Overall commodities look bullish in Q4. Brent and WTI are firm on medium-term uptrend, while copper and aluminium are poised to resume their rallies. Similarly, palm oil and TOCOM rubber are expected to retrace first before rising again. European rapeseed may break key resistance, and gain more. Although, soybeans, corn and wheat have bottomed out, they are slowly climbing up. On the other hand, cocoa and coffee are slated to revisit highs touched in Q3.

**Wang Tao** is a Reuters market analyst for commodities and energy technical. 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 adviser for business, financial or legal advice regarding the products mentioned in the analyses. **
Brent oil may rise to $65.80 by year-end

Brent oil may rise to $65.80 per barrel by year-end, as suggested by its wave pattern and a Fibonacci ratio analysis. The contract is riding on a wave C, the third wave of a presumed three-wave cycle from the January 20, 2016 low of $27.10. The cycle has been controlled by two sets of Fibonacci retracements. One set is on the downtrend from the July 2008 high of $147.50 to $27.10, while the other on a shorter downtrend from the March 2012 high of $128.40 to $27.10. After the successive gains over the past few weeks, oil finally overcame a barrier at $55.51, the 23.6 percent retracement of the longer downtrend. This is the second time that oil stood above this resistance. Theoretically, it could gain more to $73.09, which looks too far away to be a realistic target. It makes more sense to target $65.80 first.

A detailed study on the wave structure of the cycle suggests a similar target at $63.67, the 61.8 percent Fibonacci projection level of the wave C. The study reveals that the wave A consists of three smaller waves. The third wave labelled (c) is about 61.8 percent of the wave (a) in length.

Such a mathematical relation could exist between the wave C and the wave A, which means the wave C could travel a distance roughly 0.618 times the length of the wave A, to extend to $63.67. The wave C consists of many smaller waves as well. Based on the structure of the wave (-a-), the wave C may not be disrupted by a deep correction until it reaches $63.67. A break below $55.51, now a support (first chart), could signal the progress of such a correction towards $51.01.
U.S. oil to retest resistance at $54.66

U.S. oil is expected to retest a resistance at $54.66 per barrel, a break above which could lead to a gain to the next resistance at $60.09 in three months. The contract is riding on a wave C, the third wave of a presumed three-wave cycle from the Feb. 11, 2016 low of $26.05. The cycle so far has been well controlled by a few retracements on the downtrend from the July 2008 high of $147.27 to $26.05. The 23.6 percent retracement at $54.66 stopped the first wave labelled A and triggered a correction that could have ended around $43.75. The wave C has a fierce character and could extend to $71.24 at its full capacity. However, this target seems to be too far away to be realistic by year end. A more proper target could be $60.09, the 61.8 percent projection level. It is not very clear if the wave C could travel above $54.66 effortlessly this time. The clearer part will be correction to be triggered by this barrier may be much shallower than the preceding one, to be limited to $48.94. A closer look at the structure of the wave A shows that it consists of three smaller waves. The third wave labelled (c) is 61.8 percent of the wave (a) in length. This ratio may be applied to the relation between the wave C and the wave A, which suggests that the wave C could extend to $60.09.

Weekly chart

[Weekly chart image]

Daily chart

[Daily chart image]
Spot gold may test support at $1,252

Spot gold may test a support at $1,252 per ounce in three months, a break below which could trigger a further drop towards the next support at $1,174. These supports are identified respectively as the 23.6 percent and the 14.6 percent Fibonacci retracements on the downtrend from the Sept. 6, 2011 high of $1,920.30 to the Dec. 3, 2015 low of $1,045.85. The retracement analysis also reveals a key resistance at $1,380, which has apparently stopped the bounce from $1,045.85 again. Gold retraced deeply after its first failure to break above $1,380 in July 2016. Even though it is not very certain how deep the current correction will be, a drop to $1,252 could be highly likely. The pattern from $1,045.85 looks like a wedge after the drop from the Sept. 8 high of $1,357.54. The wedge suggests an aggressive target at $1,174. The drop could be classified as a pullback towards the trendline falling from $1,920.30. The trendline will provide a support around $1,235. Gold may not have a decent bounce until it falls into the support zone of $1,235-$1,252. A break below the trendline will confirm the bearish target at $1,174. Resistance is at $1,326, the 61.8 percent Fibonacci projection level of an upward wave C, a break above which could lead to a gain to $1,380.
3-MONTH TECHNICALS

Spot silver rangebound between $14.38 and $21.09

Spot silver is expected to be range bound between $14.38 and $21.09 per ounce over the next three months, as suggested by a Fibonacci retracement analysis. The range is formed by the 76.4 percent and the 61.8 percent Fibonacci retracements on the uptrend from the 1993 low of $3.53 to the April 2011 high of $49.51. Wave pattern suggests the development of a flat pattern, which consists of three waves that are roughly equal in length. This pattern indicates silver tends to approach $21.09 again. However, it is not very clear if the second wave labelled b has completed, which is capable of extending to $14.38. Another Fibonacci retracement analysis on the downtrend from the August 2011 high of $44.14 to the December 2015 low of $13.60 reveals a much narrower range of $15.74-$18.06, which is formed by the 7 percent and the 14.6 percent retracements. This is also a neutral range which fails to point a direction. A break below $15.74 will cause a loss to $13.60, while a break above $18.06 could lead to a gain to $20.81 which is close to $21.09. Due to its failure to break above $18.06, silver may first retrace to $15.74 and then either drop more or bounce towards $18.06.

Weekly chart
LME copper may test resistance at $7,131

LME copper may test a resistance at $7,131 per tonne in three months, as suggested by its wave pattern and a Fibonacci projection analysis. The resistance is identified as the 38.2 percent Fibonacci projection level of an upward wave (C), the third wave of a three-wave cycle from the 2008 low of $2,825. This wave could be strong enough to eventually travel to $8,870 over a longer term. The metal narrowly missed its near-term target at $7,131 in early September. The drop from the Sept. 5 high of $6,970 is classified as a pullback towards a trendline falling from the 2011 high of $10,190. The pullback could have more or less completed and the uptrend may resume soon. The uptrend from the Jan. 15, 2016 low of $4,318 has a corrective wave structure, consisting of three waves. A Fibonacci projection analysis indicates the third wave labelled (c) may travel to $7,349, its 100 percent level.

The analysis also reveals a support at $6,406, around which the metal seems to be stabilising. A break above $6,628 could signal the continuation of the uptrend towards $6,903. A failure to break $6,628 could indicate a further consolidation between $6,406 and $6,628 or an extension of the correction from $6,970 towards $6,183.

Weekly charts

Daily charts
LME aluminium may test resistance at $2,330

LME aluminium may test a resistance at $2,330 per tonne in three months, a break above which could open the way towards the next resistance at $2,480.

The resistance is identified as the 50 percent Fibonacci retracement of the downtrend from the July 2008 high of $3,380 to the February 2009 low of $1,279. The metal is riding on a steady uptrend, which is driven by a wave (3), the third wave of a five-wave cycle from the November 2015 low of $1,432.50. This wave has travelled above $2,082 and is unfolding towards $2,330. However, it has to break a lower resistance at $2,279 before extending to $2,330. The resistance will be established by the 61.8 percent Fibonacci retracement of a shorter downtrend from the May 2011 high of $2,803 to $1,432.50. The resistance zone of $2,279-$2,330 could be strong enough to trigger a decent correction, or at least to stop the powerful wave (3) for a few weeks. Bulls should be cautioned once aluminium breaks below $2,082, now a support, as the break could signal a retracement towards $1,956, which is suggested by a narrow rising channel.
Palm oil may retest 2,905 ringgit range

Palm oil may retrace into a range of 2,537-2,606 ringgit per tonne, before retesting a resistance at 2,905 ringgit in three months, as suggested by its wave pattern and a Fibonacci retracement analysis.

The contract is riding on a wave C, the third wave of a presumed three-wave cycle from the Aug. 25, 2015 low of 1,863 ringgit. This wave is capable of eventually travelling to Dec. 16, 2016 high of 3,202 ringgit, the peak of the wave A. The wave B reversed roughly 61.8 percent of the wave A, as revealed by a Fibonacci retracement analysis on the rise from 1,863 ringgit to 3,202 ringgit.

Another retracement analysis on the uptrend from 1,863 ringgit to the March 29, 2016 high of 2,793 ringgit shows that the correction from 2,793 ringgit also ended around the 61.8 percent level of 2,218 ringgit.

Similarly, the uptrend from the June 13 low of 2,425 ringgit failed to extend above a key resistance at 2,905 ringgit, the 61.8 percent retracement on the downtrend from 3,202 ringgit to 2,425 ringgit.

It seems that the contract follows the golden ratio closely whenever it has a decent retracement.

Daily chart

The current correction may be deep enough to extend to 2,605 ringgit, a 61.8 percent retracement, or a bit further to 2,536 ringgit.

A break above 2,814 ringgit may signal a resumption of the uptrend towards the range of 3,019-3,202 ringgit.
European rapeseed targets 386.50 euros

European rapeseed first month may test a resistance at 380.25 euros per tonne in three months, with a good chance of breaking above this level and rising more to the next resistance at 386.50 euros. The first resistance is provided by the 38.2 percent Fibonacci retracement on the uptrend from the July 21, 2014 low of 296.50 euros to the Jan. 30 high of 432 euros. The correction from this high has ended around the 61.8 percent level of 348.25 euros. It consists of three waves. The third wave labelled C is about 1.618 times the length of the wave A, as revealed by a Fibonacci projection analysis. This relation makes the following rally from the June 1 low of 351 euros look like more a resumption of the uptrend than a short-lived bounce. Even if this is only a bounce, it may extend to 380.25 as well. The first round of the rally could consist of three small waves. The third wave labelled C is driving the contract towards 386.50 euros, its 100 percent Fibonacci projection level. This projection analysis also marks the immediate resistance at 376.20 euros.

Bulls should be cautioned if the contract fails to overcome this barrier, as the failure will could simply mean the wave C is too weak to extend to 386.50 euros. A break below 365.85 euros may cause a loss into the range of 349.90-359.50 euros.
TOCOM rubber may retrace into 196.90-200 yen range

TOCOM rubber may retrace into a range of 196.90-200 yen per kg in three months before rising towards a resistance at 229.40 yen, as suggested by its wave pattern, a Fibonacci retracement analysis and a rising channel. The downtrend from the Jan. 31 high of 366.70 yen has completed, as indicated by its five-wave structure and the duration of the rally from the June 7 low of 178.80 yen.

The rally has been roughly controlled by a few Fibonacci retracements of the uptrend from the Feb. 12, 2016 low of 144.50 yen to 366.70 yen. The most noticeable one is the 61.8 percent retracement at 229.40 yen, which caused the current correction. A rising channel duplicated from the upper channel suggests a bearish target around 200 yen, while a further slide to 196.90 yen is also likely.

Three small waves make up the rally. The second wave labeled b ended at the Aug. 2 low of 200.03 yen. Wave theory suggests that this low could be approached. The correction is driven by a wave B, the second wave of a three-wave cycle from 178.80 yen. This wave will be totally reversed by the wave C in due course.

The rise from the Sept. 22 low of 208.20 yen is classified as a pullback towards the upper channel. It may end around 220 yen.
CBOT soybeans may rise into $10.39-1/4 to $10.68-1/2 range

CBOT soybeans first month may rise into a range of $10.39-1/4 to $10.68-1/2 per bushel in three months, as suggested by its wave pattern and a Fibonacci ratio analysis. The contract is riding on a wave (c), the third wave of a three-wave cycle from the Nov. 23, 2015 low of $8.44-1/4. This wave has a minimum target of $10.39-1/4, and a maximum target at $12.64-1/2, respectively its 38.2 percent and the 100 percent projection levels. The three-wave structure of the drop from the June 10, 2016 high of $12.08-1/2, along with the strong rise from the June, 23, 2017 low of $9.00-1/4, strongly suggests the completion of a wave (b) and the development of the wave (c). The wave (b) ended approximately on the anniversary of the peak of the wave A at $12.08-1/2. This coincidence provides a more convincing signal that the uptrend from $8.44-1/4 has resumed.

Further bullish indication comes from the second break above the trendline falling from $12.08-1/2. The break suggests a reversal of the downtrend. The current rally will also be controlled by a set of Fibonacci retracements on the downtrend from the September 4, 2012 high of $17.94-3/4 to $8.44-1/4.

The 7 percent retracement of $9.10-3/4 works as a strong support, while the retracement of $10.68-1/2 as a resistance. The wave (c) has a fierce character. It may extend above $10.68-1/2 and then travel towards $11.25-1/4 by year end. A break below the support at $9.53-1/4 may cause a limited loss to $9.10-3/4.
CBOT corn may retest resistance at $3.80

CBOT corn may retest a resistance at $3.80 per bushel in three months, a break above which could open the way towards the next resistance at $4.29.

These resistances are identified as the 14.6 percent and the 23.6 percent Fibonacci retracements on a downtrend from the August 2012 high $8.43-3/4 to the September 2016 low of $3.01.

Wave pattern suggests corn is riding on a wave (c), the third wave of a three-wave cycle from $3.01. The preceding wave (b) has completed around a support at $3.39. The wave (b) has indeed been driving a pullback towards the trendline from $8.43-3/4.

The uptrend from $3.01 to the June 8 high of $3.91-3/4 consists of five waves. Such a structure indicates the development of either a zigzag or a five-wave cycle.

A five-wave cycle would mean a huge upside potential, while a simple zigzag could also suggest an aggressive target at $4.42, the 100 percent Fibonacci projection level of the wave (c). A more realistic target range will be from $3.80 to $3.86-1/4.
CBOT wheat targets $4.98 to $5.15-3/4 range

CBOT wheat first month may rise into a range of $4.98 to $5.15-3/4 per bushel in three months, as it has cleared a resistance at $4.45-1/4. The resistance was provided by the 14.6 percent Fibonacci retracement on the downtrend from the July 2012 high of $9.47-1/4 to the September 2016 low of $3.59-1/2. The trend could be broken down into three waves. The third wave labelled C consists of three smaller waves, with the third wave labelled comprising five waves as well. This structure confirms the completion of the trend. The following gains from $3.59-1/2 further indicate a reversal of the trend. Three waves could make up the uptrend from this level. The first and the second waves have unfolded. The third wave labelled (c) is travelling towards $5.15-3/4, its 61.8 percent Fibonacci projection level. At its full capacity, this wave could extend to $5.91. Wheat may take a longer time to reach the target zone of $4.98 to $5.15-3/4, should it break below $4.45-1/4, now a support, as the break could cause a loss to $4.00-1/2.
NY coffee may retest resistance at $1.4860

New York coffee may retest a resistance at $1.4860 per lb in three months, probably after a further slide to a support at $1.2515, as suggested by its wave pattern and a Fibonacci projection analysis.

The contract is riding on a three-wave cycle from the Nov. 7, 2013 low of $1.0415. Two waves have completed. The third wave labelled (C) is unfolding.

This wave pierced briefly above its 50 percent Fibonacci projection level at $1.7585 in November 2016. It consists of three smaller waves. The first two waves have completed, while the third wave labelled C is developing. Another Fibonacci projection analysis reveals that the wave C approached its 50 percent projection level at $1.4860 but failed to extend above this barrier.

The following correction seems to have adopted a corrective wave mode as well. The third wave labelled c is travelling towards $1.2515. An extension of this wave c may be limited to $1.2210.

A much stronger rally could start in the support zone of $1.2210-$1.2515, towards $1.4860. The rally will be driven by a powerful wave 3 – the third wave of the wave C.

A more optimistic scenario will be that coffee stabilizes around $1.3110 and then resumes its uptrend.
NY cocoa may rise towards $2,323

New York cocoa may break a resistance at $2,106 per tonne and rise towards the next resistance at $2,323 in three months, as suggested by its wave pattern and a Fibonacci retracement analysis. These resistances are identified respectively as the 23.6 percent and the 38.2 percent Fibonacci retracements of the downtrend from the April 2016 high of $3,240 to the April 2017 low of $1,756.

The trend could be broken down into five waves. The fifth wave seems to have failed to extend below the bottom of the third wave, labelled 3. The pattern from $1,756 looks like a double-bottom, which is a convincing reversal pattern. On the long-term monthly chart, the bottom developed around a key support at $1,879, the 61.8 percent Fibonacci retracement of the uptrend from the December 2000 low of $707 to the March 2011 high of $3,775.

The retracement analysis and a falling channel suggest a target around $2,241, slightly lower than $2,323. However, before cocoa rises further, it may retrace to a support at $1,860, as it seems to have somewhat lost its momentum, after breaking above $1,973 (first chart).
CRB index may test resistance at 192.1399

Thomson Reuters CRB index may test a resistance at 192.1399 in three months, a break above which could lead to a gain to the next resistance at 201.507. The first resistance is provided by the 61.8 percent Fibonacci projection level of an upward wave c, the third wave of a three-wave cycle from the Jan. 20, 2016 low of 154.8462. This wave has a minimum target at 192.1399 and a maximum target at 207.9997. Before the index reaches 207.9997, it will face a barrier at 201.507, the 61.8 percent Fibonacci projection level of a downward wave (C) from the April 29, 2011 high of 370.7105. It is not very clear if the cycle could eventually develop into a medium-term or long-term uptrend. However, even if it is simply a bounce, it is likely to be as strong as the one from the June 4, 2012 low of 266.9919. A drop may be limited to a support at 172.5434, which is jointly provided by the 14.6 percent projection level of the wave c and a falling trendline.
Dollar index may test resistance at 95.859

The dollar index may test a resistance at 95.859 in three months, a break above which could lead to a gain to the next resistance at 101.797. These resistances are identified respectively as the 50 percent and the 61.8 percent Fibonacci retracements of the downtrend from the July 2001 high of 121.02 to the March 2008 low of 70.698. The wave pattern shows that the drop from the January high of 103.82 could have been driven by a wave 4, the fourth wave of a five-wave cycle from the May 2011 low of 72.696. This wave could have completed and will be totally reversed by an upward wave 5.

Another Fibonacci retracement analysis on the downtrend from the February 1985 high of 164.72 to 70.698 reveals a support at 92.887, the 23.6 percent level, which contributed a lot to end wave 4.

A further slide may be limited to 89.921.
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