



**Comex Copper price**



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In the March edition of the digger we drew your attention to the fact that the Copper price performance was a noteworthy example of a commodity facing a formidable coupling of support and resistance lines. While the price for Copper had forged to new highs, it had become restricted by a line drawn through its peaks in 2006, 2007 and 2008.

When the price for Copper surged through 410 in December last year it took out the physical peak at 404.9 in July 2008 and swung higher to encounter its first parallel of resistance around 450. The price halted here in January and then promoted another attack in February, but the combination of the barrier and exhausted momentum didn't allow for a follow through and the rise was capped at 465 on February 15.

The subsequent pullback and drop through 425 severed the short-term uptrend from June 2010 and completed a minor top. This combination suggested that the pullback could

continue with the price seeking support from the previous physical top around 400-410 and then from the first parallel support line drawn from 2006 in the 375-400 range. While not indicated at the time we warned that in the event of a drop below 360 it would be considered a threat for lower prices.

The price began to fall precipitously from 400 on September 16 penetrating our pattern support to take out the 360 risk level a few days later. The sell-off decelerated as it approached support around 300. The conjunction of support lines, drawn from 2006, in the 290-300 area and oversold momentum has boosted a rally which is likely to continue over the short to medium term. The initial move may see the price test resistance at 350-360 but it may also need to consolidate in the 305-350 range to broaden the reversal process and support a stronger rally/recovery. In which case, the price would gain the momentum to head towards 400 and potentially towards its old barriers.

As the process develops there is the risk for a drop into the 270-300 area as the reversal unfolds with back-up support closer to 250, but such an action is not indicated at this time.

## Finders Resources



An emerging low cost copper cathode producer, Finders is developing a high grade 25,000 tpa copper mine on Wetar Island in Indonesia, and holds a 72% interest in the highly prospective Ojolali advanced gold-silver exploration project in Sumatra with the option to increase to 100%.

From a high point of around \$1.50 in late 2007 the price fell sharply during the later part of 2008 to locate a double turning point at 21c in February 2009. The price recovered to more than double by mid year but the action sapped momentum and the advance halted at 44c and the price paused in the 30-40c area for the rest of 2009 before breaking lower to find a higher double turning point at 25c in May/June 2010.

The price rebounded with more impetus and completed the first stage in a reversal process at 38.5c in October last year, forging higher 48c and then 51c in February this year. But in reaching this level the price hit the upper parameter to a broadening of the reversal and combined with divergent momentum fell back to within the previous 30-40c support zone.

The recent one day move between 32c and 42c with the price closing at the high may prove to be pivotal in the next stage of the reversal. The price may continue to churn with a move into the 37-47c range indicating an earlier completion of the phase, but while the price hovers around 34c there is the risk that the price needs to drop towards 27c in a reflection of the 2009 sell-off.

When the reversal is completed on an initial rise through 51c for a test of the final barrier at 58-60c, the stock would gain significant upward potential towards 70-75c and then 95c-\$1.00.



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