

Technical Speculator



Timely Analysis for the Informed Investor

MARKETS - COMMODITIES - CURRENCIES

July 2018

Commodities

U.S. dollar starts to apply pressure

KEY POINTS:

- The CRB starts to weaken, breaking trend
- Relative strength performance favours the S&P 500 over the CRB
- Inflationary groups (commodities) equal performance of deflationary ones (S&P 500)
- Upward trend remains for WTIC
- Short-term bounce for natural gas, but slow rollover trend continues
- Price weakness for gold into Q3
- Flattening trend for copper. Is this the top?
- Industrial-metals sector remaining in an upward trend
- US\$ recovery starting? We think so.

	Since Last Month	Year to Date	Since Inception, Mid-2003
TS Model Portfolio	-0.28%	3.41%	492.62%
S&P 500	0.70%	0.82%	178.02%

15-year average for the TS Model Portfolio: 12.52%
15-year average for the S&P 500: 7.43%

CRB outlook: Trend break

Outlook neutral The index has reached our target of 204. The major trend points lower, as the CRB recently broke below the channel line. Buying momentum (RSI) is neutral

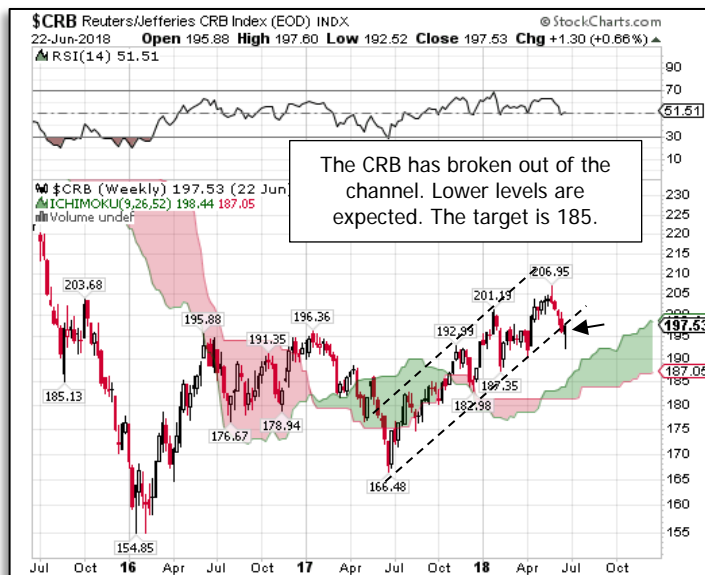


Chart 1

at 50. First support is at 196. After 204, 185 is the next target. Reduce positions (**Chart 1**). Our one-year curve-fitting models suggest that the current upward bias has weakened. The CRB is now below the curve. Models indicate that price weakness should be expected into mid-year, with a retest at about 195 to 202 (**Chart 1a**).

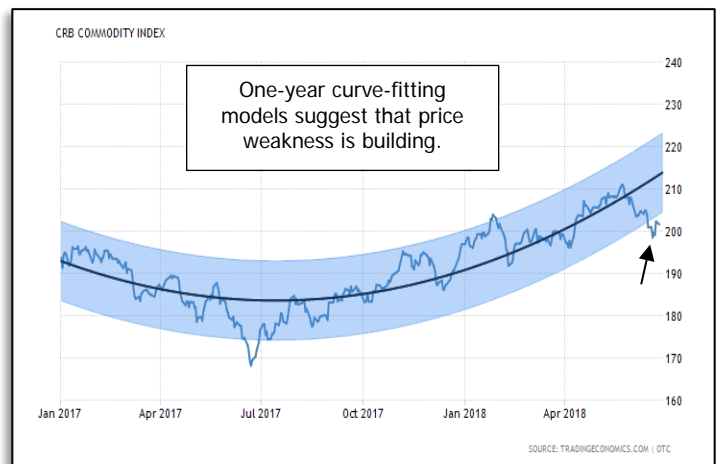


Chart 1a

CRB versus SPX

Relative strength between the Commodity Research Bureau (CRB) Index and the S&P 500 (SPX) shows the higher performance coming from the stock index over the past five years. Relative price strength is equal from July