

Technical Speculator

Timely Analysis for the Informed Investor

MARKETS - COMMODITIES - CURRENCIES

March 2017



Commodities U.S. dollar pressure

KEY POINTS:

- Improving dollar fundamentals limits upside strength for most commodities
- Livestock remains the top performer, again
- Have oil prices peaked? We suspect so
- Gasoline prices have stalled
- Limited seasonal strength for natural gas
- Gold hitting another peak
- Copper prices running out of oxygen
- Industrial metals still favoured, with U.S. reinvigoration talk
- US\$ finds support

With ongoing strength from the U.S. dollar, the Commodity Research Bureau (CRB) Index continues to feel a headwind. Although the CRB has remained in an upward trend since the first quarter (Q1) of 2016 and posted a new 12-month high in Q1 2017, it is clearly running out of oxygen. The CRB has reached the first resistance level of 196.75. Above this is 206. The 50-week moving average (m/a) is still curling upward (encouraging) and acting as solid support.

In last month's issue (page 2), the big dollar was still descending, and the first target for the CRB was 206. With renewed strength in the US\$, the target has been lowered to 196.75 (**Chart 1**).

Outlook: Fading upside potential



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 Subindex exchange-traded note (ETN) (**COW**) is a good vehicle for following this sector. The energy sector,

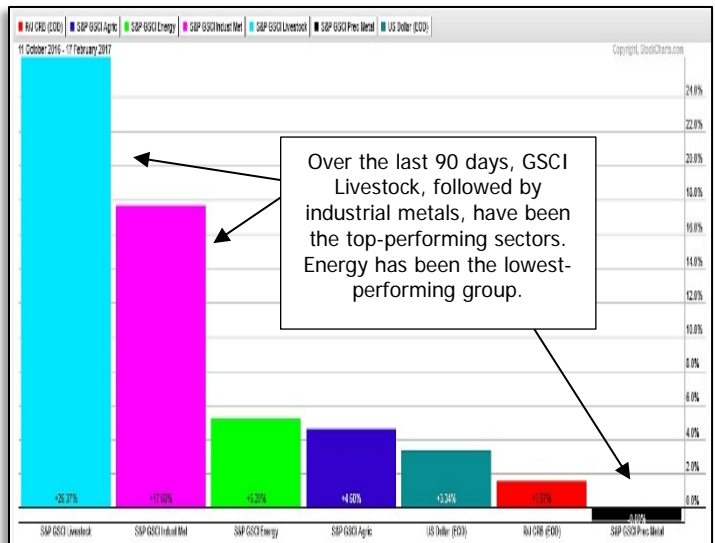


Chart 2