

Technical Speculator



Timely Analysis for the Informed Investor

MARKETS - COMMODITIES - CURRENCIES

August 2018

Commodities

Improving outlook for US\$ is bad for CRB

KEY POINTS:

- US\$ pressure starts to bend the CRB Index
- CRB still underperforming the S&P 500
- Neither has an edge with deflationary or inflationary sectors
- Energy sector tops in 90-day performance
- WTIC price peak likely at \$75 to \$77
- Natural-gas prices drop again
- Downward slide continues for gold
- Copper breaks two-year rise – sharp decline
- Tailwinds building for the U.S. dollar

	Since Last Month	Year to Date	Since Inception Mid-2003
TS Model Portfolio	2.83%	6.33%	509.37%
S&P 500	3.21%	4.45%	181.60%

15-year average for the TS Model Portfolio: 15.77%
 15-year average for the S&P 500: 7.43%

<https://www.technicalspeculator.com/services/ts-model-growth-portfolios>

CRB outlook: A weaker period

Outlook neutral/negative Our 204 target (April 2018 issue, page 1) appears to be the peak. With the current strength of the U.S. dollar, and general commodity-price weakness due to the trade war, the Commodity Research

Bureau (CRB) Index shows some headwind disturbance and appears to be starting to roll over. Buying momentum (Relative Strength Index [RSI]) is now negative, below 50, confirming the weakening trend. The 50-week moving average (m/a) is providing key support and resistance: now below the first support at 196 and heading to the second at 185.50. Start to trim positions: lower levels are coming (**Chart 1**).

Our one-year curve-fitting models suggest that the current upward bias has finished. The CRB is below the band, indicating increasing price weakness into Q3 (**Chart 1a**).

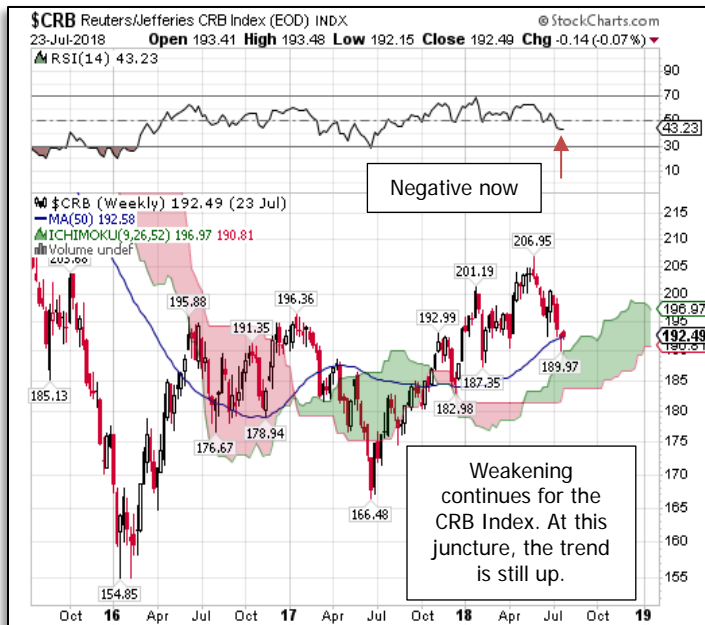


Chart 1

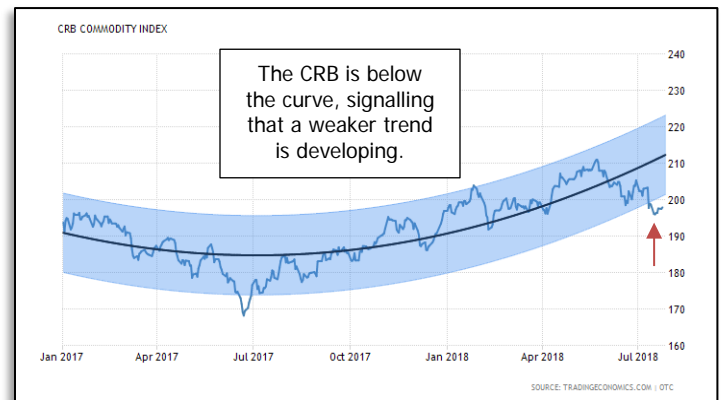


Chart 1a