break a support at $2,150 a metric ton and fall into a range of $1,909-$2,034 in the fourth quarter, as suggested by a projection analysis.

The bounce triggered by the support in September 2022 has been almost reversed. The reversal signals a continuation of the downtrend which closely observes a set of projection levels on the fall from $3,742. Instead of a part of the consolidation in the range of $2,150-$2,686, the fall from the January high of $2,679.50 is classified as the third part of a downtrend from $4,073.50. The downtrend may extend below the September 2022 low of $2,080.50. Three waves may make up the trend. The current wave C could be much shorter than the wave A, as the latter extended a lot.

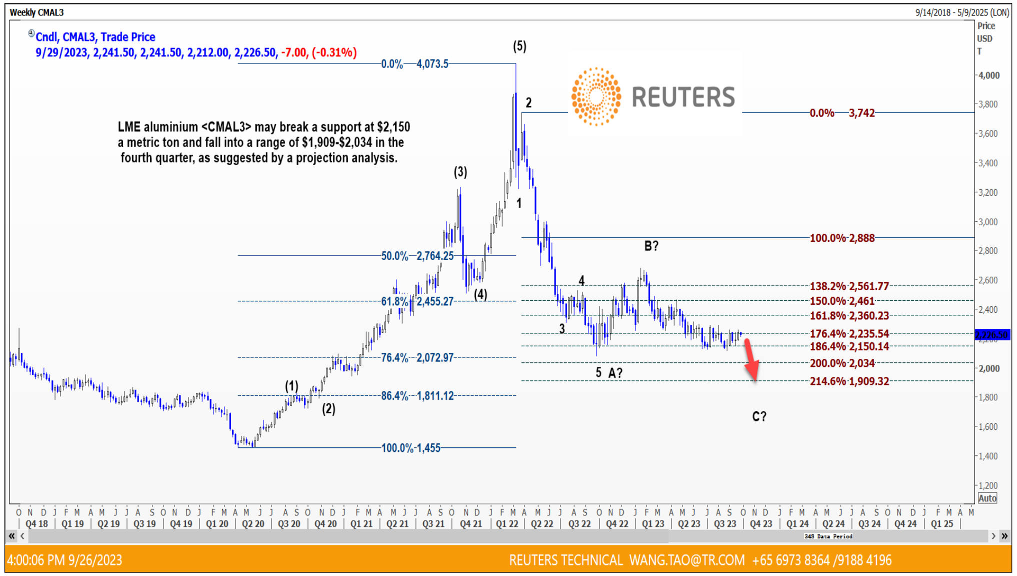
To expect the wave C to be equal to the wave A would be unrealistic, as this expectation would lead to a calculation that the wave C would travel to $680.

The final target of this wave C might be $1,811, or a much lower $1,455. Immediate resistance is at $2,236, a break above which could lead to a gain into $2,360-$2,461. The break will be confirmed when the metal closes above $2,260 for at least two successive days. On the daily chart, the contract is riding on a wave (c) which is yet to fulfil its target of $2,037.

Two bounces were triggered by the support of $2,137. The second bounce looks weaker than the first one, which almost extended to a resistance at $2,299. The weakness of the bounce suggests a prevailing bearish sentiment. A break above $2,249 may lead to a gain to $2,299. A further gain could confirm a double-bottom around $2,137, which suggests a target of $2,462.

Once the metal climbs to $2,462 , it is likely to rise further to the Jan. 18 high of $2,679.50.

Weekly Chart



Daily Chart

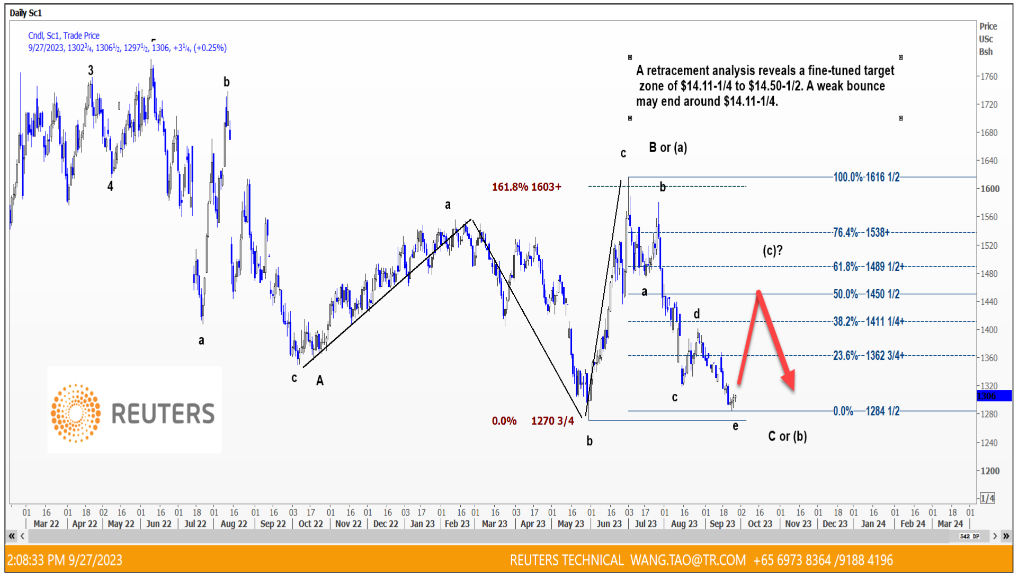
3-MONTH TECHNICALS

CBOT soybeans may test resistance at $14.00-1/2

CBOT soybeans may test a resistance at $14.00-1/2 per bushel in the fourth quarter, a break above which may open the way to $14.89-1/2 per bushel.
The contract seems to be stabilising around a support of $12.84-1/2 again. The stabilisation could be followed by a bounce towards $14.00-1/2.
This second bounce might be much weaker than the first one from the June low of $12.70-3/4. This view is based on a wave count that classifies the fall from $16.16-1/2 as a wave C. Compared to the wave A and the wave B, the wave C looks too small to complete. It is expected to eventually travel below $12.70-3/4.
The following bounce my turn out to be stronger than expected, to extend into $14.89-1/2 to $15.47 range. This scenario will only be considered when the contract breaks $14.00-1/2.
A break below $12.70-3/4 could confirm the continuation of the wave C towards $11.63-3/4. On the daily chart, the downtrend from $16.16-1/2 followed an irregular flat from the Oct. 6 low of $13.50.
The Sept. 25 low of $12.84-1/2 is treated as the reversal point of the downtrend. An extension of the downtrend may be limited to $12.70-3/4.
A retracement analysis reveals a fine-tuned target zone of $14.11-1/4 to $14.50-1/2. A weak bounce may end around $14.11-1/4.

Weekly Chart

Daily Chart

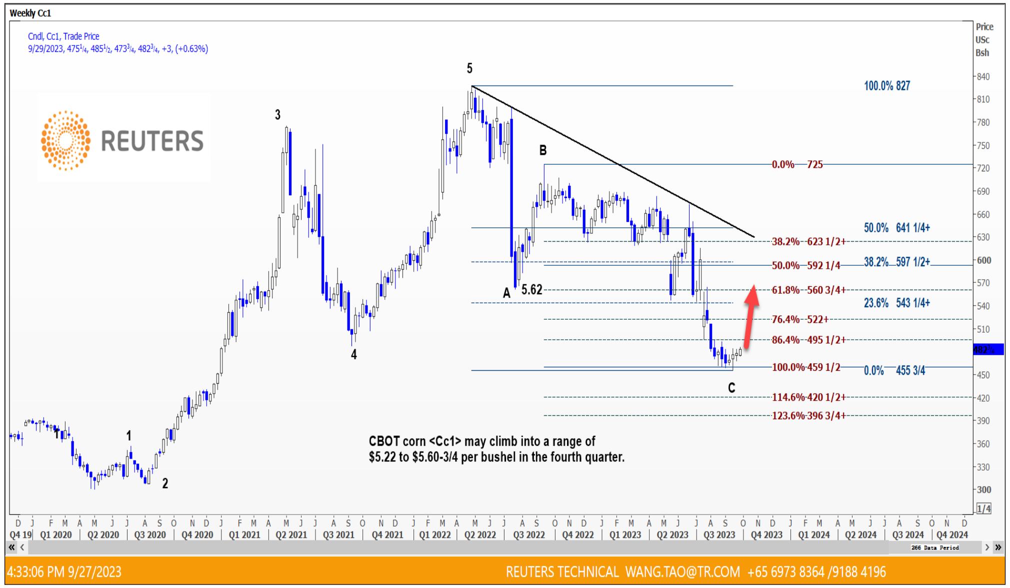


CBOT corn may climb into $5.22 to $5.60-3/4 range

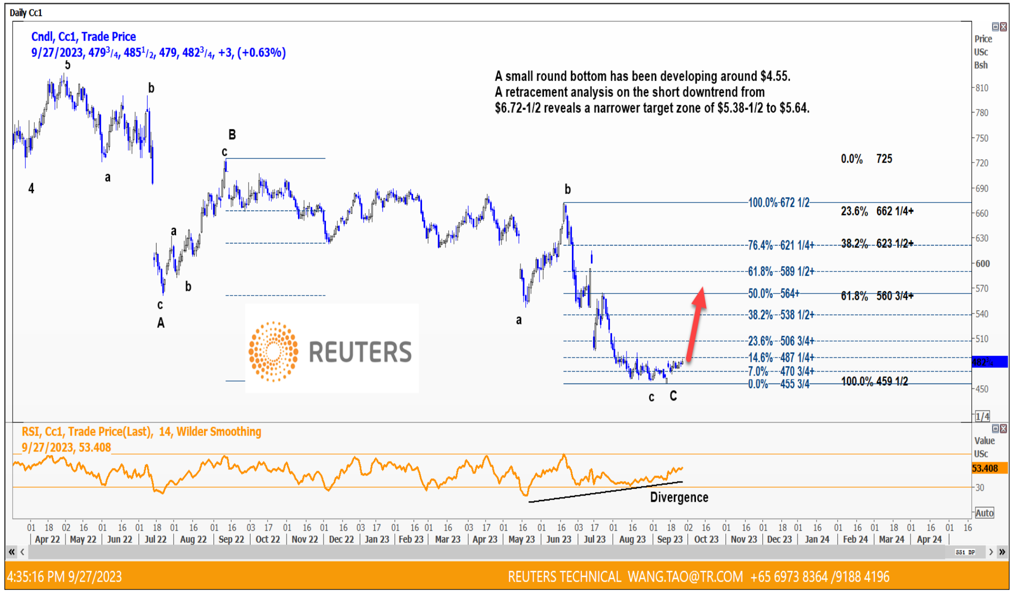
CBOT corn may climb into a range of $5.22 to $5.60-3/4 per bushel in the fourth quarter, as suggested by its wave pattern and a projection analysis.
A three-wave cycle from the April 2022 high of $8.27 has completed, as suggested by the strong reaction of the market around a key support of $4.59-1/2.
The support is identified as the 100% projection level of a wave C from $7.25. This wave is roughly equal to the wave A. The relation confirms a completed zigzag from $8.27.

The following rise may observe a set of projection levels and a few retracements on the fall from $8.27. In case of a downtrend extension, the projection levels seem to be more applicable.
A falling trendline points at a zone of $5.92-1/4 to $6.23, which looks too far away to be realistic. This zone will only be targeted when corn breaks above $5.60-3/4.
A break below $4.59-1/2 could open the way towards $3.96-3/4 to $4.20 range. On the daily chart, a small round bottom has been developing around $4.55.
The pattern looks like an inverted head-and-shoulders. A retracement analysis on the short downtrend from $6.72-1/2 reveals a narrower target zone of $5.38-1/2 to $5.64, which overlaps the range of $5.22 to $5.60-3/4.
The bullish divergence on the daily RSI guarantees a big gain.

Weekly Chart



Daily Chart



CBOT wheat may climb into $6.57-1/2 to $7.23-3/4 range

CBOT wheat may climb into a range of $6.57-1/2 to $7.23-3/4 per bushel in the fourth quarter, as it has found a strong support of $5.50-1/2.

The support is identified as the 161.8% projection level of a wave c from $12.84. This wave could be well broken down into five small waves, a structure strongly suggesting the completion of the wave c.

The bullish divergence on the weekly MACD indicates a remote chance of a slide below $5.50-1/2 in near term. Instead, it amplifies the bullish signal given by an engulfing pattern forming between the weeks of September 8 and September 15.

A retracement analysis on the uptrend from $3.59-1/2 to $13.48 reveals a higher target of $7.37, which is near $7.23-3/4.

Strategically, the target zone will be confirmed when wheat breaks $6.04 - the nearest resistance. A break below $5.50-1/2 could open the way towards $4.28-1/2 to $4.93-3/4 range.

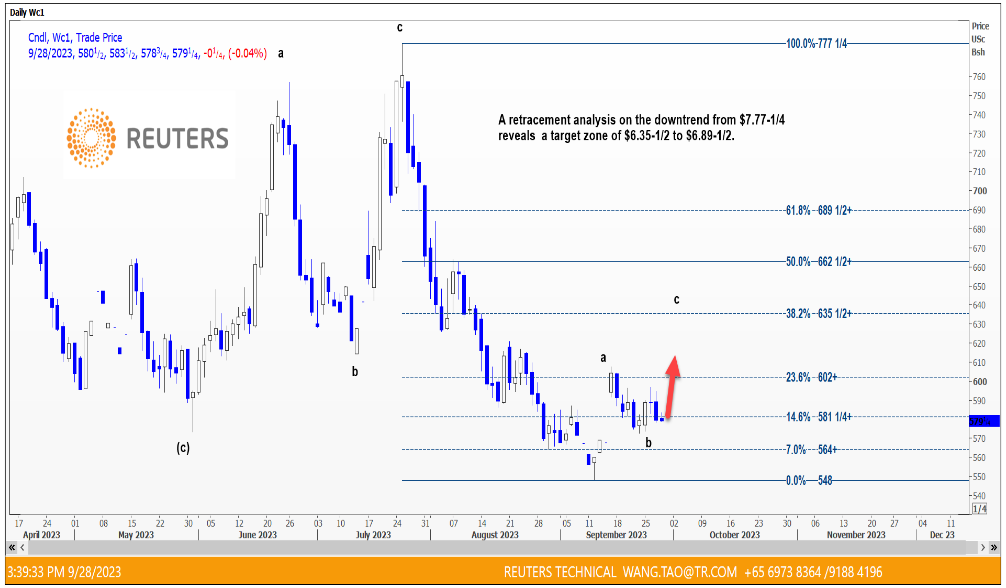
On the daily chart, the downtrend is presumed to have reversed at the September 12 low of $5.48. A retracement analysis on the downtrend from $7.77-1/4 reveals a target zone of $6.35-1/2 to $6.89-1/2, which is slightly lower than the zone on the weekly chart.

The resistance at $6.02 triggered a correction which aimed to cover a common gap on Sept. 15. As long as wheat remains above $5.48, the bullish target zone will keep intact.

A break below $5.48 could confirm the continuation of the downtrend.

Weekly Chart

Daily Chart



NY coffee may bounce towards $1.6750 before falling

New York coffee may bounce into a range of $1.6155-$1.6750 per lb before resuming its downtrend in the fourth quarter, as suggested by its wave pattern and a projection analysis.

A support zone of $1.4420-$1.5365 triggered the second bounce, which is expected to be weaker than the first one from the January 2023 low of $1.43.

The second bounce may consist of three small waves. So far, only two have unfolded. The third wave labelled c is yet to travel into the target zone.

Given that the first bounce has been almost reversed, it is unlikely to resume towards $2.0225.

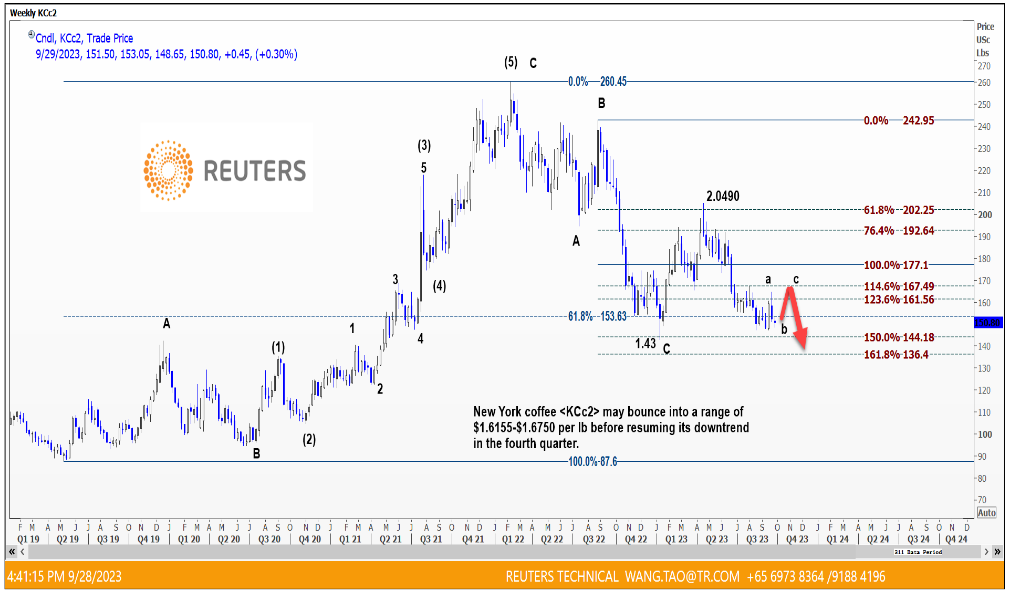
The fall from the April high of $2.0490 is considered a continuation of the downtrend from $2.6045.

A projection analysis on the downtrend from $2.4295 suggests a continuation of the drop towards $1.3640 when the wave c ends around $1.6750. The pattern from $1.43 will be recognised as a big flat if coffee breaks above $1.6750. The pattern would suggest a target zone of $1.9265-$2.0225. On the daily chart, a five-wave cycle from $2.0490 has ended around a support of $1.4795. Coffee failed thrice to break the support, around which a triple-bottom could have been forming.

The pattern increases the chance of a bounce towards the $1.6435-$1.6755 range, which is pointed by a falling trendline.

A break below $1.4795 could open the way towards the $1.3585-$1.4045 range.

Weekly Chart



Daily Chart

NY cocoa may retrace into $3,118-$3,279 range

New York cocoa may retrace into $3,118-$3,279 per metric ton in the fourth quarter, as it failed to break a resistance at $3,775.

The resistance is identified as the March 2011 high. It is enforced by other two, respectively the 138.2% projection level of a wave C from $2,092 and the 61.8% projection level of a bigger wave (C) from $1,756. Theoretically, both of these waves are capable of extending above $3,732, with the wave C to end around $4,013 and the wave (C) to peak around $4,842.

Strategically, focus should be on the depth of the current correction. The correction may turn out to be the third leg of a long-term three-wave cycle from $3,775.

Under this scenario, cocoa may eventually fall to $1,756, presuming that the cycle evolves into a giant flat pattern.

A bearish engulfing is likely to be confirmed by end of Friday, signalling a reversal of the steep uptrend from the October 2022 low of $2,284.

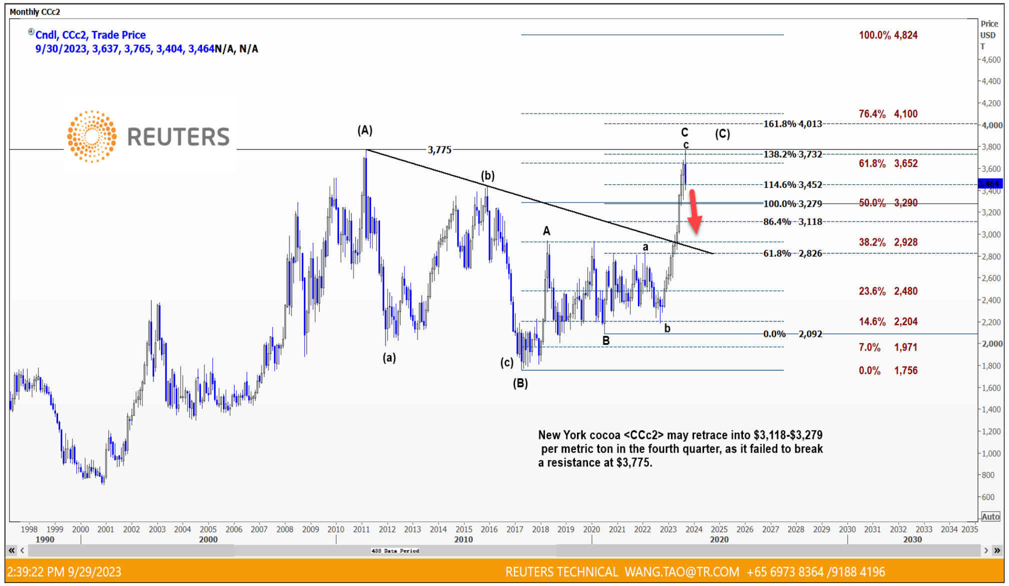
The pattern also suggests a further drop in October. The drop could be regarded as a pullback towards a falling trendline, which points at a lower target of $2,928. A break above $3,652 may clear the way towards $4,013-$4,100 range. On the daily chart, cocoa is falling towards the bottom of a wave 4.

A retracement analysis reveals a target of $3,321 which is critical in evaluating the following direction once this target is fulfilled.

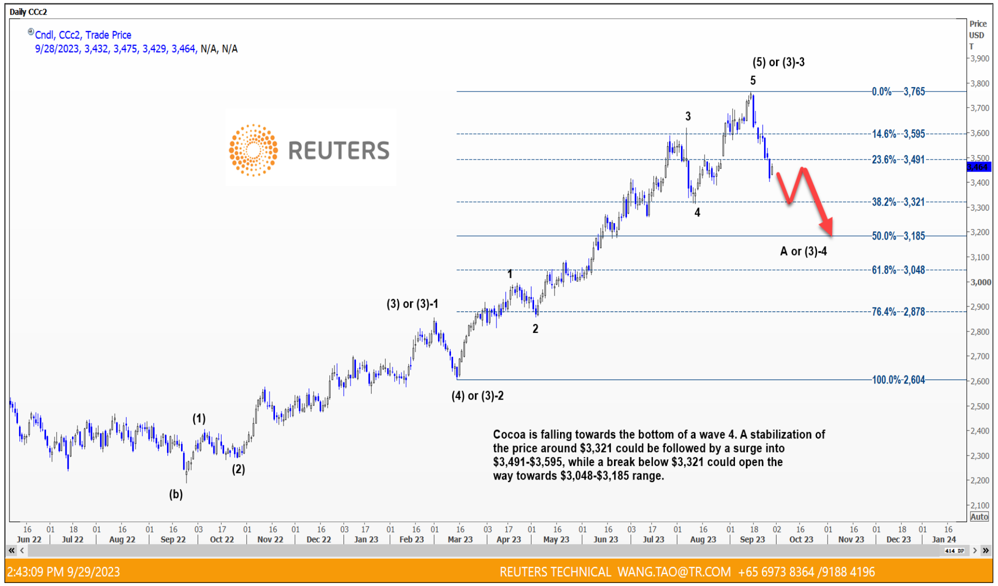
A stabilization of the price around $3,321 could be followed by a surge into $3,491-$3,595, while a break below $3,321 could open the way towards $3,048-$3,185 range.

A deep fall to this range would confirm a completion of a five-wave cycle from $2,190.

Monthly Chart



Daily Chart



Dollar index may rise into 108.74-111.04 range

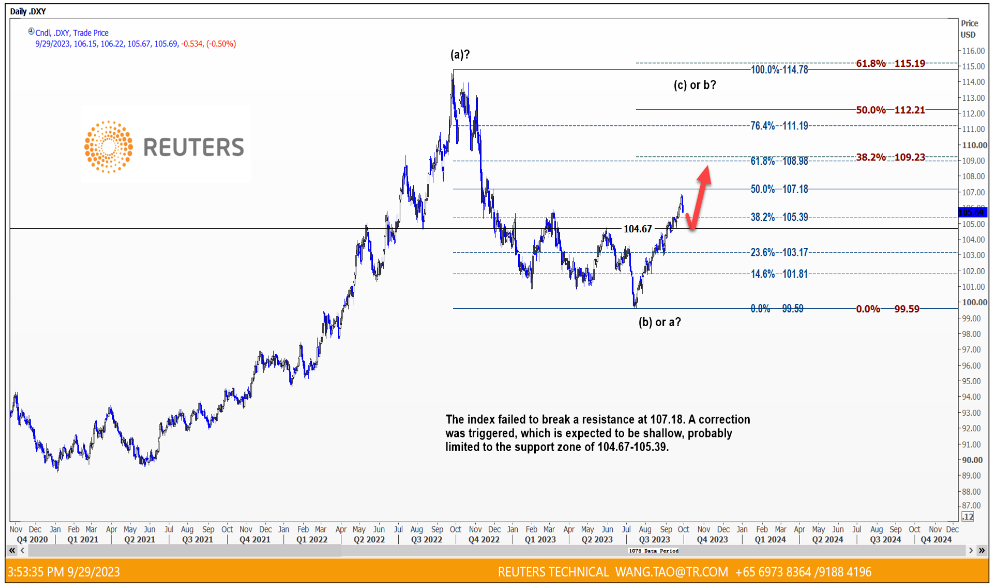
The dollar index may rise into a 108.74-111.04 range in the fourth quarter, driven by a wave (c).
A correction from the September 2022 high of 114.78 has ended around a key support of 98.80, the 61.8% retracement of the preceding uptrend from 89.21.
The uptrend could have resumed towards 114.78, riding on a wave (c), assuming that the bigger uptrend from 70.70 remains steady.
The trend consists of three waves, with the current wave C expected to extend to 122.33.

After climbing above the resistance at 105.01, the index is likely to test the next resistance zone of 108.74-111.04.
Based on the fierce characteristic of the wave (a) from 89.21, the wave C may easily travel into the target zone or probably above it.
On the daily chart, the index failed to break a resistance at 107.18. A correction was triggered, which is expected to be shallow, probably limited to the support zone of 104.67-105.39.

A further drop below 104.67 may be extended into 101.81-103.17 range.
Such an extension would be a bearish signal contradicting the bullish outlook, as the rise from 99.59 might have been driven by a wave b, which would be reversed by a downward wave c.

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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