

Technical Speculator

Timely Analysis for the Informed Investor

MARKETS - COMMODITIES - CURRENCIES

May 2017



Commodities

Flat trading continues for CRB

KEY POINTS:

- Range-bound trading for CRB weakens
- Livestock index holds the top spot – again
- WTIC holds below \$50
- Gasoline prices start to climb
- Gold and silver inch upward amid geopolitical tensions
- Copper's run is ending
- Base-metal index still has room to run
- Corn prices stage measured rise
- U.S. dollar's rise takes a breather

CRB outlook: Very contained

The rising U.S. dollar is continuing to cap the Commodity Research Bureau (CRB) Index. Improving U.S. economic tailwinds are driving the big dollar and keeping a lid on most natural-resource prices.



Chart 1

CRB buying momentum (Relative Strength Index [RSI]) continues to slump. A resistance cap has formed at 196. Price support that has held the CRB at the 50-week moving average (m/a) since mid-2016 appears to be failing. The outlook remains flat to negative in the 2nd quarter (Q2) as the CRB remains under rising dollar pressure (Chart 1).

The 176 target reflects the US\$ pressure. Stay on the sidelines.

Commodity performance: Gold

The S&P GSCI Precious Metals Index posted the top performance over the past 90 days (Chart 2). We believe that this is only due to the concerns over North Korea in April, and that that moment has passed. Second was the GSCI Livestock Index. Look for this sector to strengthen. The iPath Livestock sub-index exchange-traded note (ETN) (COW) and the iShares Global Agriculture Index exchange-traded fund (ETF) (COW.to) are good vehicles for following this sector.

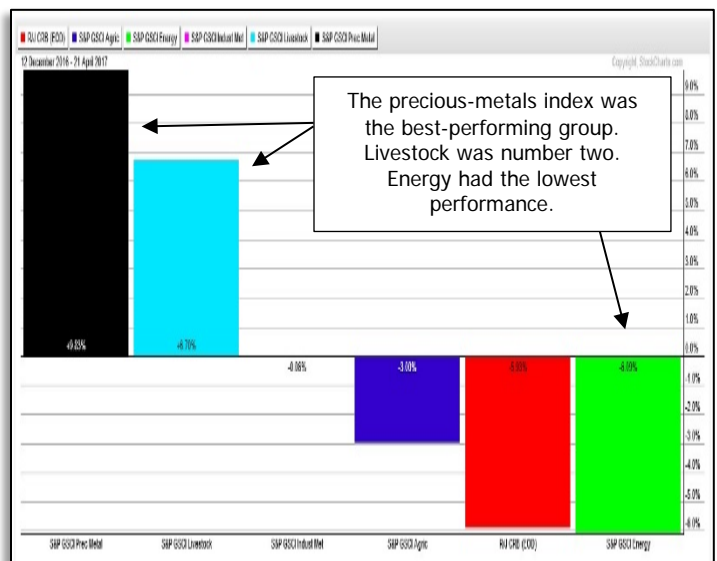


Chart 2

WTIC: Contained

Last month, our models were suggesting a weaker price