

# Copper – The Juggernaut!

By Adrian Douglas

On February 28 I penned an article entitled "Copper - the Phoenix Rising" <http://www.lemetropolecafe.com/pfv.cfm?pfvID=5942>

In that article I declared that the copper bull, despite having suffered a brutal correction, was set to continue on a relentless upward march. From a review of my proprietary Market Force Analysis I stated "The highly upward sloping market force and rapid reversal indicates that copper is likely to establish a new and very strong up leg" Copper was at \$2.80/lb at the time. Today copper closed at \$3.28/lb...a 17% rise in just one month. In view of this I decided to write a brief update on the outlook for copper and as the title to the article suggests it is indeed starting to look like a "juggernaut". Wikipedia defines "juggernaut" as follows: "The term juggernaut is used to describe any literal or metaphorical force regarded as unstoppable that will crush all in its path". The long term copper bears will certainly be able to relate to that!

In figure 1 my proprietary market force analysis of copper is shown in red and the copper price in black from mid 2004 to 2007. The market force continues to indicate that copper is only in the beginning of a new powerful upleg

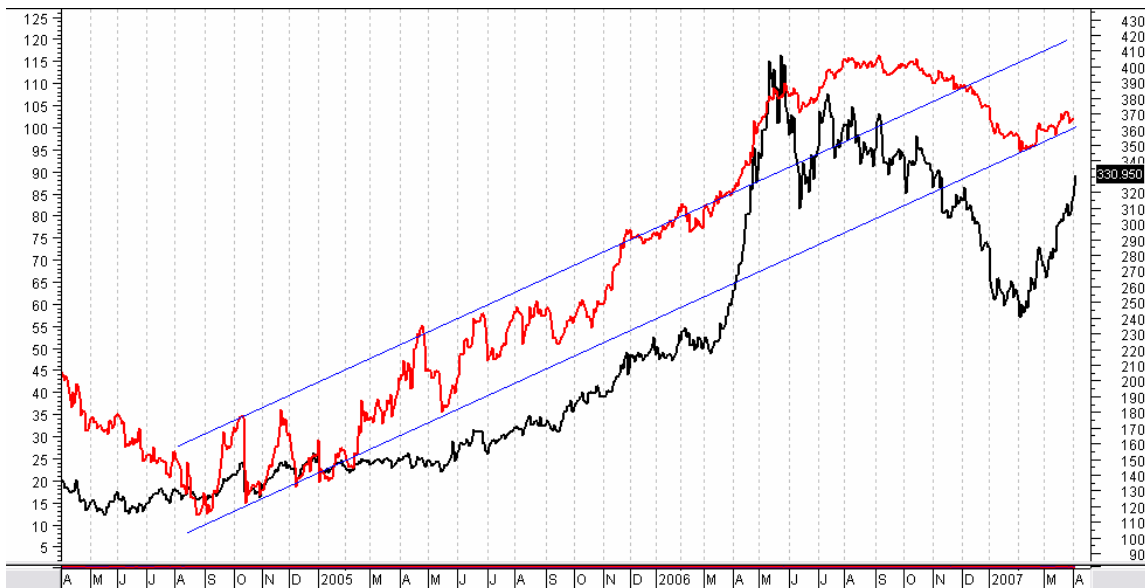


Figure 1

The market force has the advantage of remaining almost linear in character even when the price becomes parabolic. The market force was contained within a trend channel until March 2006. The market got ahead of itself and the force

exited the top of the trend channel which indicated that a correction was imminent. The correction commenced in May 2006 and continued until January 2007 at which point the force bottomed on the same support line that has contained it for most of the bull market to date. The fact that the market force has resumed its upward trend in the same channel gives a high level of confidence that copper is now going to power relentlessly higher for many months.

In figure 2 my proprietary potential energy (blue line) and kinetic energy (green line) are shown with the copper price in black from 2006 to the present. The energies continue to indicate astonishing strength in copper.



**Figure 2**

The slopes of the energy indicators are exhibiting almost the same magnitude as was seen in the initial powerful upleg in the copper price (red lines). It should be noted also that copper has broken above its long term downtrend line shown in blue.

Copper is certainly shaping up to be a juggernaut. This copper bull is “unstoppable” in terms of there now being 80% less above ground inventories than the high of the last 5 years that can be used to manipulate prices lower.

Copper has outperformed gold and silver in this commodity bull market to date. Copper has risen from a low of \$0.6/lb to \$3.28/lb which is a 450% gain while gold has increased 165% and silver 230% from their respective lows.

And the juggernaut has only just started rolling!

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