

# Technical Speculator

Timely Analysis for the Informed Investor

MARKETS - COMMODITIES - CURRENCIES

August 2016



## Commodities

### At a crossroads

#### KEY POINTS:

- The uptrend stalls for the CRB Index
- Energy posts the highest performance over 90 days
- Rollover from WTIC after \$50 target met
- Strength continues for natural gas after short-term pullback
- Gold moves too far, too fast nearing \$1,400
- Silver hits a wall in rapid move; snap back now expected
- More base-building for copper into late Q3
- Mild upward bounce continues for base metals
- Corn hits the downside target
- Slow recovery builds for the U.S. dollar

Commodity prices, in general, appear to have reached a crest. Having met key resistance levels, WTIC, gold, silver and natural gas all seem to have reached a peak. Industrial metals are the standouts with growing strength.

The Commodity Research Bureau (CRB) Index crossing above the falling 50-week moving average (m/a), and buying momentum (Relative Strength Index [RSI]) above the neutral reading of 50 are both good signs. Still, some short-term weakening of the trend is developing (Chart 1).

We suspect that our June forecast (see page 1 of the June issue) was accurate, and we see limited upside growth into late in the 3rd quarter (Q3). Look for a pullback, but above 175 over the summer. Short-term traders may wish to reduce their positions at this junction. Longer-term investors should wait for the rollover to finish before adding to their positions. The Q4 target modestly points higher, to 206.

#### Overview: On the crest

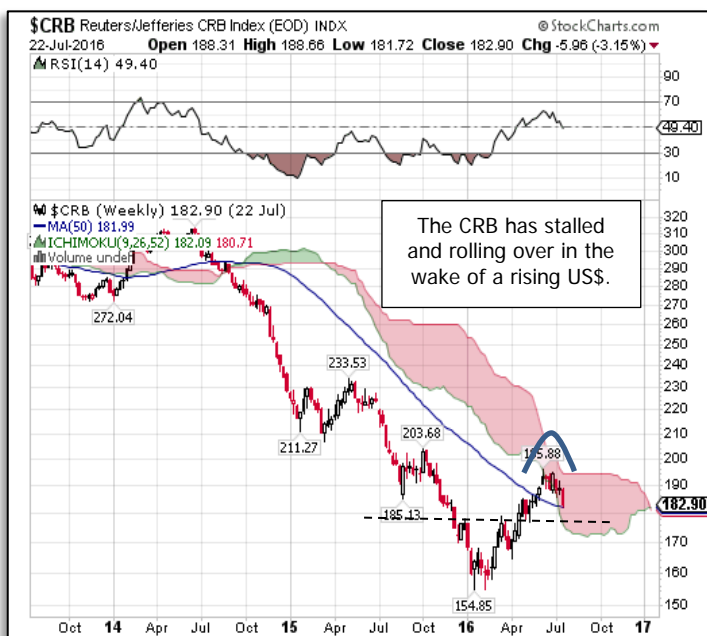


Chart 1

#### Energy tops commodity performance

Over the last 90 days, the S&P GSCI Energy sector scored the highest return, followed by the CRB and the S&P GSCI Agriculture Index (Chart 2). In August and September, the

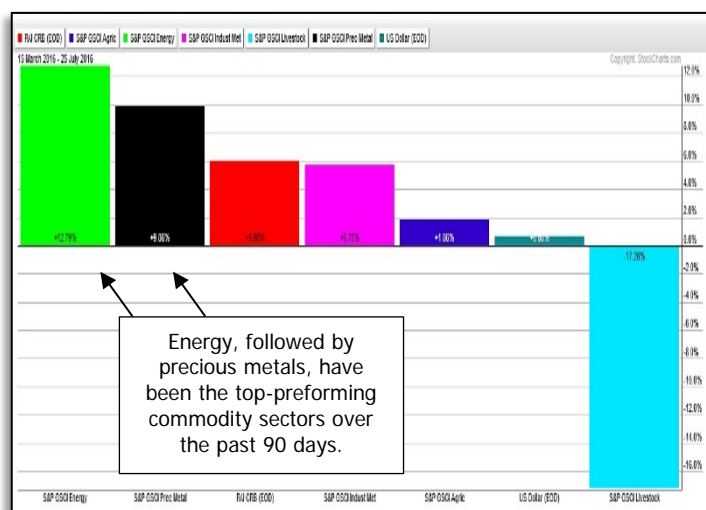


Chart 2