

Tin May Advance 21%, According to Sucden: Technical Analysis

July 15, 2010, 3:24 AM EDT

July 15 (Bloomberg) -- Tin, this year's best performer on the London Metal Exchange, may rise as much as 21 percent to \$21,708 a metric ton in the next few months, according to technical analysis by Sucden Financial Ltd.

The metal, used mostly to make electrical solders, may advance to as high as \$21,708 a ton, a 76 percent retracement of the drop between May and December 2008, according to Brenda Sullivan, a technical analyst at Sucden in London. That level is singled out in so-called Fibonacci analysis.

The attached chart shows prices have to climb above a resistance level of \$18,388 a ton, and the next targets would be the April high of \$19,300 and then \$19,464, she said. The \$19,464 price is a 62 percent retracement of the 2008 decline.

"Once we get above about \$18,400, tin could actually go to fresh highs," Sullivan said. "We are watching very closely from our side, this week and next week, the path of tin to see if we do get some of these breakouts."

Tin for delivery in three months traded at \$18,000 a ton at 8:02 a.m. on the London Metal Exchange. Prices are up 6.2 percent this year, heading for a second annual advance.

Supply disruptions in Indonesia, the world's largest tin exporter, have tightened the market, according to Sucden analyst Steve Hardcastle. Outbound shipments of refined metal by volume dropped from a year earlier for a third time in four months in May, figures released on June 15 showed.

"We are looking for a very, very strong performance," Hardcastle said during the presentation. Demand for tin has increased this year, he said.

Prices also have been helped by this year's 40 percent drop in stockpiles tracked by the LME, the biggest decline for the six main metals traded on the exchange. Inventories have slid to 16,160 tons, the lowest level since June 16, 2009.

In technical analysis, investors and analysts study charts of trading patterns and prices to predict changes in a security, commodity, currency or index. Fibonacci analysis is based on the theory that prices tend to drop or climb by certain percentages after reaching a high or low.

--Editors: Dan Weeks, Claudia Carpenter

To contact the reporters on this story: Nicholas Larkin in London at nlarkin1@bloomberg.net; Anna Stablum in London at astablum@bloomberg.net.

To contact the editor responsible for this story: Claudia Carpenter at ccarpenter2@bloomberg.net.



[About](#) | [Advertising](#) | [EDGE Programs](#) | [Reprints](#) | [Terms of Use](#) | [Disclaimer](#) | [Privacy Notice](#) | [Ethics Code](#) | [Contact Us](#) | [Site Map](#)
©2010 BLOOMBERG L.P. ALL RIGHTS RESERVED.