

Technical Speculator

Timely Analysis for the Informed Investor

MARKETS - COMMODITIES - CURRENCIES

May 2016



Commodities

Reactionary bounce underway

KEY POINTS:

- **Dovish comments from the Fed are short-term bullish for commodities**
- **Bounce in the Commodity Research Bureau (CRB) Index still under a falling 50-week m/a**
- **Overhead resistance for WTIC builds at \$44**
- **No trend change for natural gas; \$1.75 target**
- **Gasoline at resistance level: is a rollover coming? We think so.**
- **Gold's rally nears an end at \$1,300**
- **The 50-week m/a stops copper's advance**

Committee (FOMC) of the U.S. Fed has given many commodities a welcome relief bounce. The ongoing delay about the next interest rate increase has dragged down the U.S. dollar, which is positive for the CRB (see **Chart 1**).

However, upward buying pressure is expected to stall, this month, with the CRB topping out under the falling 50-week moving average (m/a). A solid overhead Cloud resistance zone suggests that this movement is short term and should be used as an opportunity to sell into strength.

Watch the 190 level.

WTIC: Resistance starts at \$44-\$45

Corrective low appear to have ended. Rising momentum (RSI) suggests more price stability into mid-year (see **Chart 2**). A dollar-driven rally points toward a bounce up to the \$44-\$45. A declining 50-week m/a and overhead Cloud

Overview: US\$ weakness

A continuous dovish tone from the Federal Open Market



Chart 1



Chart 2