

Bean Oil on the Brink

It is rally or else time

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Recap

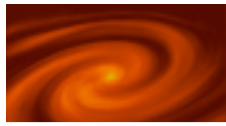
In my 21 May 2014 update on the bio-fuels I had targeted Bean Oil to the 33.60 area on a decisive break below the 38.50 level. Bean Oil first reached 33.60 back on 15th August. Nine trading days later, although the intervening low is only 32.60, there is still no sign of a rebound.

Top Ten Main Points

1. It has been ten years since Bean Oil suffered such a serious and prolonged bearish disconnect from Distillate prices as currently exists. Page 3
2. Of all the various commodities covered by the Market Vane service, Bean Oil has had the dubious honor of the lowest percent bulls for some time now. Page 4
3. IN the long term wave count a decisive and sustained break down below the 32.78 level targets Bean Oil to the 18.15 to 17.30 range. Page 5
4. Bean Oil has not traded the 18.15 to 17.30 range since 2002. For those who are counting that is twelve years ago. So this is a very serious juncture. Page 5
5. In the bullish case for the price action since the 59.90 high of April 2011 key support is the 34.10 to 33.60 range. Bean Oil first traded 33.60 back on 15th August and there is as yet to sign of any rebound. Page 6
6. From page 5 the implied downside target on a decisive and sustained break down below the 32.75 level is the 18.15 to 17.30 range. This is a price range not seem since 2002.
7. Based on the price action so far, the only candidate for Elliott wave support that I can find before the 18.15 level is the 27.15 level. I doubt this will provide any comfort for Bean Oil bulls. Page 7.
8. One thing that has marked every single major low in the entire history of Bean Oil futures is bullish RSI divergence on the weekly continuation chart.
9. The bullish news is that the present situation in Bean Oil does have bullish RSI divergence on the weekly chart. The bearish news is that RSI divergence occurred *more than one year ago*. Page 8
10. What kind of rally would it take to disturb the bearish case for a continuing down trend? That would require more than a .382 retracement of the drop from the 41.00 high. Page 9

Elliott Wave Degree Key

| Impulsive | Wave Degree | Corrective |
|-------------|------------------|------------|
| "I" "II" | Grand Supercycle | "A" "B" |
| I II | Supercycle | A B |
| <I> <II> | Cycle | <A> |
| -I- -II- | Primary | -A- -B- |
| (I) (II) | Intermediate | (A) (B) |
| "1" "2" | Minor | "a" "b" |
| 1 2 | Minute | a b |
| -1- -2- | Minuette | -a- -b- |
| (1) (2) | Sub-minuette | (a) (b) |
| [1] [2] | Micro | [a] [b] |



Soybean Oil - monthly - log scale

The Bearish Argument

- Of all the commodities covered by the Market Vane Bullish Consensus, Bean Oil has had the dubious honor of the lowest percent bulls for some time now.
- If this were a market driven by speculators a reading of only 17% should have been enough for a substantial rebound
- However this is not such a market.
- Bean Oil is struggling from a record Soybean crop and a serious rail bottle-neck.

Sentiment data from Market Vane
www.marketvane.net



Bullish Argument

New lows in price unconfirmed by new lows in bullish sentiment is bullish sentiment divergence. That is the situation that presently exists in Bean Oil.

74.00
72.00
70.00
68.00
66.00
64.00
62.00
60.00
58.00
56.00
54.00
52.00
50.00
48.00
46.00
44.00
42.00
40.00
38.00
36.00
34.00
32.00
30.00
28.00
26.00
24.00
22.00
20.00
18.00
16.00
14.00
12.00

Monthl

Soybean Oil - monthly - log scale

Rally Or Else Time

Viewed from the perspective of both ratio analysis and Elliott wave analysis, the Bean Oil market is at a critical juncture here. The longer term implication of a decisive break down below the 32.75 level is an eventual drop to the 18.15 to 17.30 range.

What, if anything, can the price action since the 59.90 high add to this picture? See the next two pages.



2.618 <A> = <C> of C = 73.35
 1.382 x "A" = "C" = 70.95
 2.618 x A = C = 68.67

midpoint = 70.99
 <C> of C of "C"
 70.65

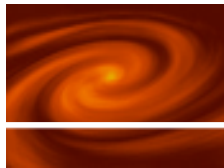
61.55 (78.62%)
 59.90

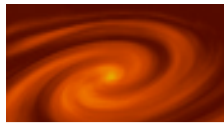
33.59 = .618 <A> = <C>
 32.78 (85.2%)

28.07 (0%) 28.07 (100%)

18.15 (85.2%)
 17.32 = <A> = <C>

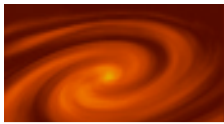
9.03 (100%) from Oct 1972





Any support before 18.15 ?

- From page 5, is there any case for support between 32.78 and the 18.15 level?
- Based on the price action so far all I can find is the 27.15 level cited on this page.
- And if Bean Oil is really into a 3 of "3" extension it should have no trouble reaching that 27.15 area

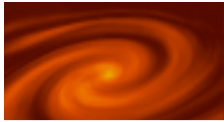


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Any support before 18.15 ?

- What kind of rally would it take to disturb the bearish case for a continuing down trend?
- That would require more than a .382 retracement of the drop from the 41.00 high.
- From the recent 32.38 low that level is way up at 35.70
- However as this is a ratio retracement it is a moving target and will therefore be lowered by each new low below 32.38