Technical Speculator

Timely Analysis for the Informed Investor

MARKETS – COMMODITIES – CURRENCIES – SECTORS

December 2025

Commodities

Weak DXY favours inflationary assets

Key Points:

- **Outlook for commodities still points higher in 2026**
- **The Precious Metals sector holds on to the top in 90-day performance, once again**
- **WTI prices head to 1st support at $57.50**
- **Nat gas bounce limited in duration, Q1 looks weak**
  New upside target for gold is $4610
- **Silver advance continues. $55 new target**
- **Industrial Metals ETF (GYX) stalls, more favourable in Q1.**
- **More price weakness for metals companies until Q1**
- **Copper prices continue rising in Q4**
- **The US dollar heads to 94, again**

	Since Last Month	*Year to Date*	*Since Inception mid-2003*
TS Model Portfolio	2.70%	16.08%	**1,244.51%**
S&P 500	-0.06%	16.71%	584.02%

The 19-yr average for the TS Model Portfolio – 12.27%
The 19-yr average for the S&P 500 – 8.95%

Five Year Performance
2020-**30.39%** 2021-**16.25%**
2022-(**15.88%**) 2023-**23.29%** 2024-**19.14%**

TS Model Income Portfolio – 10.29% average div. yield

GTX: Minor Delay, Rising in Q1

Outlook Neutral/Positive: Optimism surrounding the end of the longest government shutdown is aiding traders to refocus on inflation concerns. The market's expectations for another 25-basis point rate cut has dropped from the high 70%+ to the current 54%. US 10-year yields remain supported 4.07%.

The S&P GSCI Commodity Index continues to rise in a multi-year ascending triangle, currently retesting the resistance level of 4000. Buying momentum trend is positive. There is a very shallow negative 'Red Cloud' in Q4 followed by an expanding positive 'Green Cloud' (**Chart 1**).

Chart 1

The long-term monthly data view supports higher levels for the GTX going forward into 2026. The S&P Commodity Index remains in a bullish pattern of higher highs and higher lows

Buying momentum (RSI) trends are positive (confirming additional long-term buying pressure).

An expanding positive 'Green Cloud' in 2025 extends into 2026 suggests higher price levels for the GTX in the months ahead should be expected (**Chart 1a**). The 10-year US T-bond yields are showing a short-term disconnect with the GTX showing a series of lower highs; however, data over the past decade illustrate that the connection remains. Commodity trends either lead or move with US yields (**Chart 1b**). This suggests that yields will remain supported.

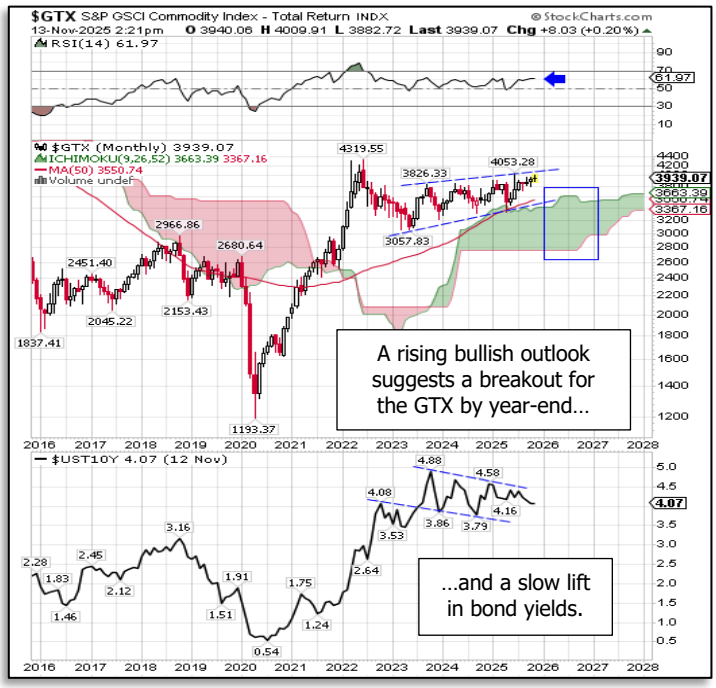

Chart 1a

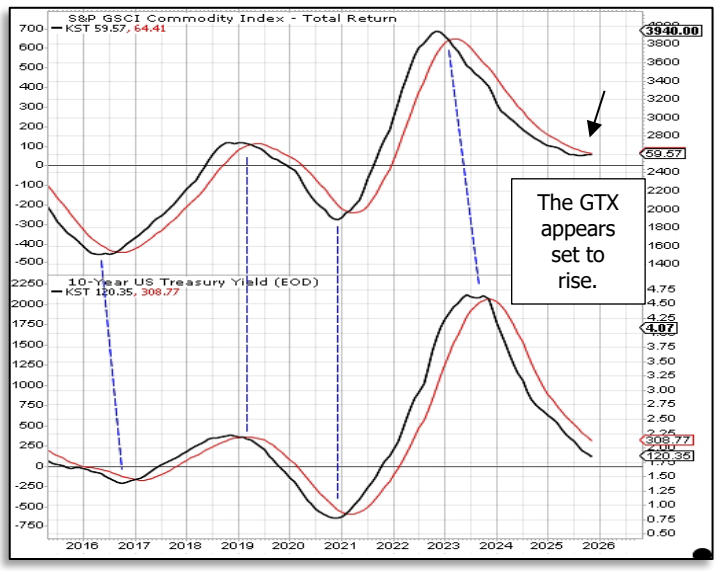

Chart 1b

What does it mean? Inflation expectations are the drivers for the GTX and US 10-year T-bond yields. US inflation has steadily risen over the last five months. Now at 3.0%. This is helping to drive commodities higher. Add to the commodity position on a breakout over 4000.

The target for the GTX is 3960, followed by 4200.

We suggest using the Invesco DB Commodity Index (DBC) as a good vehicle for trading a commodity index.

Deflation vs. Inflation: A Solid Win

Outlook: Positive: The steady decline in the US dollar (down 10.25% YTD), and the ongoing geopolitical uncertainty, have continued to drive relative performance for inflationary assets over deflationary assets since Q3. Buying momentum trends are overbought (still confirming additional upward strength). There is a negative 'Red Cloud' in Q4 followed by a positive 'Green Cloud' in Q1 (**Chart 2**).

Chart 2

What does it mean? A dominant trend shift where inflationary assets (commodities-inflation) are outperforming deflationary assets (Dow-deflation) began in mid-year. Largely due to the run-up in gold and silver- an inflation and geopolitical hedge. We anticipate a short-term shallow retracement in inflationary assets in Q4 and then a continued dominant performance from inflationary assets in 2026.

Commodity Performance: Pr. Metals

Outlook: Positive: Precious metals soared up 20.62%, and the Industrial metals rose 7.87% (**Chart 3 on page 3**). The US dollar had a positive rebound reading of 3.46% over the last 90 days. The energy sector is still in a slump with -1.03%.

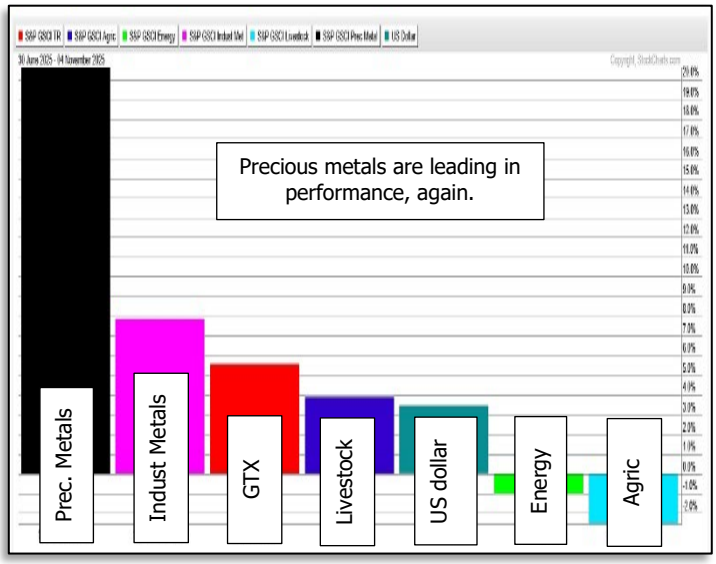

Chart 4

WTIC: Continued Weakness

Outlook: Negative: Oil prices continue to decline, pressured by concerns over slowing US demand as well as global supply surplus. The IEA raised its forecast for global oil supply growth to 3 million barrels up from 2.4 million.

Chart 5

The 1-year trend is down. Major trend is lower. Buying momentum (RSI) trend is negative (not confirming additional upward strength). A broad negative 'Red Cloud' extends into Q4, suggesting prices will remain depressed over the next few months. First price support is at $57.50 (**Chart 5**).

What does it mean? Oil prices are expected to remain depressed, ranging from $58 to $60 in Q4. There is an oversupply of global supply and weak world demand. Continue to avoid.

Natural Gas: Limited Rise in Q4

Outlook: Neutral: US natural gas futures remained contained with robust storage levels and warmer-than-normal weather conditions. Heating demand is expected to be reduced in Q4. Inventory levels are 4% higher than normal for this time of the year (**Chart 6**).

The 1-year trend is up. Recent price action shows strength building. Resistance is at $4.75. A positive 'Green Cloud' in Q4 suggests price a measured rise. Buying momentum (RSI) is positive (confirming additional upward strength).

What does it mean? NatGas prices are expected to stabilize in Q4. Measured rise up to resistance level. A negative 'Red Cloud' is forming in Q1. Consider taking some profits by year-end. Warmer weather and abundant supply suggests a meaningful price rally is not expected. The Q4 target is $4.80.

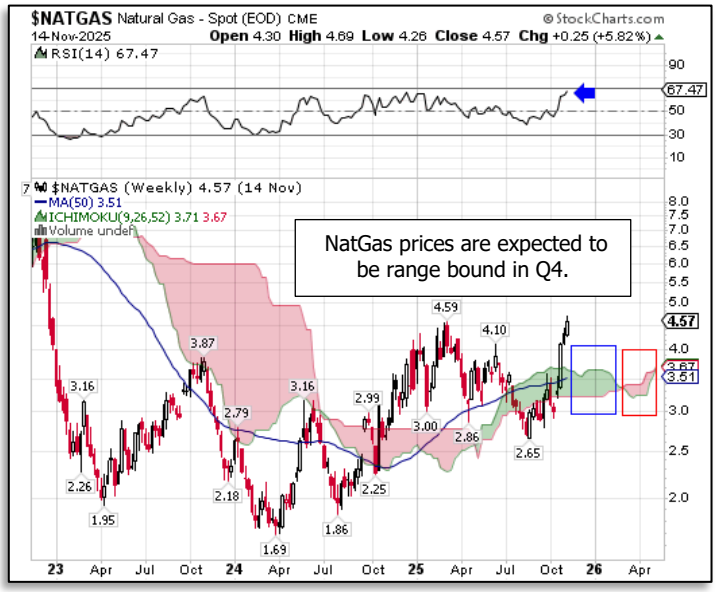

Chart 6

Gasoline: New 5-Year Low

Outlook: Negative: US gasoline futures fell to $1.79 per gallon in early Q4 pressured by abundant supply, before making a measured rebound. Broader oil market sentiment remains overall negative by growing expectations of a supply surplus going into Q1. OPEC+ producers continue to raise output while demand growth slows. Adding long-term uncertainty.