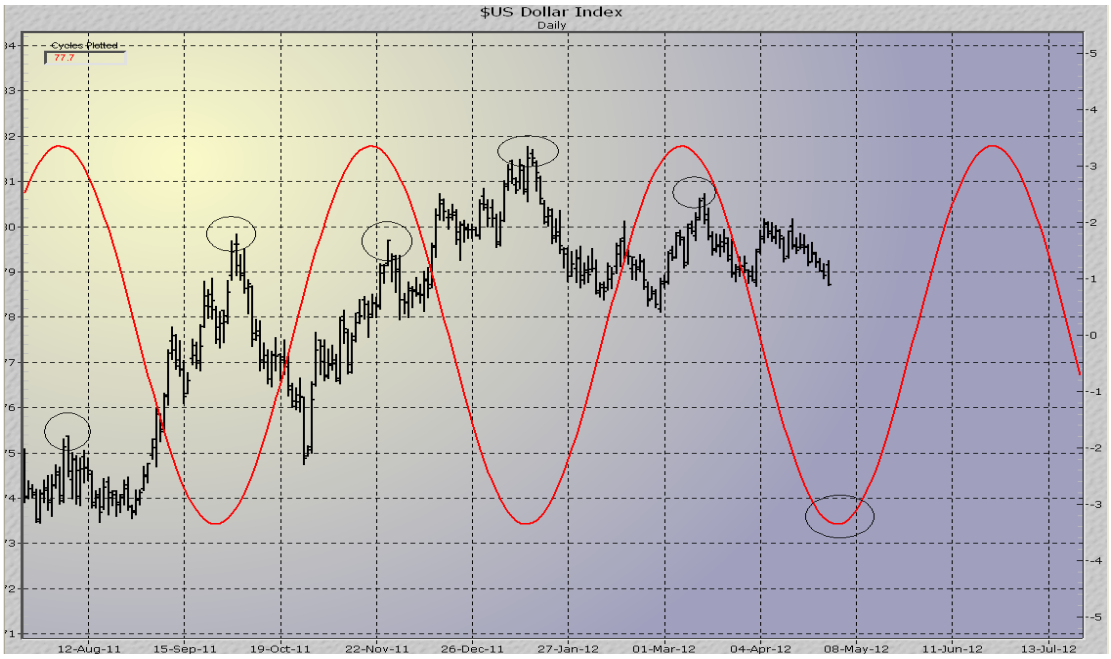
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http://www.investorschronicle.co.uk/comment/the-trader dominic.picarda@ft.com



Monday, 30 April 2012

The dollar is in the right timeframe to change course. The 77-day cycle is bottoming out around now, and the greenback could therefore form a low this week. I see no imminent signs of it, however, as the dollar is not particularly beaten up on its daily chart. My instinct is that this cycle turning-date will be a dud.

In this environment, my preferred strategy would be buying into commodities, particularly copper, which has a strong chart just now. Gold and silver are less convincing from where I am standing.



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GOLD



IG Index chart

I said on Friday that I would have to start taking more notice of gold again were it to get back above its 55-day EMA ($1670.46). The yellow metal almost got to that line during the session and could take it out today. I am not getting carried away yet, though. I just do not see that we have made a major bottom here. Yes, gold is going above $2000. But no, the process probably hasn't started yet.

I am neutral for now, but will have to start looking for longs if gold regains the turf above its 55-day EMA.

SUPPORT	RESISTANCE
$1658.30	$1706.41
$1643.08	$1699.60
$1635.75	$1686.86
$1625.66	$1672.99

SILVER



IG Index chart

Silver may have taken out its 55-fourhourly EMA, but the latest uptrend remains far from decisive, in my view. In particular, silver remains far below its 55-*DAY* EMA, which leaves the overall picture negative for me. If it got to that line – currently **$32.19** – and then reversed, I would regard it as a shorting opportunity. A drop to **$29.78** remains a distinct risk.

I am doing nothing here for now.

SUPPORT	RESISTANCE
$31.08	$32.96
$30.76	$32.49
$30.51	$31.86
$29.94	$31.48

BRENT CRUDE (JUNE)



IG Index chart

The rickettiness of Brent's move upwards from its recent lows is a challenge to my bullish view. As such, I would definitely like to see the black stuff get above its 21-day EMA ($120.19) before trading on the long side here once more. Assuming it can, I foresee a move to **$122.66** in rapid order.

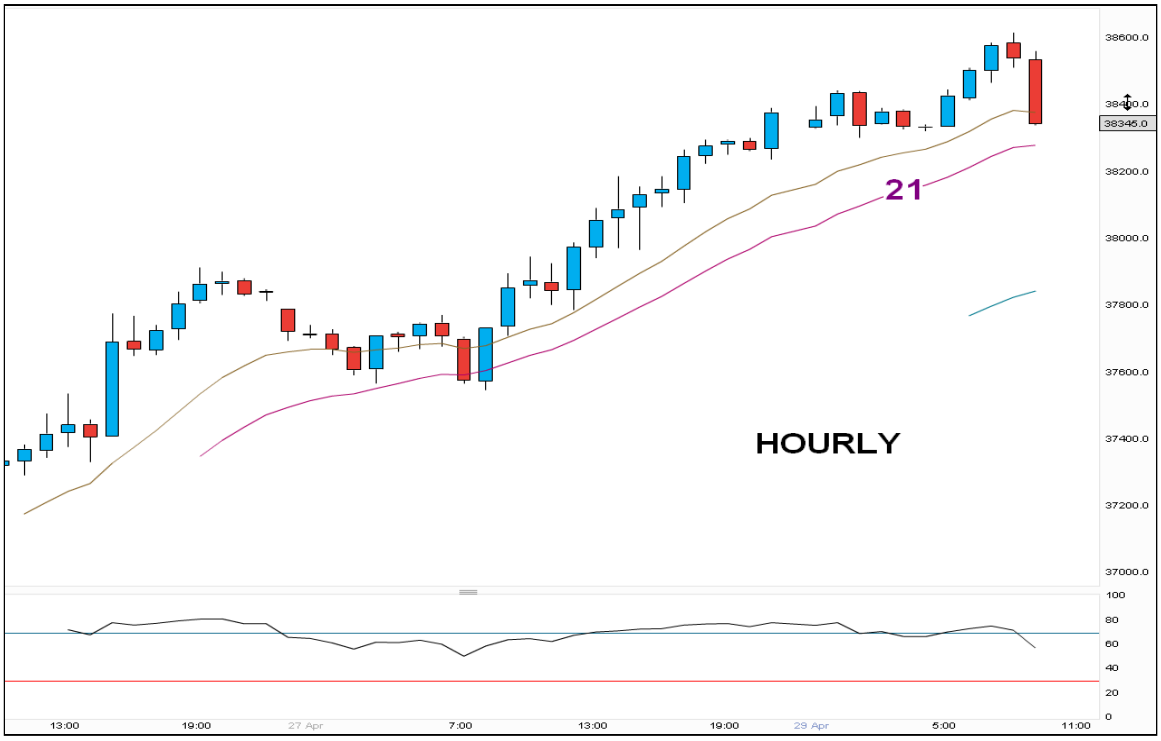
I await a decisive move above that 21-day EMA ($120.19) before trading here.

SUPPORT	RESISTANCE
$118.99	$122.56
$117.87	$121.46
$117.17	$120.47
$116.68	$119.86

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HIGH-GRADE COPPER



IG Index chart

I remain positive on copper after yet another impressive surge on Friday, which took out my target at 383.3¢. The red metal now looks destined to head for the upper end of its January-April range, around **394¢.** My bigger-picture call is for a move through **401¢**. If I am right about the bright outlook for equities, this could happen in the coming weeks.

I'd happily buy a bounce in copper off its 21-HOURLY EMA (382.82¢).

SUPPORT	RESISTANCE
382.85¢	398.95¢
379.00¢	394.23¢
374.66¢	389.91¢
370.63¢	385.21¢

US DOLLAR INDEX



IG Index chart

I have been calling for a drop to the 200-day EMA and that's exactly where the dollar ended last week. If it goes much below here, the outlook will worsen, with a decline to **78.12** the initial goal. However, I would sooner be buying commodities in this environment, rather than shorting the dollar.

I would just about do a tiny short on a failure at the 21-fourhourly EMA (79).

SUPPORT	RESISTANCE
78.66	79.67
78.26	79.47
78.11	79.19
77.80	78.83



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