Technical Speculator

Timely Analysis for the Informed Investor

MARKETS – COMMODITIES – CURRENCIES – SECTORS

July 2025

Commodities

Middle East Concerns push GTX higher

Key Points:

- **The GTX and US 10-year T-bond yields bounce off support, pointing higher**
- **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, again**
- **WTI prices jump on Israel/Iran conflict**
- **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!**
- **Industrial Metals ETF (GYX) remains boxed**
- **Mild lift for the US Dollar in mid-year to par, then lower again in Q3**

	Since Last Month	*Year to Date*	*Since Inception mid-2003*
TS Model Portfolio	1.24%	2.03%	**1,081.69%**
S&P 500	4.96%	5.73%	520.50%

The 19-yr average for the TS Model Portfolio – 11.86%
The 19-yr average for the S&P 500 – 8.63%

Five Year Performance

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

TS Model Income Portfolio – 11.06% average div. yield

GTX: Slow Advance in Q3

Outlook Neutral/Positive: The S&P Commodity Index jumped in June due to surging oil prices. Fears of a supply disruption caused by Israel's strike against Iran. The prospect of a broader Middle East conflict threatens to disrupt the Strait of Hormuz, a key route for approximately 20% of the world's oil flows.

The S&P GSCI Commodity Index (GTX) and the US 10-year T-bond yields continue to align. Escalating Middle East tensions helped the yield on the US 10-year T-bond to remain supported. The recent credit downgrade from Moody's and concerns about rising government spending and debt are supporting yields.

The weakening US dollar also underpins commodity prices, which are down almost 11% from their high in January.

The upward drive in oil prices pushed the GTX up to the resistance line of 3900. Buying momentum (RSI) trends are neutral. There is a positive 'Green Cloud' in Q3, suggesting further upside lies ahead (**Chart 1**).

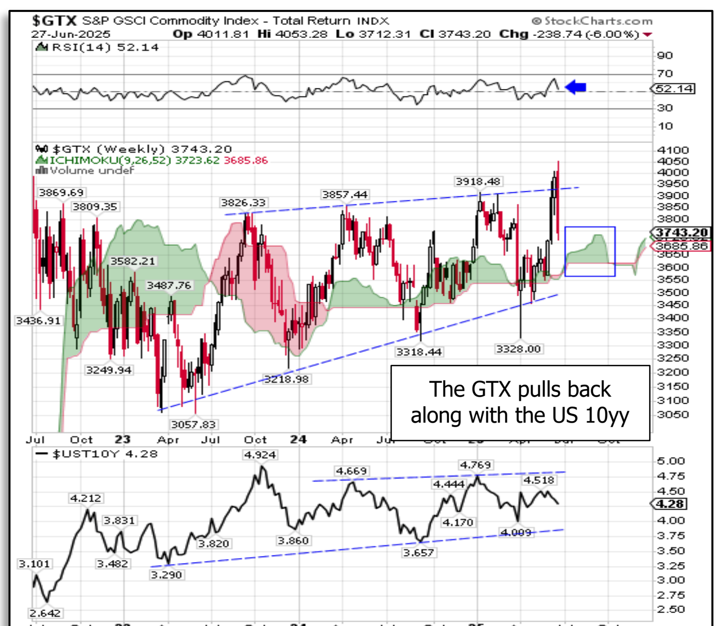

Chart 1

The long-term monthly data view supports higher levels for the GTX. The S&P Commodity Index continues to consolidate and retest the resistance level of 3915 and support at 3540. Buying momentum (RSI) trends are turning positive (confirming additional long-term buying pressure). An expanding positive 'Green Cloud' for all of 2025 suggests higher price levels for the GTX. 10-year US T-bond yields are in lock-step with the GTX and are expected to remain well supported in the months ahead. A breakout over 4.60% would cement the bullish outlook for yields and the GTX (**Chart 1a**).

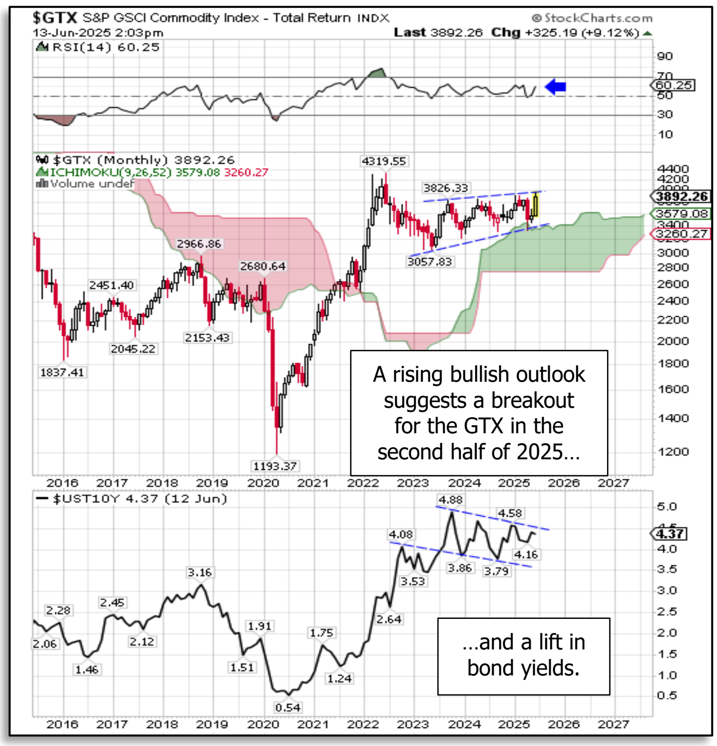

Chart 1a

<u>What does it mean?</u> The current Middle East conflict is driving oil and safe-haven gold prices higher. Couple that with a slumping US dollar (down 11%), which is 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. <u>The target has increased to 4200.</u>

Deflation vs. Inflation: Inflation wins

<u>Outlook: Inflation Assets Breakout</u>: The 5-year performance between deflationary and inflationary assets shows a change in the trend is emerging. Inflationary assets are beginning to outperform deflationary assets (**Chart 2**). On-going higher performance from deflationary assets (Dow) over inflationary assets (commodities) since 2022 (**Chart 2**).

<u>What does it mean?</u> A developing trend change where inflationary assets (commodities-inflation) are starting to outperform deflationary (Dow-deflation). We anticipate a more even performance between the two asset groups in the months ahead.

Chart 2

Commodity Performance: Pr. Metals

<u>Outlook: Positive:</u> Only three commodity groups posted a higher positive return over the last 90 days than the S&P Commodity Index (GTX). Precious metals roared up 17.69% (thanks to political uncertainties and a falling dollar), the Livestock Index jumped 14.33%, and the Industrial Metals Index moved marginally higher by 0.77% (**Chart 3**). This leadership has not changed in several months. With the recent breakout in oil prices, we expect the energy sector to improve its performance in the months ahead.

The US dollar had a negative reading of -9.30%.

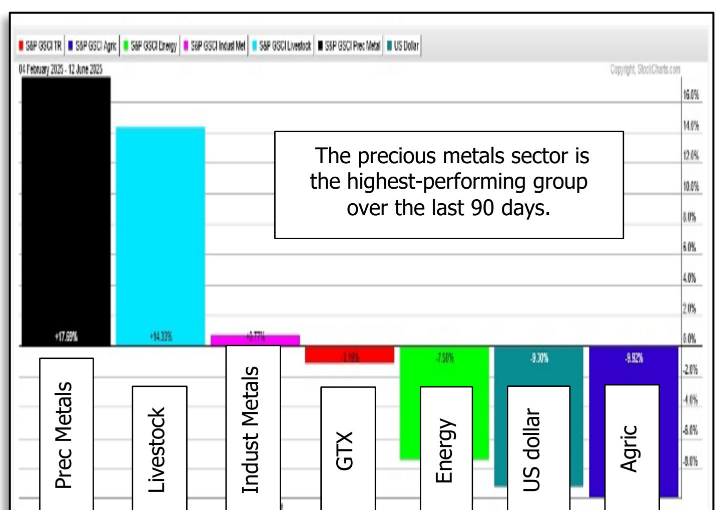

Chart 3

What does it mean? The Precious Metals Index has topped the performance list of commodity groups for the third month. The uncertainty surrounding the building Middle East conflict, the chaos around Trump's sloppy tariff policies, and the declining US dollar have all helped spike gold prices. Those items do not appear to be resolved.

WTIC: Measured rebound

Outlook: Neutral: Oil prices are rebounding as fears eased of a broader Israel-Iran war. The softer tone helped commodity markets as investors unwind some risk-on positions. Traffic through the Strait of Hormuz slightly declined, suggesting no significant disruption to oil flows.

Global oversupply concerns continue to weigh on prices. OPEC trimmed its forecast for oil supply to producers to 800,000 bpd, down from 900,000 bpd. The group's plans to raise output further will put pressure on prices.

Chart 4

The 1-year trend is flat. WTIC reached the key resistance level of $76.50, only to pullback sharply. Buying momentum (RSI) trend is negative (not confirming additional upward strength). A negative 'Red Cloud' extends into Q3, suggesting prices will remain depressed over the next few months (**Chart 4**).

What does it mean? Oil prices are expected to remain around $67-$65. There is ample global supply and weak global demand. We anticipate price resistance to build around $75.50. Price support is now at $66.50.

Natural gas: Consolidation

Outlook: Neutral: US natural gas futures remained supported as they track broader energy market gains amid rising tensions in the Middle East. In the US, rapid growth in LNG exports is raising concerns about tightening supplies and upward pressure on prices later this year. In the short term, warmer-than-normal weather is driving down cooling demand.

Chart 5

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

What does it mean? NatGas prices are expected to recover in mid-year. Measured rise. Continue to hold. The target is $3.75, followed by $4.60.

Gasoline: Weakness continues

Outlook: Neutral/Negative: US gasoline futures remained stable in June as renewed global oversupply worries weighed on gas stocks and the escalation of the Israel-Iran war eased. Investors appear to believe the conflict will remain contained. EIA reported gas inventories rose by 5.2 million to 228.3 million, adding a bearish tone to the summer driving season.

The one-year trend is flat. Buying momentum (RSI) trend is positive (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-$2.35.