An employee works in a ferronickel smelter owned by state miner Aneka Tambang Tbk at Pomala district in Indonesia's southeast Sulawesi province March 30, 2011. The country accounts for roughly 7 percent of the world's total nickel mine output, according to Reuters data. **REUTERS/Yusuf Ahmad**

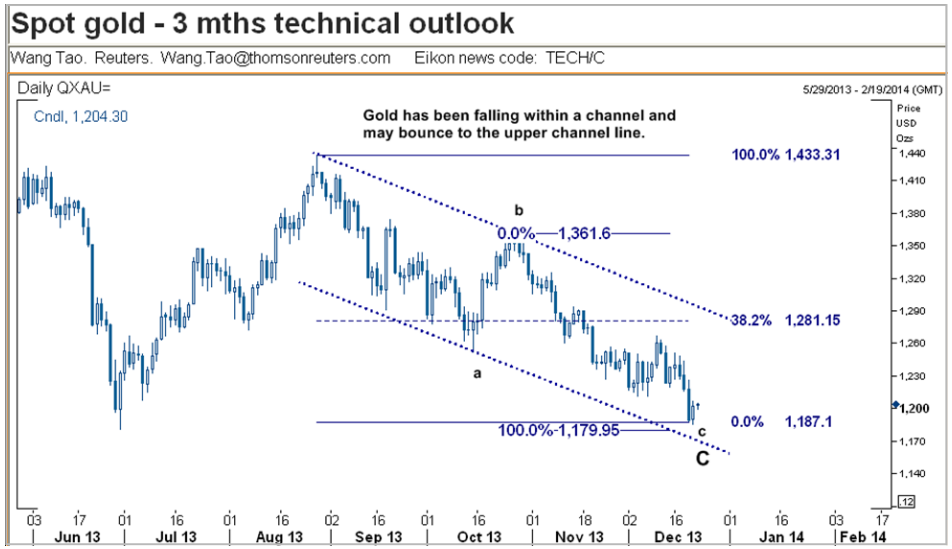
REUTERS TECHNICAL ANALYSIS Q1 OUTLOOK 2014 - WANG TAO

Most of the commodities may rebound in the first quarter of 2014 due to different technical factors. U.S. oil and Brent are yet to complete their long-term consolidation within triangles. Spot gold and spot silver have found strong supports and may only resume their downtrends after good bounces. LME copper and Shanghai copper will carry on rebounds that developed in June last year. Similarly, Malaysian palm oil will keep on rebounding. CBOT soybeans, wheat and corn have to rebound as they failed to break key supports while New York sugar will complete the third wave of a corrective wave cycle. New York coffee seems to be bottoming after several years of drop, while cocoa is expected to resume its uptrend after a shallow correction.

** Wang Tao is a Reuters market analyst for commodities and energy technicals. 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. **

REUTERS™

SPOT GOLD MAY REBOUND TO $1,281 BEFORE FALLING AGAIN IN 3 MTHS



Spot gold may rebound to $1,281 per ounce before falling again towards $1,086 over the next three months, as indicated by its wave pattern and a Fibonacci ratio analysis.

Gold is riding on a firm long-term downtrend, as the depth of the fall from the record high of $1,920.30 has indicated a reversal of the preceding uptrend that started at the 1970 low of $34.95.

It has taken almost 42 years for this uptrend to complete. So far, the downtrend has lasted no more than three years, it seems the bearish trend could develop more.

A Fibonacci retracement analysis on the rise from $34.95 to $1,920.30 reveals a support at $1,200, the 38.2 percent level, which has triggered the rebound to the Aug. 28 high of $1,433.31. This support may work again.

From $1,433.31, gold has been falling within a channel and the lower channel line provides a support at $1,180, the 100 percent Fibonacci projection level of a downward wave c. This support is near the June 28 low of $1,180.71.

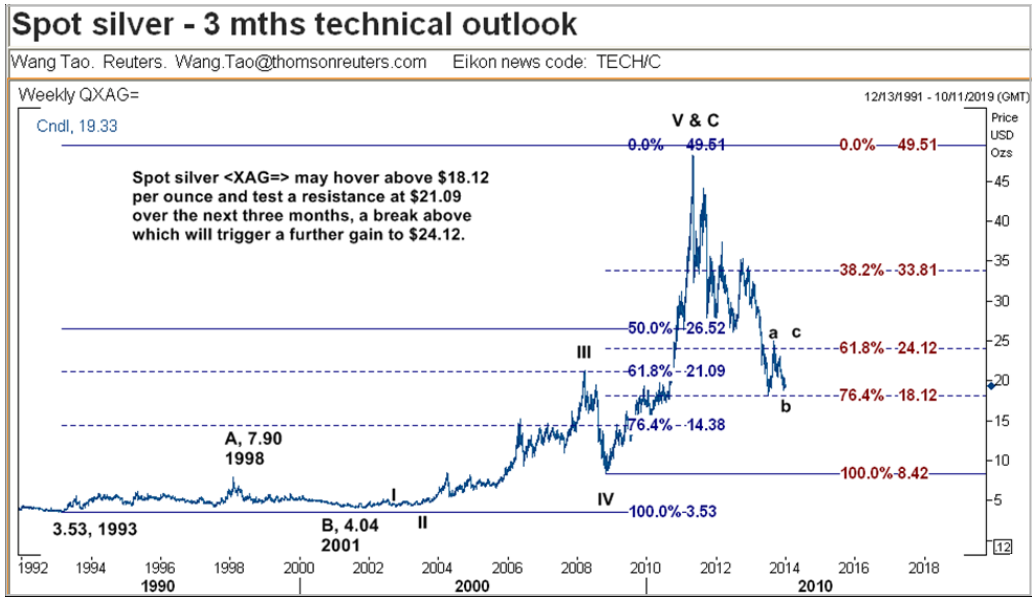
This support, together with the one at $1,200, has formed a strong support zone, which will force gold to bounce towards the upper channel line.

A Fibonacci retracement analysis on the fall from $1,433.31 to $1,187.10 reveals the upper trendline is around $1,281, the 38.2 percent level.

The completion of the rebound will be followed by the resumption of the long-term downtrend towards $1,086, the 50 percent Fibonacci retracement on the rise from the Aug. 25, 1999 low of $251.70 to $1,920.30.

REUTERS™

SPOT SILVER TO HOVER ABOVE $18.12 IN THREE MONTHS



Spot silver may hover above $18.12 per ounce and test a resistance at $21.09 over the next three months, a break above which will trigger a further gain to $24.12.

The metal has not completed a rebound triggered by the support at $18.12, the 76.4 percent Fibonacci retracement on the rise from the October 2008 low of $8.42 to the April 2011 high of $49.51.

The rebound may consist of three waves, so far only two waves have completed. The third wave, labelled c, may push silver up again towards $24.12, the 61.8 percent retracement.

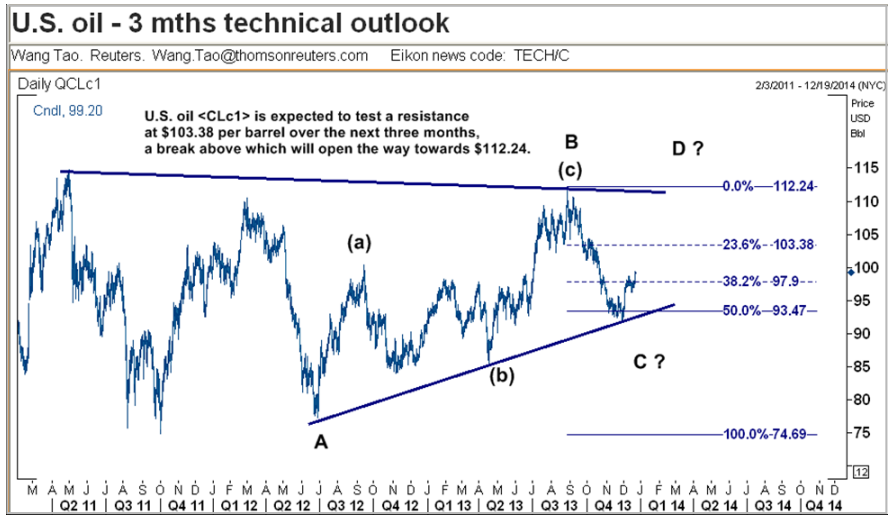
However, it is not very clear how strong wave c could be, as it may end around a resistance at $21.09, the 61.8 percent Fibonacci retracement on the rise from the 1993 low of $3.53 to $49.51.

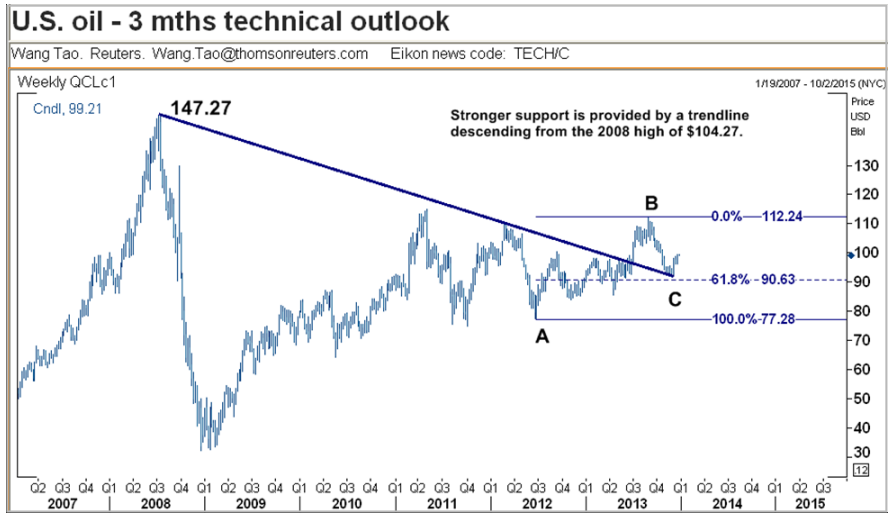
As a result, it is strategically safe to target $24.12 when silver breaks above $21.09.

A drop below the June 28 low of $18.19 may confirm the resumption of the downtrend towards $14.38, the 76.4 percent retracement on the rise from $3.53 to $49.51.

REUTERS™

U.S. OIL TO TEST RESISTANCE AT $103.38 IN THREE MONTHS





U.S. oil is expected to test a resistance at $103.38 per barrel over the next three months, a break above which will open the way towards $112.24.

It seems that oil has been consolidating in a big triangle since the end of April 2011. It might be possible for oil to eventually reach the Aug. 28 high of $112.24, which is close to a resistance provided by the upper trendline of the triangle.

The drop from this high has been driven by a wave C, which was interrupted by a support at $93.47, its 50 percent Fibonacci projection level.

The current rise from the Nov. 29 low of $92.06 is tentatively labelled as a wave D that is heading towards $103.38, the 23.6 percent projection level, as it has travelled above a resistance at $97.90, the 38.2 percent level.

Even though the current rise seems to be triggered by the support provided by the lower trendline of the triangle, there is a deeper reason.

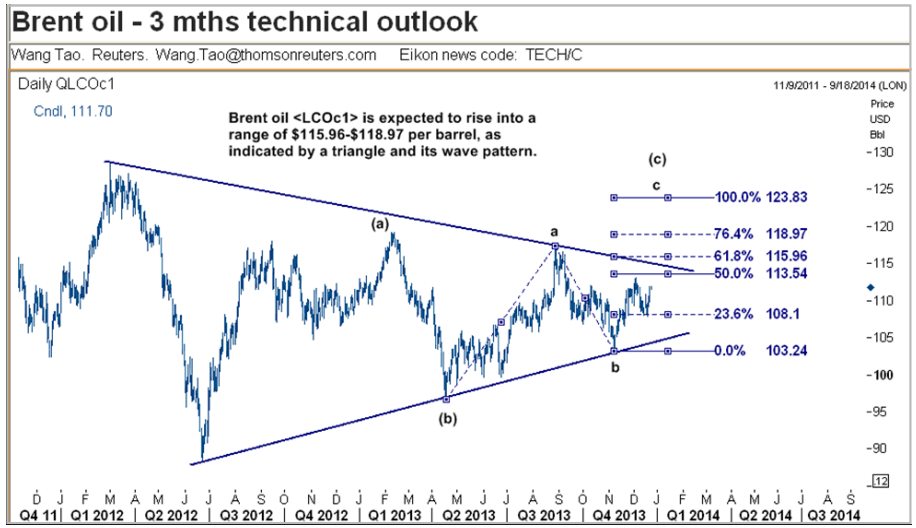
This support has been strengthened by two other supports, respectively provided by a trendline descending from the 2008 high of $104.27 and the 61.8 percent Fibonacci retracement on the rise from the June 2012 low of $77.28 to $112.24.

These three supports have worked together to form a support zone that has contributed to the development of the current uptrend.

A drop below the Dec. 16 low of $96.21 will complicate the picture and make signals neutral. However, only a deeper fall below 92.06 could confirm the resumption of the wave C towards $74.69, its 100 percent projection level.

REUTERS™

BRENT OIL TO RISE INTO $115.96-$118.97 RANGE IN THREE MONTHS



Brent oil is expected to rise into a range of $115.96-$118.97 per barrel over the next three months, as indicated by a triangle and its wave pattern.

The triangle started to form since early March 2012 and is converging to a point. Each time oil touched the lower trendline of the pattern, it bounced up. It seems oil is heading towards the upper trendline which is about $114.80.

Wave pattern shows that oil is riding on a wave c, which is a part of bigger wave (c) that developed from the April 19 low of $99.04. A Fibonacci projection analysis reveals that the wave (c) could be strong enough to reach $123.83, the 100 percent projection level.

At least, the 61.8 percent projection level at $115.96 should be reached. Once oil travels to $115.96, a break above the upper trendline of the triangle will be confirmed and this pattern will then be proved as a bullish continuation pattern.

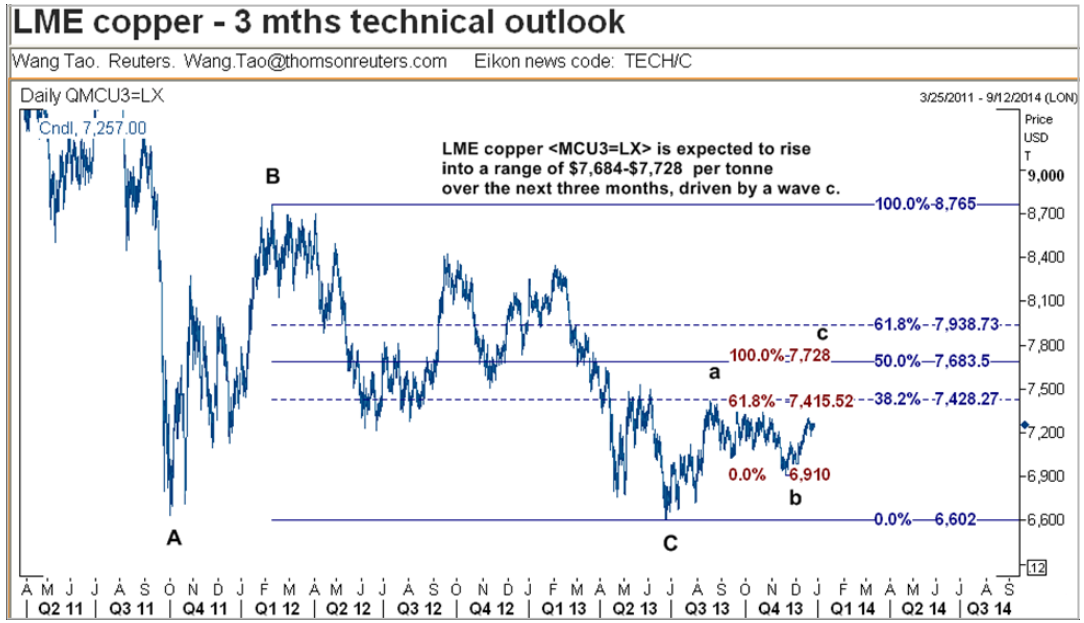
After failing to break the resistance at $113.54, the 50 percent projection level, oil has retraced to a support at $108.10, the 23.6 percent projection level.

With oil having almost recovered the drop from the Dec. 4 high of $113.02, the wave c could have resumed.

A break below $108.01 may trigger a further loss towards the lower trendline of the triangle at $104.70. Only a further drop below $103.24 could confirm the triangle to be a bearish pattern.

REUTERS™

LME COPPER TO RISE INTO $7,684-$7,728 RANGE IN THREE MTHS



LME copper is expected to rise into a range of $7,684-$7,728 per tonne over the next three months, driven by a wave c.

This is the third wave of a three-wave cycle that developed from the June 25 low of $6,602. At its full capacity, the wave c may travel to $7,728, its 100 percent Fibonacci projection level.

The first wave, the wave a, has ended around a resistance at $7,428, the 38.2 percent Fibonacci retracement on the fall from the Feb. 9, 2012 high of $8,765 to $6,602.

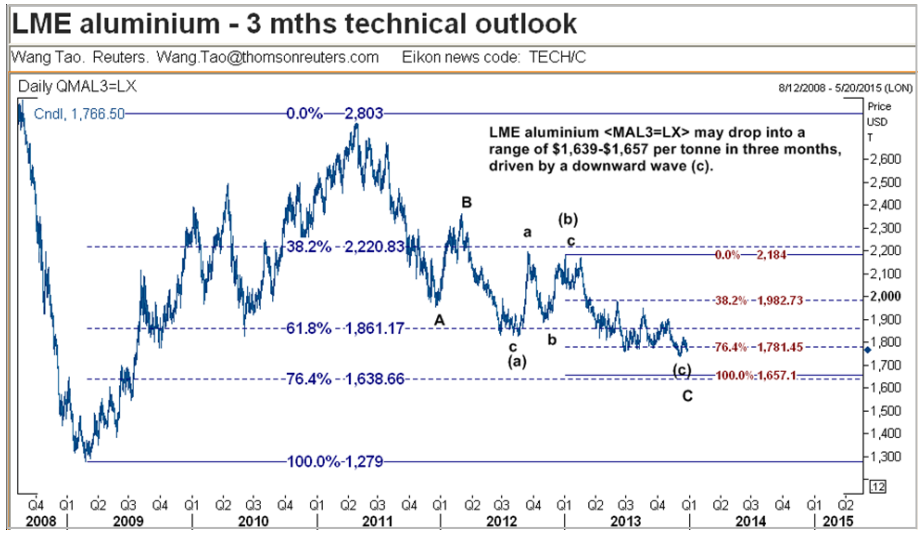
The second wave, the wave b, has been almost reversed. The reversal indicates a good chance of the wave c to break the resistance at $7,428 and rise further towards the next resistance at $7,684, the 50 percent retracement.

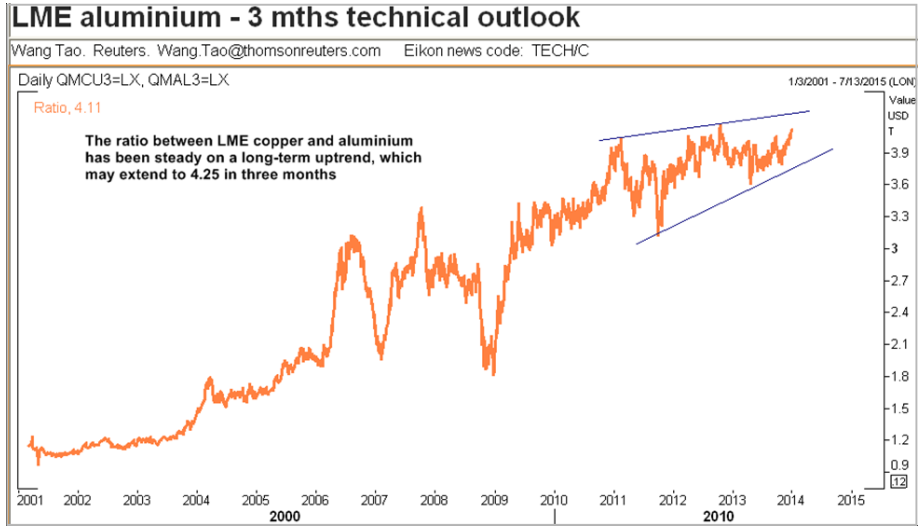
The resistance will be strengthened by another one at $7,416, the 61.8 percent Fibonacci projection level of the wave c. Sometimes, the wave c may travel a shorter distance than the wave a. As a result, bulls should be cautioned if copper loses its momentum when approaching $7,428.

Support is at $7,103, a break below which will make signals neutral. A deeper drop below the Nov. 19 low of $6,910 may signal a resumption of the long-term downtrend towards $6,602.

REUTERS™

LME ALUMINIUM TARGETS $1,639-$1,657 RANGE IN THREE MONTHS





LME aluminium may drop into a range of $1,639-$1,657 per tonne in three months, driven by a downward wave (c).

This is the third wave of a bigger wave C that developed from the March 2, 2012 high of $2,361.50. A Fibonacci projection analysis reveals that the wave (c) has travelled below a support at $1,781, its 76.4 percent level, and is heading towards the next support at $1,657.

In the meantime, a Fibonacci retracement analysis shows that the metal has fallen far below a support at $1,861, the 61.8 percent retracement on the rise from the Feb. 24, 2009 low of $1,279 to the May 3, 2011 high of $2,803. Chances are it may slide to the 76.4 percent level at $1,639.

This is especially possible after aluminium broke the support at $1,781, as there might not be any other support until it reaches the target zone of $1,639-$1,657.

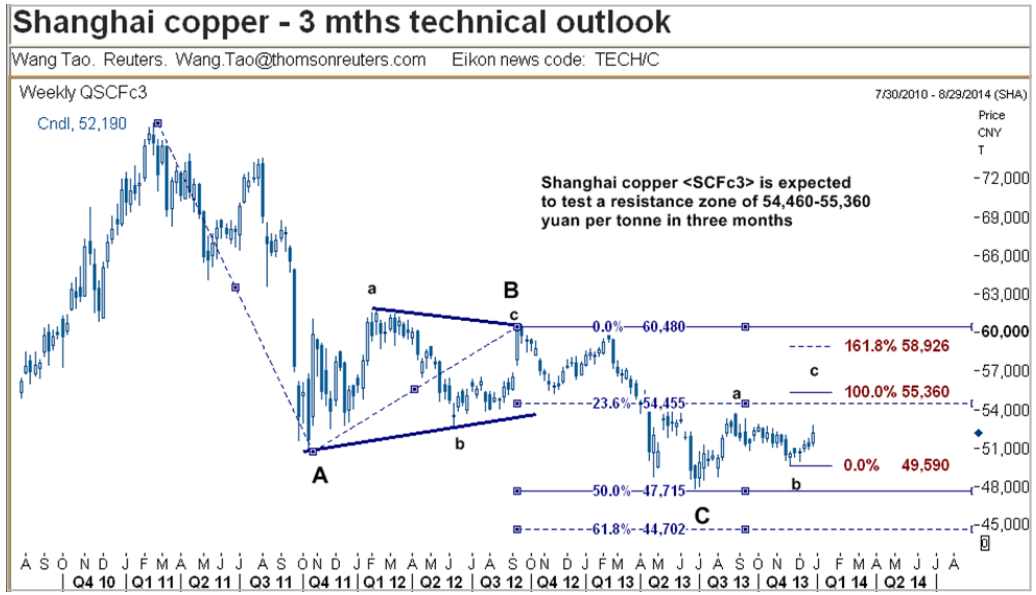
Aluminium's drop may look suspicious in reference to the bullish outlook on copper, as these two contracts most of the time showed strong correlation in their moves historically.

However, since the ratio between them has been steady on a long-term up-trend, which may extend to 4.25 in three months, the future departure of their moves looks more acceptable.

A break above $1,861 may trigger a further gain to $1,983, the 38.2 percent projection level.

REUTERS™

SHANGHAI COPPER TO RISE INTO 54,460-55,360 YUAN RANGE IN 3 MTHS



Shanghai copper is expected to test a resistance zone of 54,460-55,360 yuan per tonne in three months, a break above 55,360 yuan will open the way towards another resistance range of 58,930-60,480 yuan.

The current rise from the Nov. 19 low of 49,590 yuan has been driven by a wave c, the third wave of a three-wave cycle that developed from the June 25 low of 47,860 yuan.

The first wave, the wave a, has peaked slightly below 54,460 yuan, a resistance provided by the 23.6 percent Fibonacci projection level of a big wave C that started at the Sept. 14, 2012 high of 60,480 yuan.

The wave c may be strong enough to break this resistance and test another one at 55,360 yuan, its 100 percent projection level.

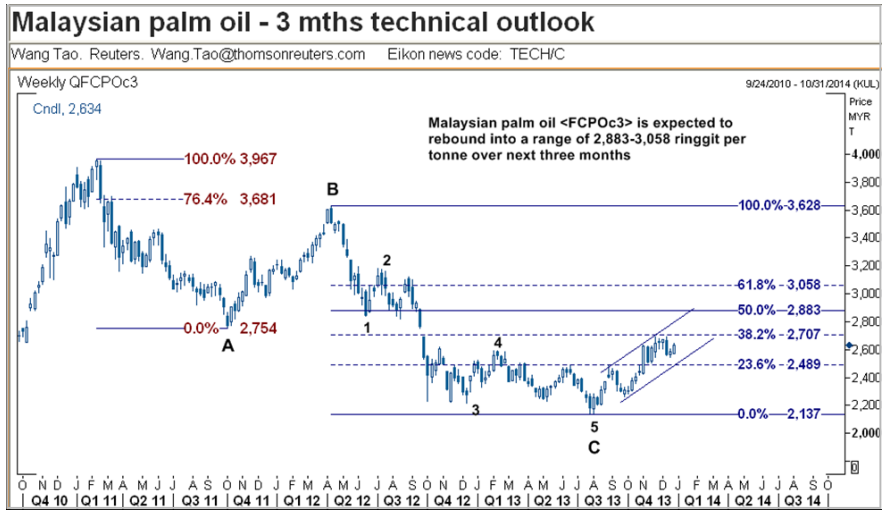
The three-wave cycle is tentatively classified as a rebound against the wave C, but it could also be a bounce against a bigger downtrend that developed from the Feb. 15, 2011 high of 76,290 yuan.

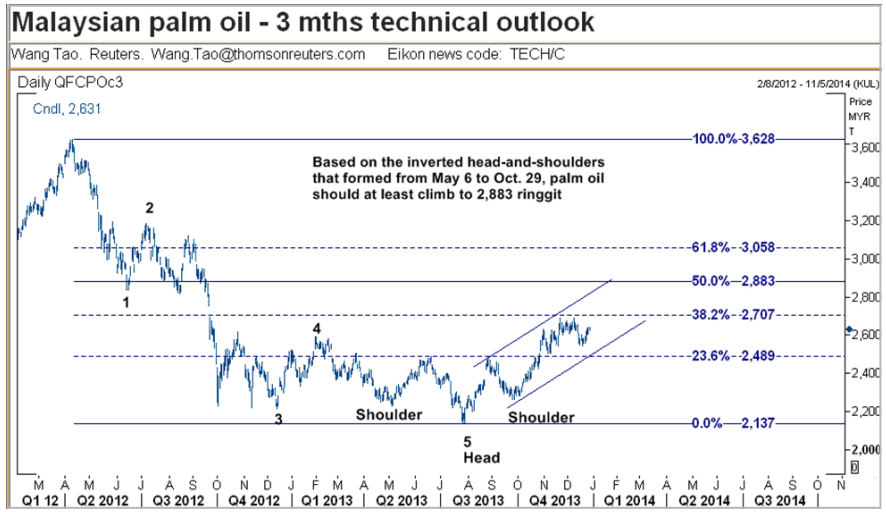
As a result, a break above 55,360 yuan might be possible, leading to a further gain towards the 161.8 percent projection level of the wave c at 58,930 yuan.

Support is at 49,590 yuan, a break below which will make signals neutral. A further drop below 47,720 yuan will confirm the resumption of the preceding long-term downtrend towards 44,700 yuan, the 61.8 percent projection level of the wave C.

REUTERS™

PALM OIL TO CLIMB INTO 2,883-3,058 RINGGIT IN 3 MONTHS





Malaysian palm oil is expected to rebound into a range of 2,883-3,058 ringgit per tonne over the next three months, as indicated by a Fibonacci retracement analysis and an inverted head-and-shoulders.

The rebound followed the completion of a downward wave C and may match the previous wave B in strength.

The wave B has reversed almost 76.4 percent of the preceding wave A that fell from the Feb. 10, 2011 high of 3,967 ringgit and bottomed at the Oct. 6, 2011 low of 2,754 ringgit.

A Fibonacci retracement analysis on the fall from the April 10, 2012 high of 3,628 ringgit to the July 26, 2013 low of 2,137 ringgit reveals a target range of 2,883-3,058 ringgit, respectively the 61.8 percent and the 50 percent retracements.

Based on the inverted head-and-shoulders that formed from May 6 to Oct. 29, palm oil should at least climb to 2,883 ringgit. However, there will not be any guarantee on an extension of the uptrend.

The upper channel line of a small rising channel also suggests the current uptrend may peak around 2,883 ringgit.

Strategically, the high of the range at 3,058 ringgit will only be confirmed as a target when palm oil breaks above 2,883 ringgit,

Support is at 2,489 ringgit, a 23.6 percent Fibonacci retracement, a break below which may trigger a further drop to the Sept. 26, 2013 low of 2,265 ringgit.

REUTERS™

CBOT SOYBEANS TARGET $14.61-$15.25 RANGE IN 3 MONTHS

CBOT soybeans first-month may rise into a range of $14.61-$15.25 per bushel, as the first phase of a downtrend from the Sept. 4, 2012 high of $17.94-3/4 may have completed.

The completion has been indicated by soybeans' second failure to break a support at $12.62-1/2, the 38.2 percent Fibonacci retracement on the rise from the 1999 low of $4.01-1/2 to $17.94-3/4.

The first failure occurred when soybeans attempted to approach this support on Aug. 15, but only managed to touch a low at $12.71.

Working together with the support is another one provided by the trendline ascending from the September 2006 low of $5.26-1/2.

The immediate effect of these two supports is a strong bounce from the Nov. 5 low of $12.55. Such a bounce is even a better indication on the completion of the first part of the downtrend.

A Fibonacci retracement analysis on the fall from $17.94-3/4 to $12.55 reveals the target range formed by the 38.2 percent and the 50 percent retracements. A break above $15.25 will open the way towards $15.88-1/2, the 61.8 percent retracement.

It must be noted that the downtrend from $17.94-3/4 will eventually resume, as in terms of duration, the trend has lasted only about one year, too short to be a counter trend against the 13 years bull trend that developed from $4.01-1/2.

A drop below $12.55 may indicate the resumption of the trend towards $10.98, the 50 percent retracement on the rise from $4.01-1/2 to $17.94-3/4.

REUTERS™

CBOT CORN MAY REBOUND TO $5.05-1/2 IN 3 MONTHS

CBOT corn may rebound to $5.05-1/2 per bushel in the next quarter, as it has found a support zone of $4.25-3/4 to $4.37.

The zone has been formed by the 76.4 percent Fibonacci retracement on an uptrend from the 2009 low of $2.96-3/4 to the 2012 high of $8.43-3/4 and the 61.8 percent Fibonacci retracement on a bigger trend from the 2005 low of $1.85-3/4 to the same high.

Strengthening the support zone is another support provided by a trendline ascending from $1.85-3/4. These supports have worked together to stop corn from sliding more as it has only managed to briefly pierce below $4.25-3/4.

There have not been any decent rebounds after corn broke two former supports at $6.34-3/4 and $5.05-1/2, respectively the 38.2 percent and the 61.8 percent retracements on the uptrend from $2.96-3/4 to $8.43-3/4.

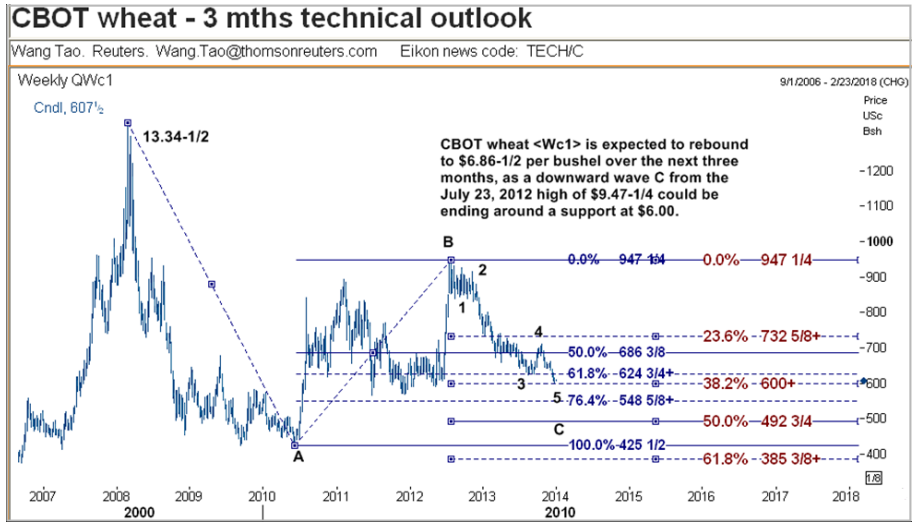
A good bounce may be developing towards $5.05-1/2, as indicated by the recovery of the price from the Dec. 2 low of $4.10 and the gain of the weekly RSI above 30.

Strategically, it could be better to target $5.05-1/2 when corn climbs above $4.37.

A drop below $4.10 may signal a resumption of the downtrend towards $3.41, the 76.4 percent retracement on the uptrend from $1.85-3/4.

REUTERS™

CBOT WHEAT TO BOUNCE TO $6.86-1/2 IN THREE MONTHS



CBOT wheat is expected to rebound to $6.86-1/2 per bushel over the next three months, as a downward wave C from the July 23, 2012 high of $9.47-1/4 could be ending around a support at $6.00.

The support is provided by the 38.2 percent Fibonacci projection level of the wave C which seems to have unfolded its five component waves labelled 1, 2, 3, 4, 5.

The projection analysis is based on the length of the preceding wave A falling from the 2008 high of $13.34-1/2 to the June 9, 2010 low of $4.25-1/2 and the peak of the wave B at $9.47-1/4.

This support should not be ignored as the former support at $7.32-1/2, the 23.6 percent level, has triggered a rebound to $7.99-3/4, the Jan. 22 high. The current support is stronger and may cause another rebound.

Besides these two supports, there is another set of supports that have been working very well. They are various Fibonacci retracements on the rise from $4.25-1/2 to $9.47-1/4.

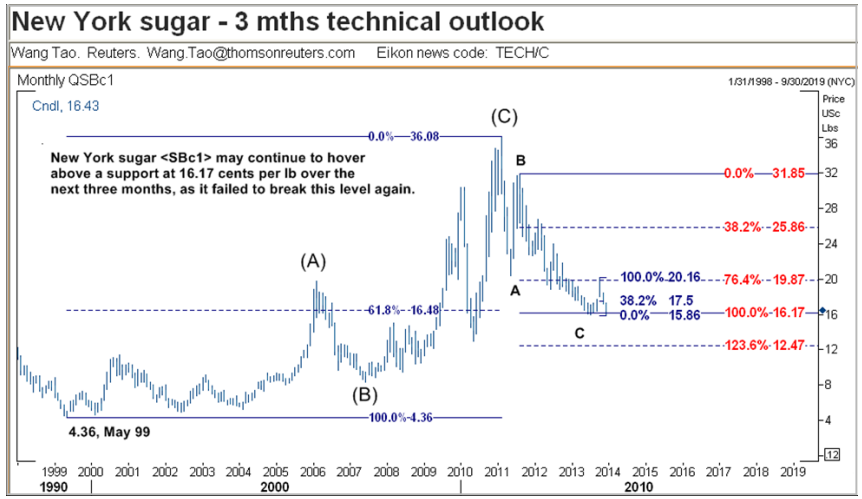
The most effective one is at $6.24-3/4, the 61.8 percent retracement, which was so strong that it took wheat about four months to overcome this barrier.

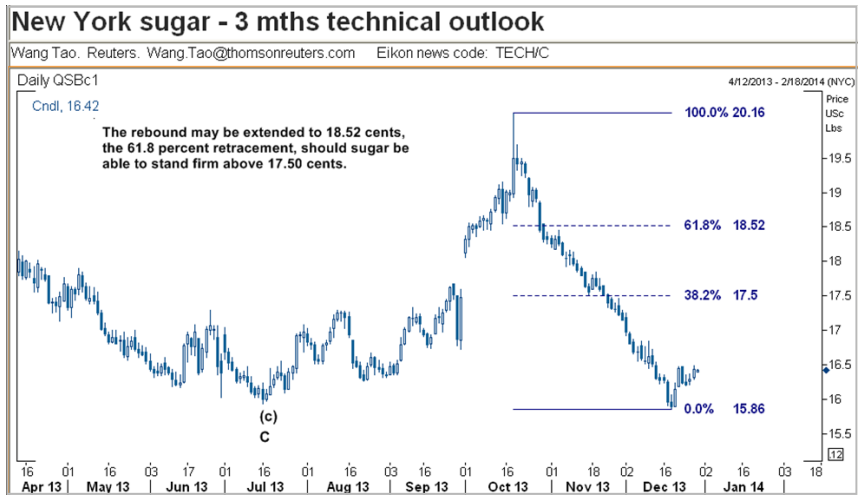
Wheat could have used up its bearish momentum and may fail to break the support at $6.00.

A drop below $5.89 may signal a resumption of the wave C towards $5.48-1/2, a 76.4 percent retracement.

REUTERS™

NY SUGAR TO HOVER ABOVE 16.17 CENTS IN THREE MONTHS





New York sugar may continue to hover above a support at 16.17 cents per lb over the next three months, as it failed to break this level again.

The support is provided by the 100 percent Fibonacci projection level of a downward wave C - the third wave of a three-wave cycle that developed from the February 2011 high of 36.08 cents.

This support has been strengthened by another one at 16.48 cents, the 61.8 percent Fibonacci retracement on a preceding uptrend from the May 1999 low of 4.36 cents to 36.08 cents.

A rebound triggered by the support has ended around a resistance at 19.87 cents, the 76.4 percent projection level.

However, the support is likely to cause another weaker rebound to 17.50 cents, the 38.2 percent Fibonacci retracement on the fall from the Oct. 18, 2013 high of 20.16 cents to the Dec. 18 low of 15.86 cents.

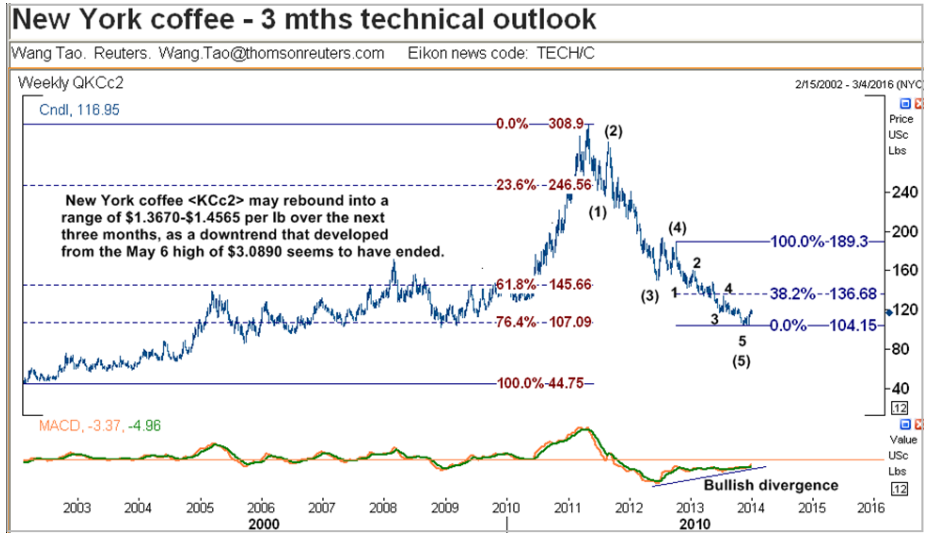
This rebound will be considered as a part of a downtrend that developed from 36.08 cents, as indicated by the low at 15.86 cents, which is lower than the previous one at 15.93 cents touched on July 16, 2013.

The completion of the current rebound will be followed by a resumption of the downtrend towards 12.47 cents, the 123.6 percent projection level.

The rebound may be extended to 18.52 cents, the 61.8 percent retracement, should sugar be able to stand firm above 17.50 cents.

REUTERS™

NY COFFEE TO REBOUND INTO $1.3670-$1.4565 RANGE IN 3 MTHS



New York coffee may rebound into a range of $1.3670-$1.4565 per lb over the next three months, as a downtrend that developed from the May 6 high of $3.0890 seems to have ended.

The trend could be divided into five waves labeled (1), (2), (3), (4), (5). Co-incidentally, the wave (5) completed around a strong support at $1.0710, the 76.4 percent Fibonacci retracement on the rise from the Dec. 4, 2001 low of $0.4475 to $3.0890.

Cocoa rebounded strongly when arriving at $2.4655 and $1.4565, respectively the 23.6 percent and the 61.8 percent retracements. Chances are, a stronger rebound may have started towards $1.4565, as indicated by the bullish divergence on the weekly MACD.

A Fibonacci retracement on the fall from the Oct. 3, 2012 high of $1.8930 to the Nov. 6 low of $1.0415 reveals the low of the target range at $1.3670, the 38.2 percent retracement.

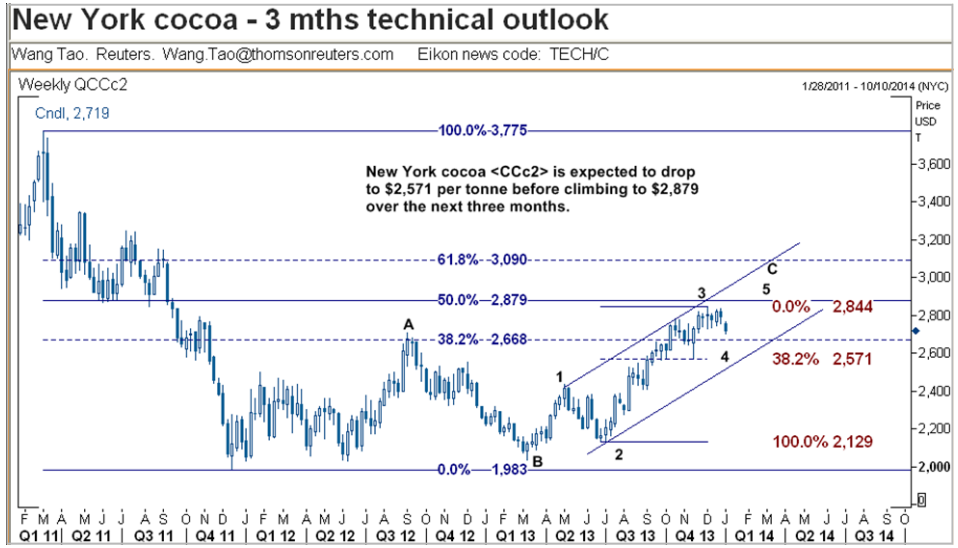
The symmetrical nature of the chart indicates the current movement could be mirroring the part of the chart from the Feb. 29, 2008 high of $1.7190 to the Dec. 5, 2008 low of $1.0215, only in an inverse order.

If this is the case, a more aggressive target could be near $1.7190.

However, coffee may take a longer time to rise to $1.7190, probably six to nine months.

A drop below $1.0415 will undoubtedly confirm the resumption of the downtrend, towards $0.9430.

NY COCOA TO DROP TO $2,571 BEFORE RISING TO $2,879 IN 3 MTHS



New York cocoa is expected to drop to $2,571 per tonne before climbing to $2,879 over the next three months.

Cocoa is riding on a wave C which has been developing its five component waves within a rising channel. So far, only three waves have completed.

The fourth wave labelled 4 is falling towards $2,571, the 38.2 percent Fibonacci retracement on the rise from the June 28 low of $2,129 to the Dec. 2 high of $2,844.

The lower channel line of the channel provides a support around $2,571. As a result, the upward wave 5 may start from around this level and rise towards $2,879, the 50 percent Fibonacci retracement on the fall from the March 4, 2011 high of $3,775 to the Dec. 12, 2011 low of $1,983.

A break above $2,879 may confirm the extension of wave 5 towards $3,090, the 61.8 percent retracement on the downtrend from $3,775 to $1,983.

Given that the current uptrend is a part of a three-wave cycle that started from the June 4, 2012 low of $2,031, there will be a slim chance of cocoa to break $3,090 and surge higher.

A drop below $2,500 will signal a completion of the wave C, a break target at $2,300 will be established then.

REUTERS™

DOLLAR INDEX TO DROP INTO 77.302-77.925 RANGE IN 3 MTHS

The dollar index is expected to fall into a range of 77.302-77.925 in three months, driven by a downward wave (c).

This is the third wave of a three-wave cycle that developed from the July 9 high of 84.753. The cycle will further reverse the preceding uptrend from the May 4, 2011 low of 72.696 to 84.753.

A Fibonacci retracement analysis reveals that the first wave, the wave (a), has approached a support at 78.725, the 50 percent retracement, but failed to break it.

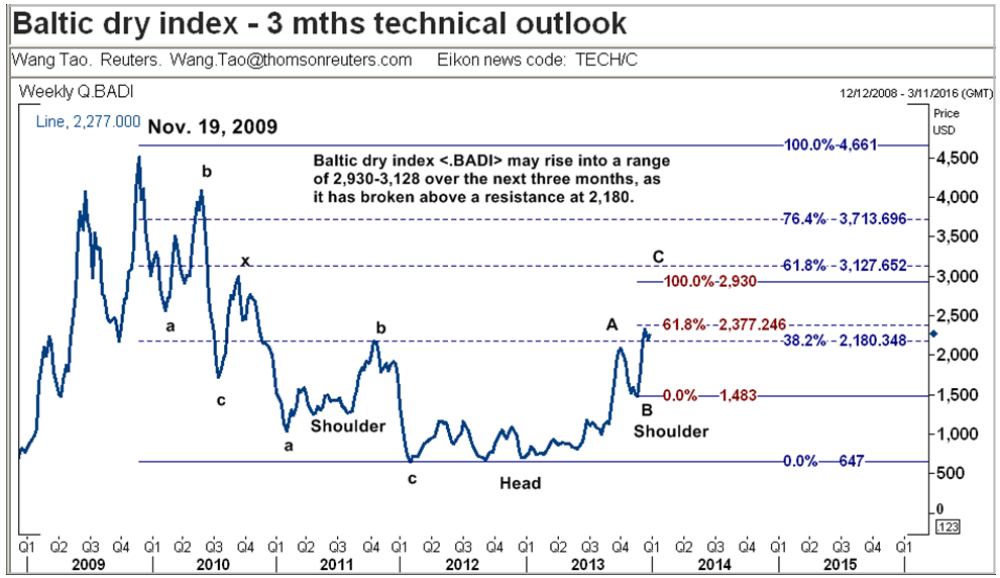
The current wave (c) could be strong enough to break this support and travel to 77.302, its 61.8 percent retracement. To reach 77.302, the wave (c) has to overcome a barrier at 77.925, its 61.8 percent Fibonacci projection level.

Strategically, the target range of 77.302-77.925 will be confirmed when the index slides below 79.30, a support provided by a trendline ascending from 72.696.

A rise above the Nov. 8 high of 81.482 will confirm an extension of the re-bound from the Oct. 25 low of 78.998, towards 82.54.

REUTERS™

BALTIC DRY INDEX TO RISE INTO 2,930-3,128 RANGE IN 3 MONTHS



Baltic dry index may rise into a range of 2,930-3,128 over the next three months, as it has broken above resistance at 2,180.

Resistance is provided by the 38.2 percent Fibonacci retracement on the fall from the November 2009 high of 4,661 to the February 2012 low of 647. It is strengthened by another one at 2,173, the Oct. 14, 2011 high.

The break above these two resistances are significant, as an uptrend has been confirmed extending towards 3,128, the 61.8 percent retracement.

In addition, an inverted head-and-shoulders has been confirmed. This pattern has been forming since early August 2011 and points a target at 3,714, the 76.4 percent retracement, which could be too aggressive within a three-month period.

Further bullish indication has been given by a Fibonacci projection analysis which reveals a target of the current wave C at $2,930. A drop below 2,100 may find support at 1,900.

Intraday technical outlooks are available to Eikon and Xtra 3000 users on the following 13 products:
U.S. oil, Brent oil, spot gold, LME copper, LME aluminium, Shanghai copper, Malaysian palm oil, CBOT soybeans, CBOT corn, CBOT wheat, New York sugar #11, New York coffee and New York cocoa. 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;
Compiled by Newsletters Team in Bangalore, commodity.briefs@thomsonreuters.com

For more information:

Learn more about our products and services for commodities professionals, click here
Send us a sales enquiry, click here
Contact your local Thomson Reuters office, click here