

# Technical Speculator

Timely Analysis for the Informed Investor

MARKETS - COMMODITIES - CURRENCIES

February 2016



## Commodities

### Another month, another low

#### KEY POINTS:

- **New downside target as decline continues**
- **WTIC points toward a likely low. Finally**
- **Downward trend for natural gas still in place**
- **"Fear trade" bounce for gold in January doesn't change the bigger trend for gold**
- **Decline in copper prices is not over**
- **Economic strength in the U.S. continues to drive the big dollar; \$1.02 is the mid-year goal**

#### Overview: Downside target met

The downside target of 181.83 was met and passed, so 2016 starts off on a strong bearish tone, with fresh new lows for many commodity prices.

The Commodity Research Bureau (CRB) Index made new sub-2009 lows in January and shows no signs of slowing.

With ongoing positive employment data and a commitment from the Fed to raise interest rates in 2016, the U.S. dollar should continue to feel strong tailwinds this year. This should keep the bears tugging on commodity prices in the months to come. We continue to remain negative on natural resources going into 2016. Use any strength to lower position size. We suspect that it is going to be a long time before commodities come back in favour.

The new downside target for the CRB is 149 (see **Chart 1**). Use any recoil to lower positions. Continue to avoid.

#### WTIC: Is this the bottom?

The \$40 support level in 2015 has now become the new



Chart 1



Chart 2