

Technical Speculator

Timely Analysis for the Informed Investor

MARKETS – COMMODITIES – CURRENCIES – SECTORS

August 2025

Commodities

Inflation builds aids precious metals

Key Points:

- The GTX and US 10-year T-bond yields are pointing higher in Q3
- Long-term outlook still points up for commodities in the 2nd half of 2025
- The Precious Metals sector holds on to the top in 90-day performance, once again
- Still no love for WTI prices
- Slow rise for Nat gas has more upside in Q3
- Traders push gold to overbought levels, with slightly more upside to come
- Silver prices breakout! \$42 target
- Industrial Metals ETF (GYX) remains boxed
- Mild lift for the US Dollar in mid-year to par, then lower again in Q3/Q4

prices and increased inflationary pressures (US annual inflation accelerated in May and June, now at 2.70%). US bond yields rose in July, driven by escalating trade tensions and anticipated inflation data.

The S&P Commodity Index (GTX), which moves in tandem with US yields, increased in July due to rising prices of precious metals and livestock, both of which have increased substantially over the previous 90 days (**Chart 1**). The GTX is in a pattern of rising highs and rising lows since early 2023. Buying momentum (RSI) is positive. There is a positive 'Green Cloud' in Q3. This suggests a slow advance.

The weakening US dollar also aids rising commodity prices. The currency is down 11.00% from its high in January.

	<u>Since Last Month</u>	<u>Year to Date</u>	<u>Since Inception mid-2003</u>
TS Model Portfolio	1.10%	3.15%	1,094.68%
S&P 500	2.17%	8.02%	533.94%

The 19-yr average for the TS Model Portfolio – 11.86%
The 19-yr average for the S&P 500 – 8.70%

Five Year Performance

2020-**30.39%** 2021-**16.25%**

2022-**(15.88%)** 2023-**23.29%** 2024-**19.14%**

TS Model Income Portfolio – 9.63% average div. yield

GTX: Slow Advance in Q3

Outlook Neutral/Positive: A new round of Trump tariffs has started adding more taxation, resulting in higher



Chart 1

The long-term monthly data view supports higher levels for the GTX going forward. The S&P Commodity Index remains in a consolidating bullish pattern. Buying momentum (RSI) trends are positive (confirming additional long-term buying pressure). An expanding positive 'Green Cloud' for all of 2025 suggests higher price levels for the GTX in the months ahead. 10-year US T-bond yields remain in lockstep with the GTX and are expected to remain well-supported in Q3/Q4. A breakout over 4.60% would cement the bullish outlook for yields and the GTX (**Chart 1a**).



Chart 1a

What does it mean? A hidden driver for the GTX and US 10-year T-bond yields is inflation. As businesses begin to pass on higher import costs, CPI is expected to rise. Core inflation is up 3.0% in June. Couple that with a slumping US dollar (down 11%), and you have a near-perfect storm for higher levels on the GTX. A breakout in the commodity index is expected in the second half of 2025. Once the breakout occurs, add to the GTX position. The target has increased to 4200.

Deflation vs. Inflation: Inflation wins

Outlook: Inflation Assets Breakout - The 4-year performance between deflationary and inflationary assets indicates that a change in trend has emerged. Inflationary assets are now outperforming deflationary assets (**Chart 2**).

What does it mean? A developing trend shift where inflationary assets (commodities-inflation) outperform deflationary assets (Dow-deflation). We anticipate better performance from inflationary assets in the months ahead.

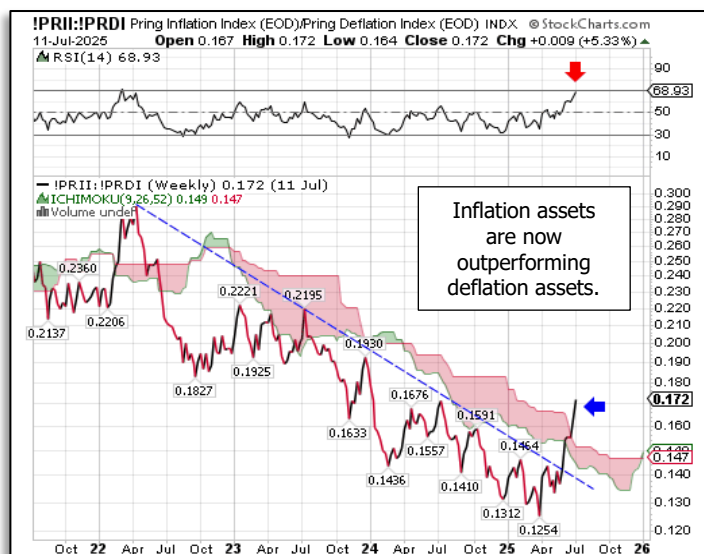


Chart 2

Commodity Performance: Pr. Metals

Outlook: Positive: Only two commodity groups posted a higher positive return over the last 90 days than the S&P Commodity Index (GTX). Precious metals roared up 16.99%, and the Livestock Index jumped 14.74%. With the recent decline in oil prices, we anticipate that the energy sector will continue to exhibit low performance in the months ahead (**Chart 3**). The US dollar had a negative reading of -7.46% over the last 90 days. The dollar is down 11.00% since the start of the year.

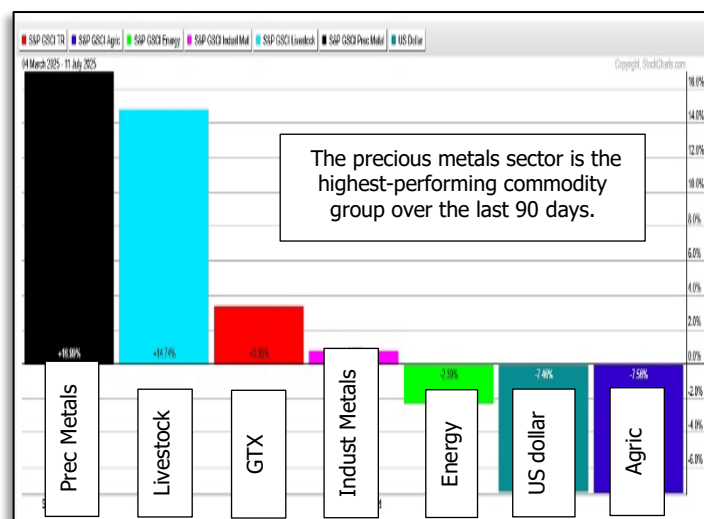


Chart 3

What does it mean? The Precious Metals Index has topped the performance list of commodity groups for the fourth month. Geopolitical uncertainty, and the flow-through

affect of tariff-driven inflation are keeping upward pressure on precious metals. The declining US dollar, with its credit downgrades and Trump's conflict with Chairman Powell, is prompting investors to seek safe-haven securities.

WTIC: Continued Weakness in Q3

Outlook: Neutral/Negative: Oil prices gave up their brief rebound in June following Trump's new pressure on Russia. Trump boosted military aid to Ukraine and warned of a 100% tariff if no peace deal is reached in 50 days. Traders viewed the reduced risk of immediate supply disruption and hedged upside positions. Traffic through the Strait of Hormuz slightly declined, suggesting no significant disruption to oil flows.



Chart 4

The 1-year trend is down. WTIC prices reached the key resistance level of \$79.00 again, only to pull back sharply. Buying momentum (RSI) trend is neutral (not confirming additional upward strength). A negative 'Red Cloud' extends into Q3 and Q4, suggesting prices will remain depressed over the next few months (**Chart 4**).

What does it mean? Oil prices are expected to remain around \$65-\$70. There is ample global supply and weak global demand.

Natural gas: Consolidation in Q3

Outlook: Neutral: US natural gas futures remained supported above \$3.00 as they track broader energy markets amid rising tariff concerns. Warmer-than-normal weather is driving up cooling demand. The EIA points to an increase in supply, now 7% above the five-year average.



Chart 5

Above-normal hurricane activity is expected this summer. LNG exports may be disrupted if storms hit the Gulf Coast.

The 1-year trend is up. Recent price action shows a pullback to the main support of \$3.00. The current weakness is expected to ease in Q3 (**Chart 5**). A positive 'Green Cloud' suggests price support and a measured rise in Q3. Buying momentum (RSI) is neutral (not confirming additional upward strength).

What does it mean? NatGas prices are expected to recover slightly in mid-year. Measured rise. Continue to hold. The target is \$3.75.

Gasoline: Weakness Continues

Outlook: Neutral/Negative: US gasoline futures fell to \$2.16 per gallon following Trump's 50-day deadline for Russia to end the war in Ukraine. The deadline raises hopes that sanctions on Russian oil buyers might be avoided, as renewed global oversupply worries weighed on gas stocks and the escalation of the Israel-Iran war eased. EIA data reported that gas inventories fell slightly, by just 2.6 million barrels, to 228.3 million barrels, while summer driving demand climbed from 8.64 million to 9.15 million barrels per day.

The one-year trend is down. Buying momentum (RSI) trend is neutral (not confirming additional strength). An expanding negative 'Red Cloud' is building in Q3, suggesting more price weakness in the months ahead (**Chart 6 on page 4**).

What does it mean? Expect only minor movements in the months ahead. Do not add to the position. The target range is only \$2.25.