

Technical Speculator

Timely Analysis for the Informed Investor

MARKETS - COMMODITIES - CURRENCIES

November 2018



Commodities

Weakness continues for most resources

KEY POINTS:

- Flat trend for the CRB, thanks to oil
- More negatives face commodity prices, with the strong U.S. dollar
- Natural gas shows little direction, as winter season nears
- Gold prices show meagre rise on US\$ strength
- Silver posts new low in September
- Industrial metals continue to slump
- New year to date (YTD) low for copper
- Two-year slide for livestock prices continues
- U.S. Dollar Index awaits more interest rate hikes, as bull rise remains

	<i>Since Last Month</i>	<i>Year to Date</i>	<i>Since Inception Mid-2003</i>
TS Model Portfolio	-6.76%	-1.01%	467.30%
S&P 500	-7.38%	+0.58	171.10%

15-year average for the TS Model Portfolio: 11.95%
15-year average for the S&P 500: 6.70%

<https://www.technicalspeculator.com/services/ts-model-growth-portfolios>

New dividend income portfolio launched: 6.66% yield

CRB outlook: 3 years of consolidation

Outlook neutral: Year-over-year (YoY) performance for the Commodity Research Bureau (CRB) Index can be largely

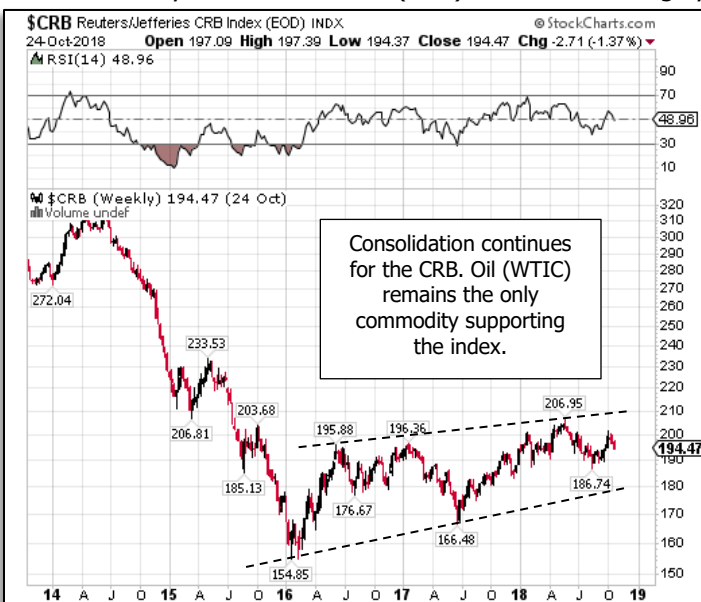


Chart 1

attributed to the strength in oil prices. However, with underlying price support on the U.S. Dollar Index and deflation still reigning over inflation, we recommend using any strength to reduce position size (**Chart 1**).

Bottom line: Contained price action is expected to continue over the next few months. Key support is at 185, and overhead resistance is at 210. Reduce position exposure on any strength.

Deflation vs. inflation

Deflationary assets (consumer products, financials, technology, industrials, etc.) currently have a near equal performance to inflationary assets (commodities) (**Chart 2** on page 2). We expect the performance in inflationary assets to continue to weaken against deflationary assets into year-end and into early 2019.

Commodity performance: Energy

The energy sector remains the only asset group that posted a positive return over the past 90 days and outperformed the benchmark CRB. The metals (precious