

Technical Speculator

Timely Analysis for the Informed Investor

MARKETS - COMMODITIES - CURRENCIES

July 2021



18th Year

Commodities

Energy, base metals top performers

KEY POINTS:

- **S&P GSCI Commodity Index continues to be overbought**
- **Performance favours inflationary assets over deflationary assets**
- **Long-term performance still shows the S&P 500 over commodity index GTX**
- **Energy sector takes the top performance 90-day spot, once again**
- **WTI breaks out of multi-year consolidation**
- **More range-bound trading for Natural gas**
- **Gold prices point lower into mid-year**
- **Consolidation holds silver prices in tight range**
- **The upward surge in base metals holds**
- **Copper prices pullback from record high**
- **Sharp retracement for S&P Agricultural Index**
- **U.S. dollar continues to base-build at \$0.89**

S&P GSCI outlook: Overbought, again

Outlook neutral: The index is retesting, again, the resistance level of 2600-2650, an area that pinned the GTX in all of 2019. The overbought reading on momentum (RSI) suggests consolidation and stalling is expected to build in mid-year. The action of rising US T-bond yields have aided commodity prices (mid-2020 to Q1/2021). The rolling over of bond yields plus an overbought momentum reading implies probable price weakness in the GTX (**Chart 1**).

Curve-fitting models (5-year) illustrate a possible trend change in Q3. The breakout of oil prices are the main driver for the improving outlook on GTX. Forecast models point to performance strength over the next few months (**Chart 1a on page 2**).

Bottom line: The Index is hitting a significant price barrier recently between 2650-2675. A topping process appears to be developing. With buying momentum (RSI) overbought

and a rollover in the US 10-year T-bond yields, the GTX is expected to pull back slightly to 2300-2400 over the next few months.

	<i>Since Last Month</i>	<i>Year to Date</i>	<i>Since Inception mid-2003</i>
TS Model Portfolio	4.51%	15.95%	926.48%
S&P 500	2.38%	14.41%	329.81%

18-year average for the TS Model Portfolio – 13.78%
18-year average for the S&P 500 – 8.42%

<https://www.technicalspeculator.com/services/ts-model-growth-portfolios> 7.15% average dividend yield

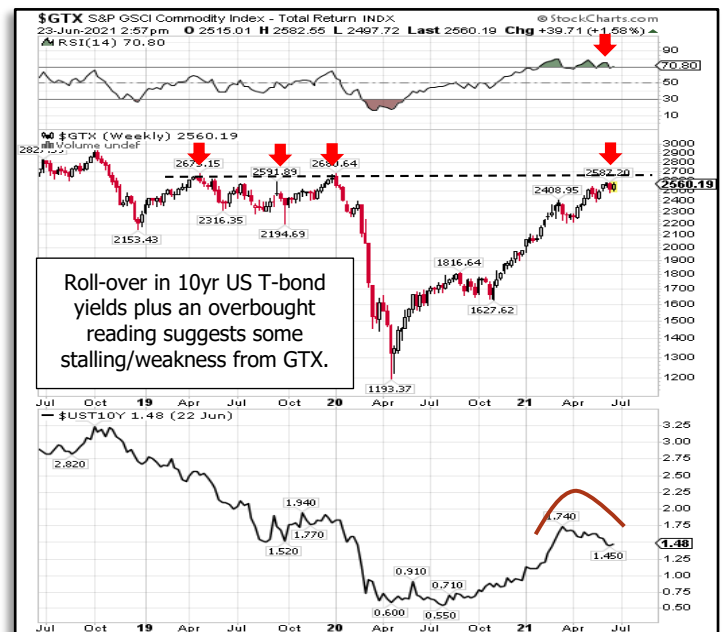


Chart 1