

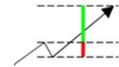
# Flash Report Copper



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*“Quantitative approach for asymmetric results”*



Copper future weekly chart

Few minutes ago a friend of mine highlighted to me the situation on COPPER, which I barely look at (honestly I haven't look at it in ages...) and, to make myself a clear picture, I went straight to the weekly chart, and boom that's what hit me...

Even though HC is trending upward since the week of October 10<sup>th</sup>, which would suggest for continued strength, the bearish head and shoulder is also pretty clear. And on these days we are in the best spot to short it with a limited stop loss. The best reward to risk ratio we can imagine to have if this goes in the direction it looks like.

Protective stop to be put above recent high of 398 usd (as of now a 5% stop loss).

It is true that the bearish H&S is not confirmed yet, indeed to be confirmed it needs to break the neckline, but at that stage, we would also be missing this first leg down, which ends at 309 usd. If the trade would stop here the reward to risk would be still pretty interesting: entry 379, stop 398, target 309; reward to risk of 3.6 to 1.

In the event HC does what I am thinking then the final target of this bearish head and shoulder is the projection of distance between head to neckline, which is the low of 2009 (support) and previously the high of 2004-2005 (resistance).

Intermediate target could be the projection of the right shoulder only, which is still an important historical level (194 usd).

If instead HC continues in the upward trend and violates the recent high of 389 usd, then a double top first, then a new all time high of 489 usd will be likely.



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.



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**Useful Links:**

European Central Bank: [www.ecb.int](http://www.ecb.int)  
Bank for International Settlements: [www.bis.org](http://www.bis.org)  
International Monetary Fund: [www.imf.org](http://www.imf.org)  
Federal Reserve: [www.federalreserve.gov](http://www.federalreserve.gov)  
US CFTC [www.cftc.gov](http://www.cftc.gov)

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