

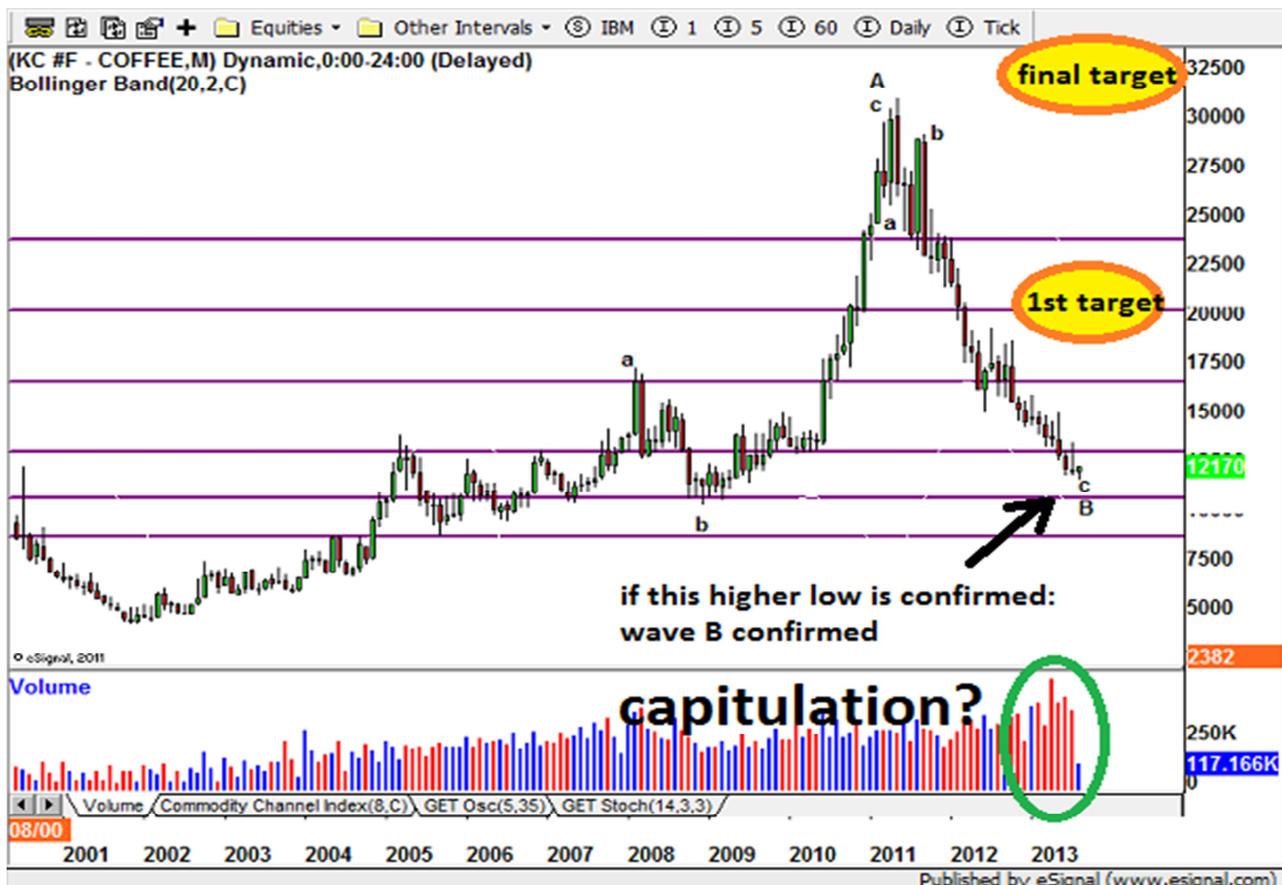
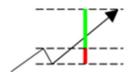
Flash report Coffee



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"Quantitative approach for asymmetric results"



The above is a monthly chart of Coffee (ticker: KC).

As my definition of a flash report is: "a brief report, as the name suggests, on specific stock, index, commodity or else, which is, at the moment in which the analysis takes place, in a significant juncture to move to important targets".

Then such report is the best one for the current Coffee situation.

Indeed it seems to be in a significant juncture to move to important targets, and the timing is also about right since we are witnessing all the ingredients for a capitulation: recent lows with the highest level of volume. In this case volume hit a historical high a couple of months ago. June candle was also a gravestone doji and so far this month's candle seems to be an inversion one, which is posing well for those who are ready to go long this commodity.

If this month's low will hold, then quite a lot of conclusions can be derived:

- This month's low must be considered a wave B since the bearish movement almost retraced 75% of previous bullish move started on the low of the year 2001 (which is then labelled wave A).
- Then a subsequent wave C should be expected, which should break previous historical high (wave A at usd 30.89).
- A first intermediate (and more conservative) target would be hitting the 20 usd level.
- Longs are welcome with a imperative stop below 11,53 usd (recent low).
- Better reward to risk ratios can be achieved if longs are taken on shorter timeframe such as a daily chart or even better, a 240 minutes chart.

Looking at some indicators, Coffee is in all timeframes basically oversold which is favouring the birth of at least a pull back. If however recent low would be violated, than the main structure is still intact. But long entry must be re evaluate.

Plotting a fast indicator like the CCI 8 periods onto this monthly chart it can be seen that this indicator is already pointing upwards, giving an anticipated signal that inversion maybe on its way.

Similar to Coffee is also Sugar and, to some extent, Cotton.



Mr. Maggioni has been working in the financial markets for the last 11 years covering different roles and working in tier 1 consulting companies and banks worldwide.

In recent years his studies have been focused on the psycho-emotional aspects of trading and how those aspects have an impact on traders' behavior.

Before starting this venture, he was head of a hedge fund desk at HSBC Private Bank in Monaco and before that he was employed at Credit Suisse Asset Management (CSAM) in Zurich covering the in-house single manager hedge funds.

Most of his experience in hedge funds was gained while working in a Swiss family office where he was in charge of the research and analysis as well as due diligence for US and European hedge funds. He also performed quantitative analysis and portfolio construction for several funds advised by the family office.

Prior to that he worked as an external consultant for KPMG Financial Services in the Milan office. In 2002 he has been hired by Ernst & Young LLP, San Francisco as auditor for hedge funds, auditing large single funds and fund of funds. In 2000 he joined Ernst & Young in Milan as an auditor for mid-sized companies.

Mr. Maggioni holds an MBA from IUM and a Portfolio Management degree from the University of Chicago GSB.



francescomaggioni.com



@fmaggioni

Francesco Maggioni

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