

# Technical Speculator



Timely Analysis for the Informed Investor



MARKETS - COMMODITIES - CURRENCIES

December 2016

## Commodities

### Only copper & industrial metals shines

**KEY POINTS:**

- **Trump victory creates winners and losers**
- **CRB flattens with the stronger US\$**
- **Industrial metals have the best performance**
- **WTIC continues to drift under \$50**
- **The seasonal strength is over for NatGas**
- **Gold heads to \$1,165 on dollar strength**
- **After pullback, more upside for copper**
- **Corn prices head lower by year-end**
- **U.S. dollar reaches par. Next stop: \$103**

**Overview: Rude awakening**

The commodity sector is ending the year on a flat note. The new president-elect has promised to “wake-up” the U.S.



Chart 1

economy with up to a trillion dollars of new infrastructure spending. This potential invigoration is bullish for the US\$ and generally negative for most commodities. The one exception is copper.

The Fed is expected to rise interest rates up again at their December meeting. This move will likely add “fuel to the fire” and advance the dollar and keep the headwinds blowing against most commodities.

Nevertheless, commodities may catch a break in Q1. The dollar often pulls back after a rate increase. It is the old “buy the rumour, sell the news” reaction. The 1<sup>st</sup> downside support for the US\$ is at \$0.99.

The CRB is currently under stalling price momentum with the advancing U.S. dollar. The commodity index appears now to be capped at 190-195 and reversing its 2016 movement. Reduce position size if the CRB breaks the 50-week m/a (Chart 1).

**Commodity performance: Metals**

The Industrial metals group is the only commodity sector that has printed a positive reading over the last 90-days.

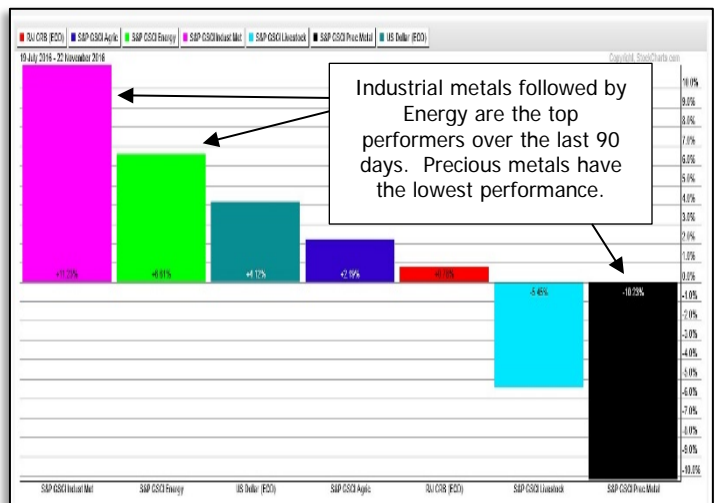


Chart 2