Technical Speculator

Timely Analysis for the Informed Investor

MARKETS – COMMODITIES – CURRENCIES – SECTORS

November 2023

Commodities

War, T-bond yields, oil & gold

Key Points:

- **S&P Commodity Index GTX rides with T-bond yields. Outlook is lower for both**
- **Deflationary assets dominate inflationary assets for 15 months and counting**
- **The energy sector tops the 90-day performance, once again**
- **Prospects of expanding war driving oil prices.**
- **Breakout for Natural gas prices**
- **Gasoline prices slump on low demand outlook**
- **Gold bounces on safe-haven push**
- **Price peak for silver at $26.00 holds**
- **Possible floor Industrial metals index at 400**
- **Copper prices try to find support at $3.60, but the outlook into late Q4 is still flat**
- **Ongoing upward trend continues for livestock**
- **The US dollar continues to rise. Models point higher to 108.10**

	Since Last Month	*Year to Date*	*Since Inception mid-2003*
TS Model Portfolio	-2.50%	3.75%	**798.22%**
S&P 500	-2.21%	9.23%	319.38%

The 19-yr average for the TS Model Portfolio – 11.37%
The 19-yr average for the S&P 500 – 7.29%

TS Model Income Portfolio – 8.27% average div. yield

GTX: Still tracking T-bond yields

Outlook Neutral: The S&P GSCI Commodity Index (GTX) continues to closely track the rising yields of the US 10-year T-Bond yields. The Fed's determination to stamp out inflation by increasing the Fed Funds rate is aiding commodity indexes. There is often a slight lag between commodities and T-Bond yields. This coordination of movements between these two assets provides insight into the future movement of the GTX. When the Fed pivots on interest rates (likely in early 2024), and T-Bond yields retrace, commodity prices will follow (**Chart 1**).

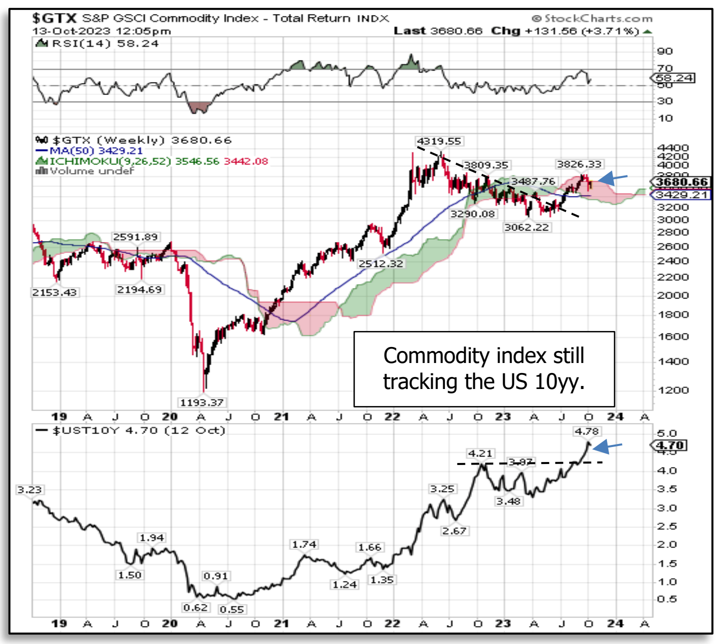

Chart 1

The level of US inflation is the key to the expected movement of the S&P Commodity Index. Inflation is stubbornly holding on. US inflation rose for a second month to 3.7% (the core consumer inflation rate is 4.1%). The Fed's target rate is 2.0%. The Fed will likely keep rates high for a prolonged period and possibly add another hike before year-end.