Technical Speculator

Timely Analysis for the Informed Investor

MARKETS – COMMODITIES – CURRENCIES – SECTORS

June 2025

Commodities

Safe-haven gold leads

Key Points:

- **The GTX and US 10yr T-bond yields bounce off support, pointing higher**
- **Long–term outlook still points higher for commodities in 2nd half of 2025**
- **The Precious Metals sector holds on to the top in 90-day performance, again**
- **More price weakness coming for WTI**
- **Rally for Natural gas has more upside in Q3**
- **Traders push gold to overbought levels, with slightly more upside to come**
- **Silver prices hit a wall at $35**
- **Industrial Metals ETF (GYX) remains boxed**
- **Mild bounce for the US Dollar in mid-year, then lower in Q3**

	Since Last Month	*Year to Date*	*Since Inception mid-2003*
TS Model Portfolio	3.06%	0.77%	**1,067.16%**
S&P 500	6.15%	0.74%	491.17%

The 19-yr average for the TS Model Portfolio – 11.84%
The 19-yr average for the S&P 500 – 8.43%

Five Year Performance

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

TS Model Income Portfolio – 10.39% average div. yield

GTX: Guidance from yields

Outlook Neutral/Positive: The yield on the US 10-year note rebounded on risk assets driven by progress in trade talks between the US and China. Yields closed up to its highest level in a month.

The S&P GSCI Commodity Index (GTX) and the US 10-year T-bond yields continue to align. The recent yield bounce aided the S&P Commodity Index recovery of over 5.5%. Investors are hopeful that progress will be made with the two countries, particularly with China, the world's premier natural resource consumer.

Mounting price support for the GTX at the 3500 level (**Chart 1**). Buying (RSI) momentum is neutral (not confirming additional upward strength). The positive 'Green Cloud' gradually narrows in Q2 and then expands in Q3, suggesting more measured movement lies ahead. The weakening US dollar also underpins commodity support, down almost 10% from its high in January.

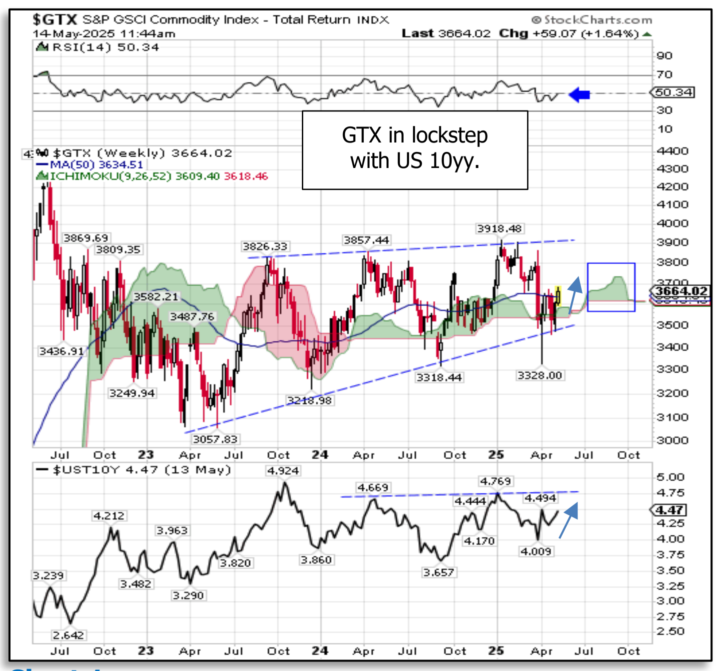

Chart 1

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) is 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**).

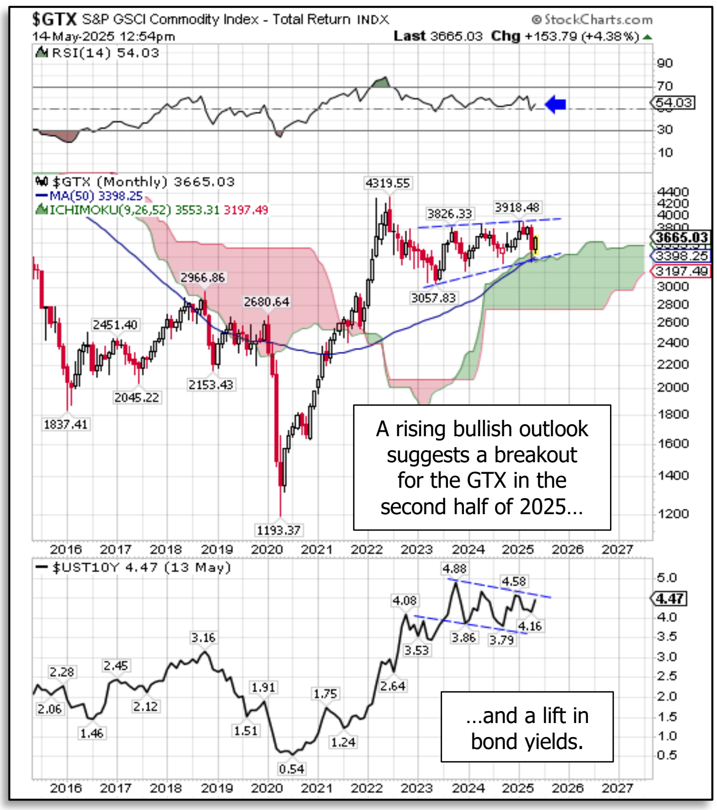

Chart 1a

What does it mean? Resolving the current spat that the Trump administration created with China would benefit commodities and likely drive higher yields to combat the increase in economic activity.

Ten-year yields should continue to hold at the current level. A breakout is expected in the second half of 2025, and the GTX should follow the same path. Once the breakout occurs, add to the GTX position. The target has increased to 4200.

Deflation vs. Inflation: Deflation wins

Outlook: Continued decline: The 5-year performance between deflationary and inflationary assets shows an ongoing higher performance from deflationary assets (Dow) over inflationary assets (commodities) since 2022 (**Chart 2**). Nothing has changed.

What does it mean? A continually stronger-performing deflationary-driven market is usually more bullish for the stock market than an inflationary-driven market. Once the GTX breaks out, we anticipate a more even performance between the two asset groups.

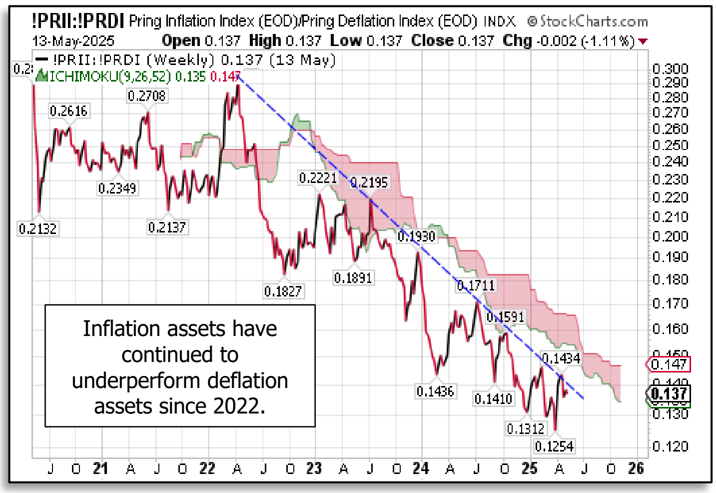

Chart 2

Commodity Performance: Pr. Metals

Outlook: Positive: 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 21.76% (thanks to political uncertainties and a falling dollar), the Livestock Index advanced 15.13%, and the Industrial Metals Index advanced 3.72% (**Chart 3**).

The US dollar had a negative reading of -7.67%.

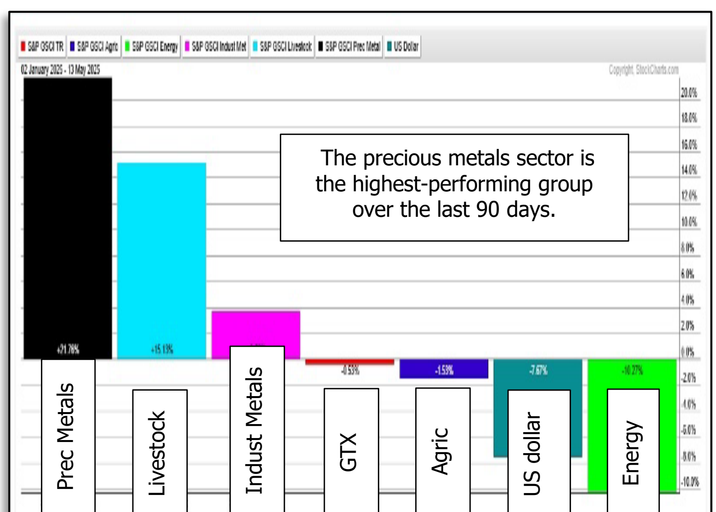

Chart 3

What does it mean? The Precious Metals Index has topped the performance list of commodity groups again. The uncertainty around Trump's yo-yo tariffs policies, the attack on the Fed, the geopolitical antagonism tension (Ukraine-Russia, India-Pakistan, and the Middle East), and the declining US dollar have all helped spike gold prices. Those items do not appear to be resolved.

WTIC: More weakness coming

Outlook: Negative: Global oversupply concerns continue to weigh on prices. Iran may add to the global supply if sanctions are soon lifted. EIA data showed a surprise 3.4 million barrel build in US crude inventories. 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 down. WTIC broached the key support level of $66.00, opening the door to additional price weakness. Buying momentum (RSI) is negative (not confirming additional upward strength). A negative 'Red Cloud' extends into Q2 and Q3, suggesting prices will remain depressed over the next few months (**Chart 4**).

What does it mean? Oil prices are expected to remain around the current level. No significant advance is expected, as there is ample global supply and weak demand. We anticipate a very minor bounce. Ongoing price weakness should be expected. A retest of $58-$59 is expected.

Natural gas: On price support

Outlook: Neutral/Positive: Short-term demand expectations eased as warmer-than-usual weather forecasts through late May are expected to limit heating demand and dampen cooling needs, reducing overall consumption. EIA data showed that the May storage build was much bigger than usual. Utilities added 110 billion cubic feet in May. Storage is above the five-year average at this time of year.

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 be 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 some of the corrections from the April and May pullbacks. The target is $3.75.

Gasoline: Weakness continues

Outlook: Neutral: US gasoline futures slipped lower in May as renewed global oversupply worries weighed on gas stocks. Reports that Iran is open to a sanction-relief deal in exchange for curbs on its nuclear program raise the prospect of additional oil supply from Iran back into world markets.

Gasoline inventories fell by 1.02 million barrels, well below the 600,000 barrel draw expected, indicating strong pre-summer driving demand.

The one-year trend is flat. Buying momentum (RSI) is negative (not confirming additional strength). An expanding negative 'Red Cloud' is building in Q2 and Q3, suggesting more price weakness in the months ahead (**Chart 6 on page 4**).