Technical Speculator

Timely Analysis for the Informed Investor

MARKETS – COMMODITIES – CURRENCIES – SECTORS

August 2026

Commodities

Commodity leadership = inflation

Key Points:

- **Short-term crest in GTX. CPI hits a new high.**
- **Inflationary pressures keep building in Q3.**
- **The GTX continues to outperform stocks (SPX & NASDAQ).**
- **The energy sector continues to hold the top commodity group in 90-day performance.**
- **WTI prices are expected to ease down to the $80 support level.**
  Gasoline prices are expected to soften to $2.90.
- **Gold prices stabilize as oil prices decline.**
- **Industrial Metals ETF (GYX) posts a new high in Q3 as demand increases.**
- **Copper prices set a new high at $6.64.**
- **The weakness of the US dollar continues. US/Iran risk premium eases.**

	Since Last Month	*Year to Date*	*Since Inception mid-2003*
TS Model Portfolio	-0.40%	17.22%	**1,468.34%**
S&P 500	-0.14%	9.41%	648.97%

The 19-year average for the TS Model Portfolio is 12.64%
The 19-year average for the S&P 500 is 9.10%

Five-Year Performance

2021-**16.25%** 2022-(**-15.88%**)
2023-**23.29%** 2024-**19.14%** 2025-**15.51%**

TS Model Income Portfolio – 10.93% average div. yield

GTX: Leaders of the Pack

Outlook Positive: The leadership in commodity performance over stocks and bonds is part of the action that normally occurs near the end of the bull market. The benchmark commodity index (S&P Commodity Index – GTX) has outperformed all asset groups since January.

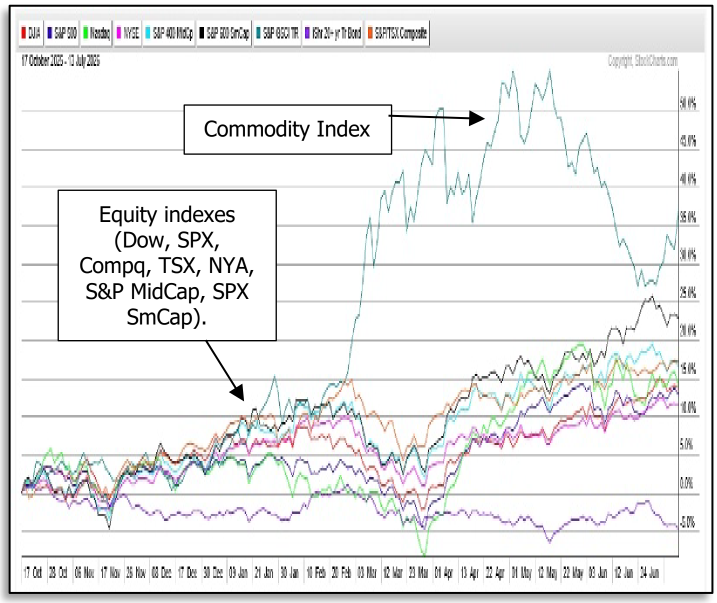

Chart 1

The main marker that accompanies this asset's performance is inflation. During every period where commodities have outperformed equities (Dow) since 1907, there has been an increase in inflation (**Chart 1a on page 2**). The duration of these commodity-dominant phases averaged 13.5 years.

The current US inflation rate matches the 2000-2013 stage, with rates presently around 3.50% to 4.20%. Inflation is caused by too much money in circulation (an increase in the money supply), increased demand, and rising production costs. Inflation is still low by historical standards. The longer the inflation rate is above the Fed's 2.00% target, the longer commodities are likely to be the top-performing asset class.

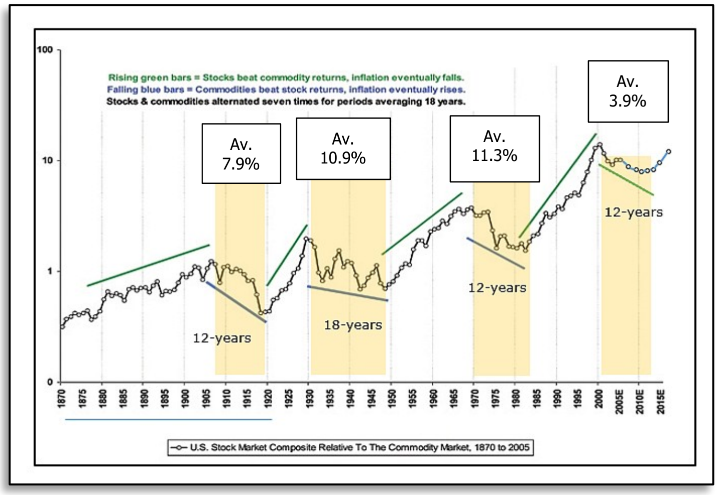

Chart 1a

Commodity Rebound

The commodity index (GTX) appears to have found a bottom. Momentum (RSI) has returned to the bullish range of 50— 75, confirming increasing buying pressure. There is also a positive 'Green Cloud' in Q3 (**Chart 2**). This suggests commodity prices will continue to advance after this shake-out.

Chart 2

The long-term view of the GTX is for higher levels for the rest of 2026 and into 2027 (**Chart 2a**). Buying momentum (RSI) is positive and in the bullish zone (50-75), suggesting higher levels. There continues to be a positive 'Green Cloud' throughout 2026, pointing to more price increases.

US 10-year yields track commodity price trends and are also in an upward movement.

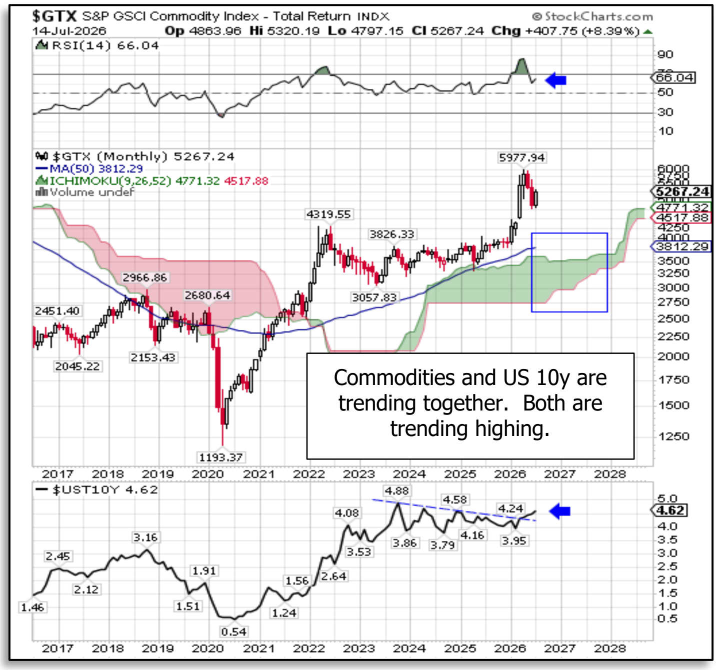

Chart 2a

<u>What does it mean?</u> A break for GTX appears to be building. The target has been updated to 6500. Continue to hold the position.

10-year bond yields are also expected to remain elevated this year. 4.66% is the 1st target, followed by 4.88%.

Inflation vs Deflation: Consolidation

<u>Outlook: Neutral.</u> Inflationary and deflationary assets have displayed similar performance since early Q1 2026. There is a positive 'Green Cloud' in Q3/Q4 suggesting favourable relative strength of inflationary assets (**Chart 3**).

Chart 3

What does it mean? This equal performance between inflationary and deflationary assets should shift back in favour of inflation in Q3/Q4. Investors should expect higher returns from inflationary assets than from deflationary assets.

Commodity Performance: US Dollar

Outlook: Positive/Neutral: The combination of the strength of the US dollar (now above par) and the recent run-up in oil prices has crushed spot gold prices over the last 90 days. The precious metal is down 19.80%. The energy sector has recently pulled back sharply, up only 0.10%. The Agriculture sector has jumped ahead of other commodity sectors due to extreme weather, advancing 7.50%.

What does it mean? With the possible reopening of the Strait of Hormuz, energy prices should decline further, and precious metals are expected to recover (**Chart 4**). The energy and precious metal sectors move in opposite trends.

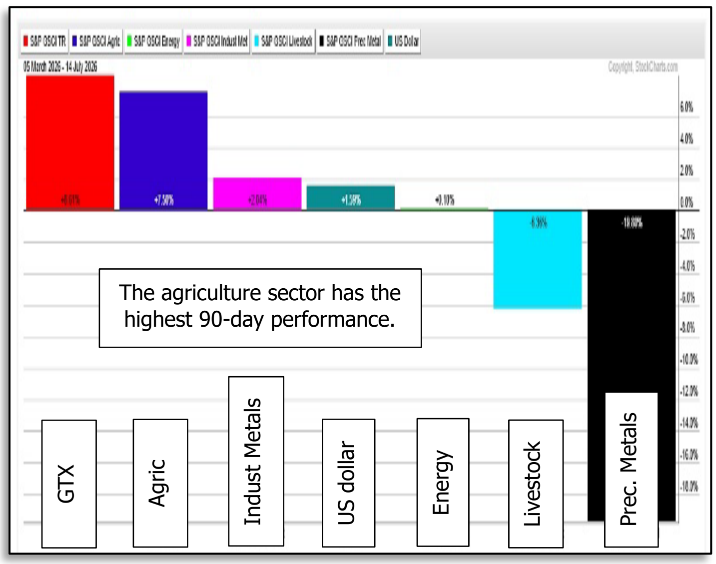

Chart 4

WTIC: Expected Rebound

Outlook: Neutral: Escalating tensions in the Middle East continue to fuel supply concerns. Another round of US strikes against Iran and the reinstatement of the blockade are adding to the geopolitical unrest. Trump's sudden reversal of the 20% fee only adds to traders' uncertainty.

EIA data showed that US crude inventories fell by 1.7 million barrels in mid-July.

The 1-year trend is up. Buying momentum (RSI) trend is neutral (not confirming additional upward strength). Momentum is in the neutral zone of 45-55. A broadening negative 'Red Cloud' extends into mid-year, suggesting prices will likely pull back marginally. A positive 'Green Cloud' is in Q4, indicating a likely recovery in oil price. Rebounding off on the 2nd support level at $70.00.

What does it mean? Oil prices are expected to stabilize in Q3 and then rebound. Models point to a possible increase bounce in Q4 (**Chart 5**). $95 is the target.

Chart 5

Natural Gas: Breakdown continues

Outlook: Negative: US natural gas production increased to 110.2 billion cubic feet per day. Solar and wind generation rose to a record high in July, taking market share from gas-powered plants.

Additional downward pressure continues as US gas inventories have risen to around 6% above five-year seasonal averages (**Chart 6**).

Chart 6