

# Technical Speculator



Timely Analysis for the Informed Investor

MARKETS - COMMODITIES - CURRENCIES

June 2018

## Commodities

### Energy & metals sectors pull CRB higher

#### KEY POINTS:

- **CRB advance reaches first target**
- **Inflationary pressures still winning**
- **Energy sector tops performance list – again**
- **Slowing of WTIC price trend now expected**
- **Natural-gas price rollover continues**
- **Gold reaches solid resistance at \$1,370**
- **Containment continues for silver prices**
- **Copper prices reach a crest**
- **Main trend remains up for industrial metals**
- **More base building for agriculture sector**
- **US\$ strength builds: enough to start a recovery?**

#### CRB outlook: Slow advance continues

Mild upward progress for the US\$ doesn't seem to dampen the upward trend of the Commodity Research Bureau (CRB) Index.



Chart 1

The index is benefitting from positive tailwinds as it reaches our target of 204. Buying momentum (Relative Strength Index [RSI]) is still positive and climbing (confirming). After 204, 215 is the next possible target (**Chart 1**).

Our one-year curve-fitting models suggest that the current upward bias is weakening slightly. The CRB is below the middle line. Models indicate that price weakness should be expected by mid-year, with a retest of the lower band range at about 202 to 205 (**Chart 1a**).

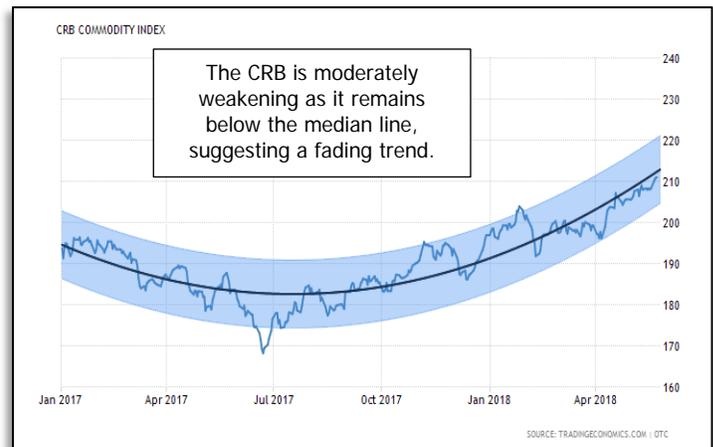


Chart 1a

#### Inflation/Deflation: Inflationary edge

Martin Pring's index measuring inflationary or deflationary sectors shows that inflationary assets have had greater strength over deflationary assets since mid-2017. However, it also illustrates that in the 1st quarter (Q1) 2018, both assets had equal pressure. When this occurs, a change in leadership is often developing (**Chart 2** on page 2).

#### Commodity performance: Energy

The S&P GSCI Energy sector had the best performance over the last 90 days (again), followed by the S&P Agriculture sector.