

Technical Speculator

Timely Analysis for the Informed Investor

MARKETS – COMMODITIES – CURRENCIES

April 2017



Commodities

CRB capped under dollar pressure

KEY POINTS:

- CRB continues to stall on US\$ strength
- Livestock sector tops commodity performance, again
- Weakening trend still builds for oil
- Natural gas's best seasonal strength: April
- Gold and silver hit resistance
- Base metals continue to advance
- Livestock index still points higher
- Corn prices' weak bounce upward
- U.S. dollar heads to \$103.75

'reinvigoration' mantra and improving U.S. economics – is making most commodities less attractive.

Buying momentum (Relative Strength Index [RSI]) continues to sag. A resistance cap is forming at 196. Price support is being provided with the 50-week moving average (m/a). The outlook remains flat to negative in the 2nd quarter (Q2) as the Commodity Research Bureau (CRB) Index remains under rising dollar pressure (**Chart 1**).

The new target reflects the US\$ pressure. CRB points to 176.

Outlook: Hitting a ceiling

Rising U.S-dollar pressure – driven by the president's



Chart 1

Commodity performance: Livestock

The S&P GSCI Livestock sector posted the top performance ranking over the past 90 days. Last month, we noted that this commodity group had the strongest upside move over the past couple of months (**Chart 2**). The **iPath Livestock** sub-index exchange-traded note (ETN) (**COW**) and the **iShares Global Agriculture Index** exchange-traded fund (ETF) (**COW.to**) are good vehicles for following this sector. Industrial metals had the second-best performance.

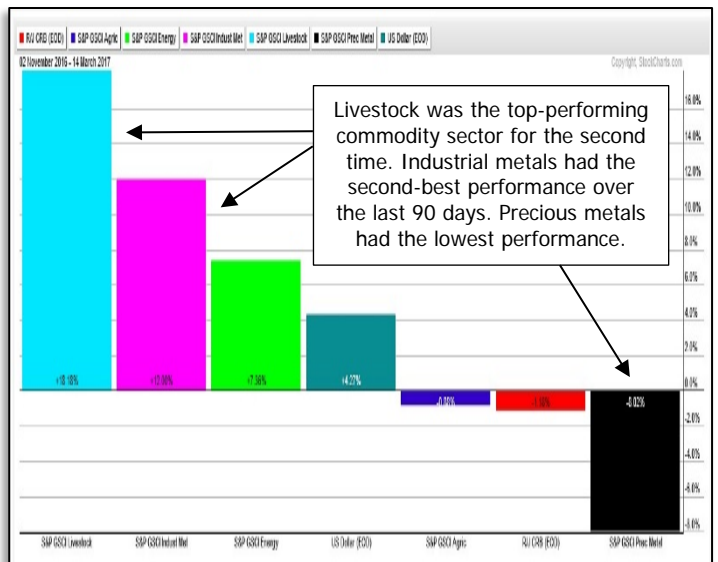


Chart 2