

Thursday, 28 June 2012

According to Barclays Capital, equities and the Euro have tended to gain in the days after the last 18 major European summits. I would not bet against that from happening again after the latest meeting in Brussels, which begins today and ends tomorrow. However, I do think it unlikely that any beneficial effect will continue for all that long. Failing a really convincing set of measures to tackle the crisis and commitment to genuine reform, I imagine that we will back in risk-off mode pretty rapidly.

Today, EURUSD and the commodities are weakening again in line with my call. I think crude, copper and EURUSD offer the best potential shorting opportunities.

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GOLD



IG Index chart

As I forecast, gold rallied back to its 21-fourhourly EMA yesterday, where it has run into problems. As a near-term bear, I would sooner be shorting after something more of a rally, preferably one failing below **\$1633**. Alternatively, if gold starts to fall hard through the bottom of its recent rising channel – currently around \$1560 – I’d also contemplate getting involved.

There are clearer trends out there than this for now.

SUPPORT	RESISTANCE
\$1562.35	\$1642.80
\$1551.22	\$1624.44
\$1536.82	\$1595.83
\$1526.70	\$1581.68

SILVER



IG Index chart

As with gold, I'd like silver ideally to rally a bit further in order to set up a more worthwhile short-selling opportunity. A move up to around – or perhaps to a bit beyond – the 55-fourhourly EMA (\$27.58) followed by a sell-off would fit the bill. I would not be at all surprised were the **\$26** level to give way this summer.

We're in no man's land right now. I'll wait for a rally and reversal.

SUPPORT	RESISTANCE
\$26.15	\$27.99
\$25.81	\$27.69
\$24.96	\$27.49
\$24.22	\$27.15

BRENT CRUDE (AUGUST)



IG Index chart

I said yesterday that I saw a return below **\$90** for Brent. Once again the black stuff's price then reversed at its 55-fourhourly EMA yesterday and I am looking for further weakness today. The move up from the recent lows at **\$88.49** looks like a classic counter-trend correction to me. The next leg down could well take out that low.

On the tenminute chart, I'd look to short a rally reversing back below the 55-EMA (\$93.35).

SUPPORT	RESISTANCE
\$92.18	\$96.18
\$90.23	\$95.36
\$89.60	\$94.02
\$88.38	\$93.31

HIGH-GRADE COPPER



IG Index chart

Outlook, Wednesday 28 June: *“Copper is going nowhere fast for now, although I feel the likeliest outcome to be another lurch lower.”* After the stuttering move higher, the red metal is selling off in line with my call. I initially envisage a revisit of the 326¢ area. The main risk is for further choppy, broadly sideways action such as we have seen throughout June.

On the 10-minute chart, I would short moves failing at the 55-tenminute EMA (335.33¢).

SUPPORT	RESISTANCE
331.36¢	339.01 ¢
328.61¢	339.01 ¢
326.41¢	337.42¢
323.69¢	334.52¢

EURO/US DOLLAR



IG Index chart

My call for a drop back to **\$1.24** has almost come good this morning, with EURUSD going as low as \$1.2407 in early trade. There's plenty of scope for further weakness, what with negative – but not yet oversold – daily momentum readings. We could be pushing the recent lows at **\$1.2284** before too long, in my view.

Once EURUSD retests its 55-tenminute EMA (\$1.2487) and then reverses lower, I would seek to go short.

SUPPORT	RESISTANCE
\$1.2422	\$1.2600
\$1.2382	\$1.2581
\$1.2332	\$1.2513
\$1.2284	\$1.2464

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