

Market Force Analysis™

DEC 01, 2009

COPPER

Overview

Price Movement:

	11/13/2009 US\$/lb	11/30/2009 US\$/lb	Change %	Previous Forecast	Accuracy
Price	2.97	3.14	5.72%	UP	✓

Forecast

Short Term (within 15 days): DOWN – Downside is small +/-2%

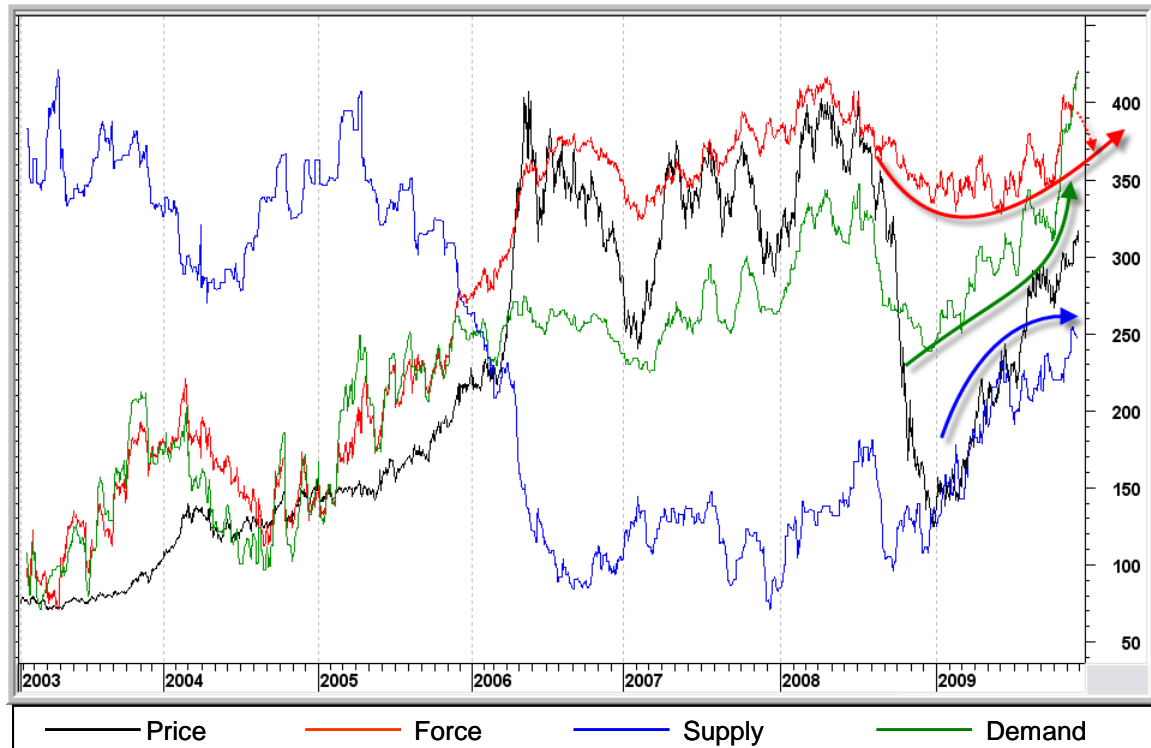
Long Term: UP – Strong bullish trend

Trade Recommendation: Stay long

Trading Performance

TRADE SUMMARY							
Trade	Commodity	Date	Type	Entry Price	Price	Exit Date	Gain
1	Copper	1/16/2009	LONG	\$1.44	\$2.10	4/20/2009	45.8%
2	Copper	4/27/2009	LONG	\$1.97	\$2.52	7/28/2009	27.9%
3	Copper	7/29/2009	SHORT	\$2.51	\$2.78	8/4/2009	-10.8%
4	Copper	8/19/2009	LONG	\$2.72	\$3.14	OPEN	15.4%

Figure 1 - MARKET FORCE ANALYSIS – Copper



Comments

The MFA chart in figure 1 shows that demand is on a rising trend and supply appears to be topping. This is medium to long term bullish. However, the demand has risen so sharply recently that it is most likely unsustainable. The force will likely decline to the long term trend, as indicated by the thin red arrow. This will be accompanied by some price weakness but recent history has shown that corrections are quite shallow.

In the ERA analysis shown in figure 2 the ERA and OSC1 oscillators are at a point of inflection. We have shown by the arrows that these indicators are likely to fall although they could remain fairly flat. The decision to predict they will fall is because of the MFA showing that the recent demand rise is overdone. In figure 3 it can be seen that copper is dramatically below its equilibrium price which is standing at \$4.17/lb currently. This means that any downside in copper is going to be small.

We predict that the copper price will move down within the next 15 days but the move is not likely tradable (could be +2%) so we recommend staying long. Copper will take a breather before moving higher. The long term primary trend is undoubtedly up.

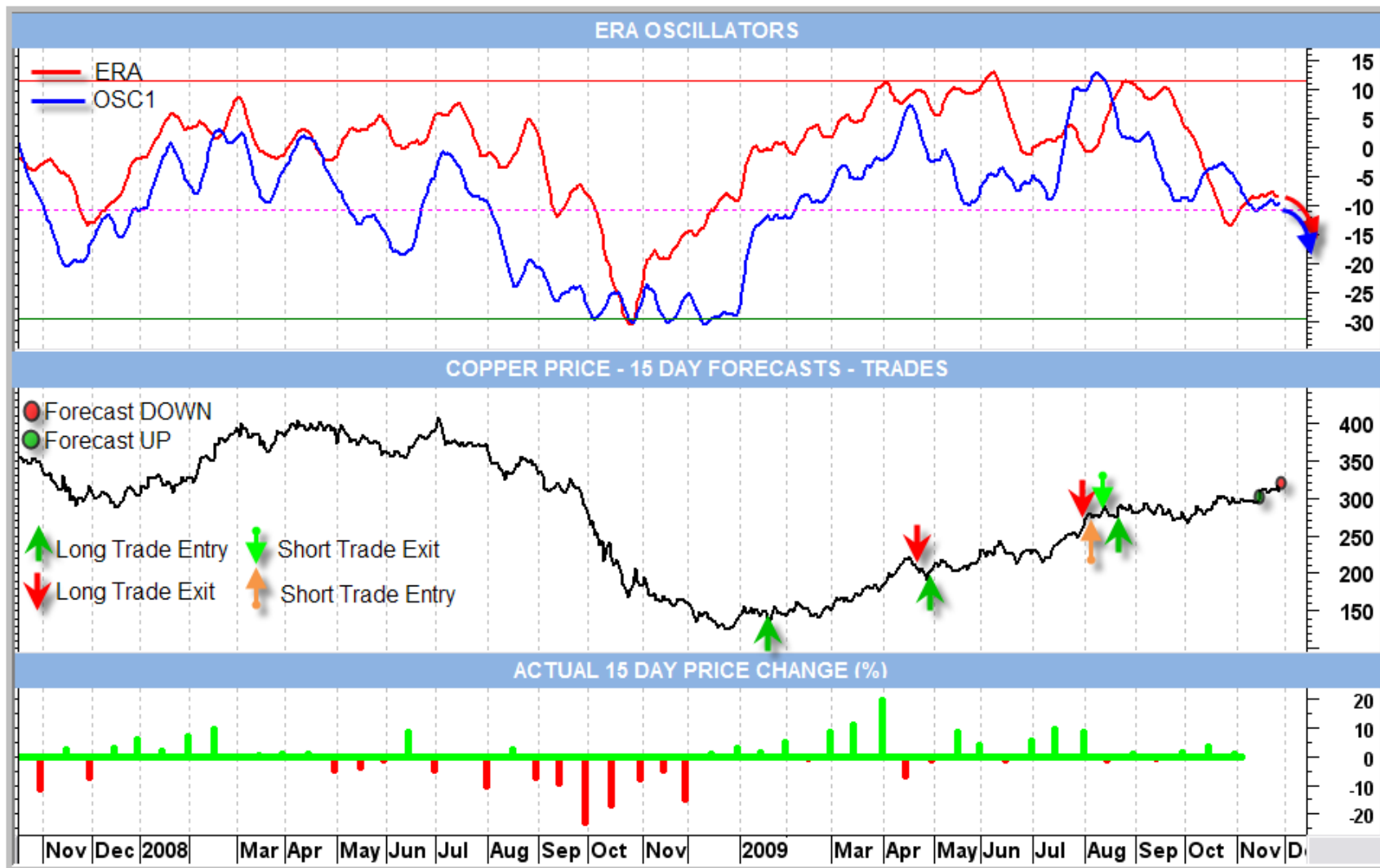


Figure 2 - ERA ANALYSIS - Copper

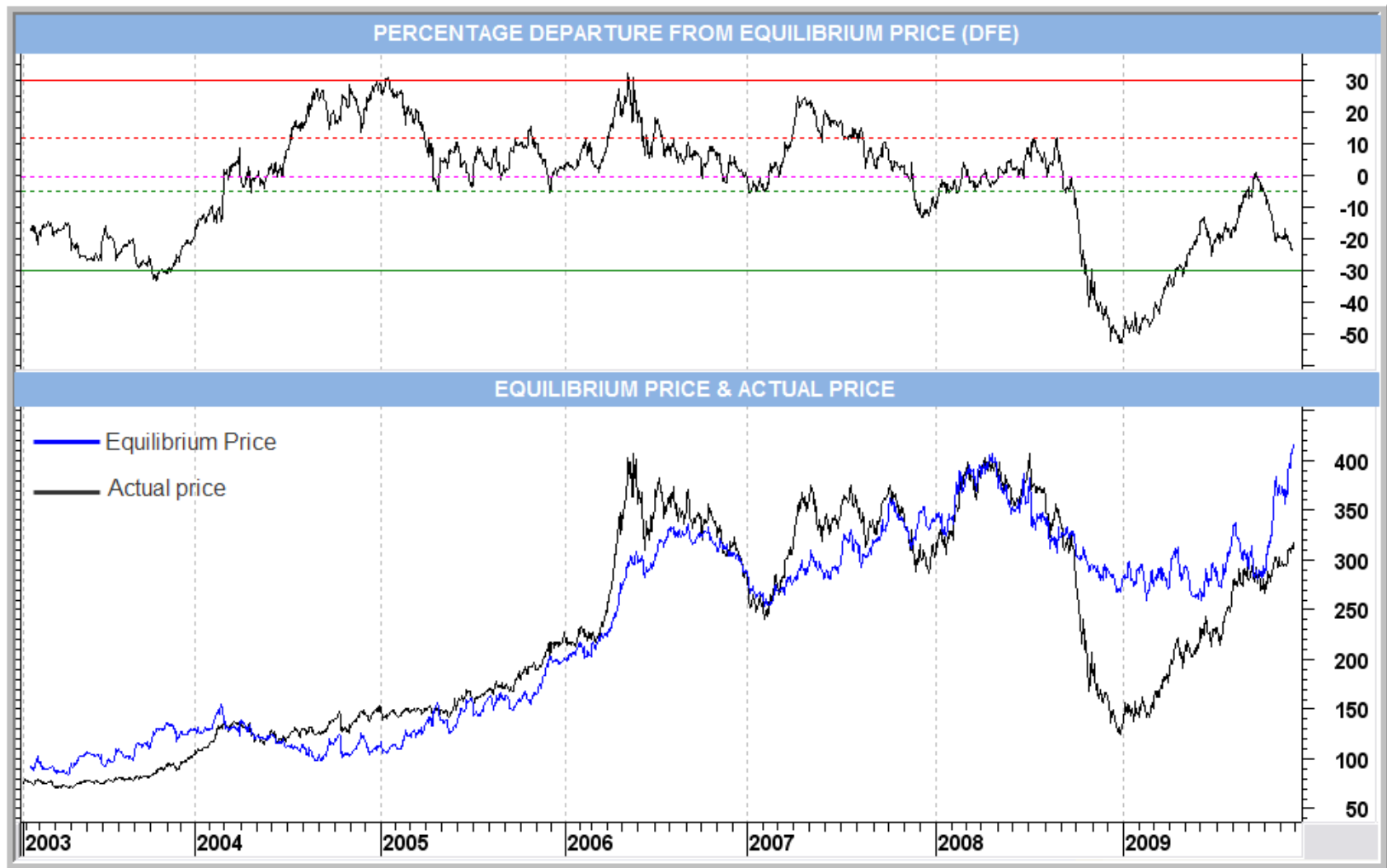


Figure 3 - EQUILIBRIUM & ACTUAL PRICE