

Technical Speculator

Timely Analysis for the Informed Investor

MARKETS – COMMODITIES – CURRENCIES

June 2017



Commodities

The “slow bleed” continues

KEY POINTS:

- **CRB: flat trend slowly turning negative**
- **Livestock holding to the top spot**
- **WTIC likely on bottom**
- **Natural gas points to \$3.90**
- **Gold prices stabilize at \$1,196**
- **Silver heads lower; new downside target**
- **Copper rollover continues**
- **Livestock sector has the best commodity performance – again**
- **The US\$ may have finally found support**

this a “slow bleed.” The rising U.S. dollar (improving U.S. economy), coupled with investors shifting away from hard assets toward financials, technology, industrials and consumer products, pinpoints the challenge of being a commodity investor nowadays (**Chart 1**).

Technically, the CRB is gradually rolling over; buying momentum (RSI) is neutral to negative (45 to 25), and the index is below the 50-week moving average (m/a) – all confirming the downturn. Our target of 176 (May 2017 issue, page 1) has been met. The next downside target is 166. Remain on the sidelines.

CRB outlook: Slowly weakening

Price action on the Commodity Research Bureau (CRB) Index continues to drift lower, month after month. We call

Comparative performance

Chart 2 compares the relative performance of the CRB to the S&P 500 over the last decade. The line has been trending down since 2008, indicating that the S&P 500 has had greater performance than the CRB since 2008.

Note: Starting in mid-2011, the line has accelerated downward, highlighting the fact that the S&P 500 has increased its performance over the CRB these past five years.



Chart 1



Chart 2