

Technical Speculator

Timely Analysis for the Informed Investor

MARKETS - COMMODITIES - CURRENCIES

April 2019



Commodities

Only a few commodities are rising

KEY POINTS:

- Range-bound trading continues for the CRB
- Deflationary still outperforming inflationary
- Livestock sector marks top performance
- WTIC edges higher toward \$63/\$64 target
- Natural-gas prices remain below \$2.90
- Gold falls back from \$1,350/\$1,360 resistance
- Silver prices hit \$16 ceiling and drop
- Copper rallies from Q4 base
- US\$ advance stops at \$0.974

CRB outlook: More flat trading

Outlook neutral: Our outlook of the Commodity Research Bureau (CRB) Index stalling at the 185 level appears to have been correct (February 2019 issue, page 1). However, we seem to have been wrong in our outlook



Chart 1

	<i>Since Last Month</i>	<i>Year to Date</i>	<i>Since Inception Mid-2003</i>
TS Model Portfolio	+2.08%	+15.60%	518.91%
S&P 500	+1.91%	+12.32%	183.40%

16-year average for the TS Model Portfolio: 12.24%
16-year average for the S&P 500: 6.82%

<https://www.technicalspeculator.com/services/ts-model-growth-portfolios>

New dividend income portfolio launched: 6.36% yield

on the U.S. dollar, which has reached \$0.974 and stopped. This is providing a little upward strength in commodities. Buying momentum (Relative Strength Index [RSI]) is rising from the oversold reading in December, suggesting higher CRB levels. The next upside resistance level is at 197.00.

Bottom line: Models suggest that there is a small window open for the CRB Index to advance.

One-year curve-fitting models for the CRB show a well-defined negative trend. The model shows that the current position of the commodity index is near the top. This implies that there is little upside room, and likely weakness in the coming months. Traders should be cautious (**Chart 1a** on page 2).

Deflation vs. inflation: Deflation wins

After almost six months of near-equal performance, deflationary assets (**!PRDI**) are, once again, outperforming inflationary assets (**!PRII**). Martin Pring's Deflation/Inflation Index has broken out favouring deflation.

Deflationary assets are consumer products, financials, technology, industrials, healthcare and real estate (**Chart 2** on page 2).