

Technical Speculator

Timely Analysis for the Informed Investor

MARKETS - COMMODITIES - CURRENCIES

June 2016

Commodities

Rate hike hint stalls commodities

KEY POINTS:

- The CRB nears a key inflection point
- WTIC heads to \$50, once again
- Multi-year slide continues for natural gas
- Mid-year rise developing for gasoline
- Breakout in gold still viewed as "bull trap"
- Silver takes a breather this month
- No love for copper as the metal bounces off of the 50-week m/a – again
- Corn holds close to \$4.00 into mid-year
- US\$ advances on hint of another Fed hike

Overview: CRB nearing crossroads

Renewed hope of another interest rate increase for the U.S. dollar in mid-2016 is keeping the greenback on the offensive, which is bad news for commodities.



Chart 1
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Although buying momentum (Relative Strength Index [RSI]) continues to rise into the positive zone (50 to 75), the CRB Index has reached a crossroads at the falling 50-week moving average (m/a). We anticipate upward growth to stall into mid-year, but remain above 175 over the summer.

Regardless of this current reactionary bounce, the long trend for the CRB remains down. Use this movement to reduce positions, as we feel that this advance has limited legs (see **Chart 1**).

WTIC: Nearing target zone

Corrective lows appear to have ended. Rising weekly momentum (RSI) above 50, plus a break through the falling 50-week m/a suggest that a rising trend into mid-year is underway. The first target was \$50. If successful in achieving this line, then the second target is \$55.40 (see **Chart 2**).

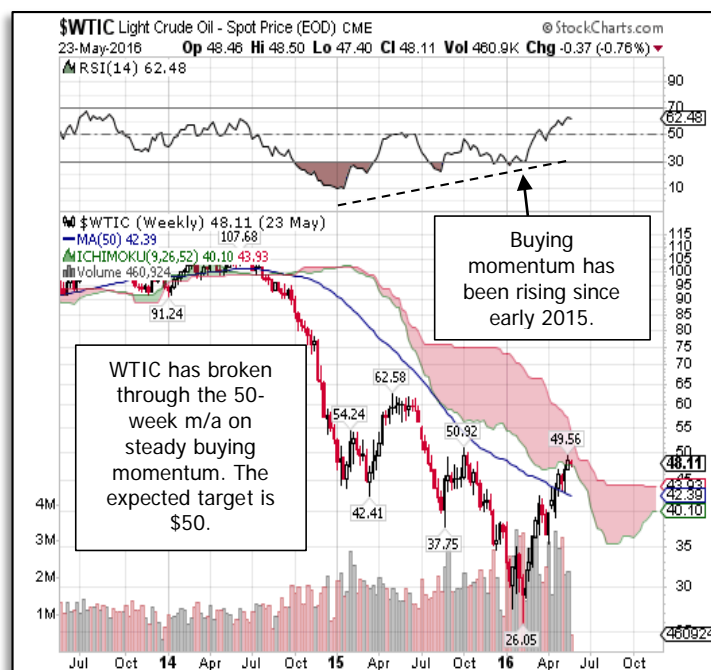


Chart 2