

# Technical Speculator

Timely Analysis for the Informed Investor

MARKETS - COMMODITIES - CURRENCIES

October 2017



## Commodities

### Some relief with lower U.S. dollar

**KEY POINTS:**

- **Commodities catch a break with the low US\$**
- **Base metals are the top-performing sector**
- **Some stability returns to oil prices**
- **Seasonal strength starts for natural gas**
- **Gold's short-term bounce peaks**
- **Copper rally takes a short-term breather**
- **Major trend is higher for industrial metals**
- **Corn prices fall back – again**
- **US\$ hits a 33-month low**

Although the material sector is propping up the CRB, sagging oil prices are still the main downward driver of the index. We suspect that more flat trading lies ahead. Remain on the sidelines (Chart 1).

**Commodity performance: Metals**

The S&P industrial metals sector had the best performance over the last 90 days. The S&P energy sector is also improving, so captured the second-best performance spot. Note that the U.S. dollar was near the bottom in performance. We view these developments as encouraging for the whole commodity group, moving into Q4 (Chart 2).

**CRB outlook: Still below resistance**

The multi-month resistance level (below the falling 50-week moving average [m/a]) is still holding down the Commodity Research Bureau (CRB) Index. A neutral buying momentum (RSI) reading is not encouraging. The year-to-date (YTD) low in June added to the weak scenario.



Chart 1

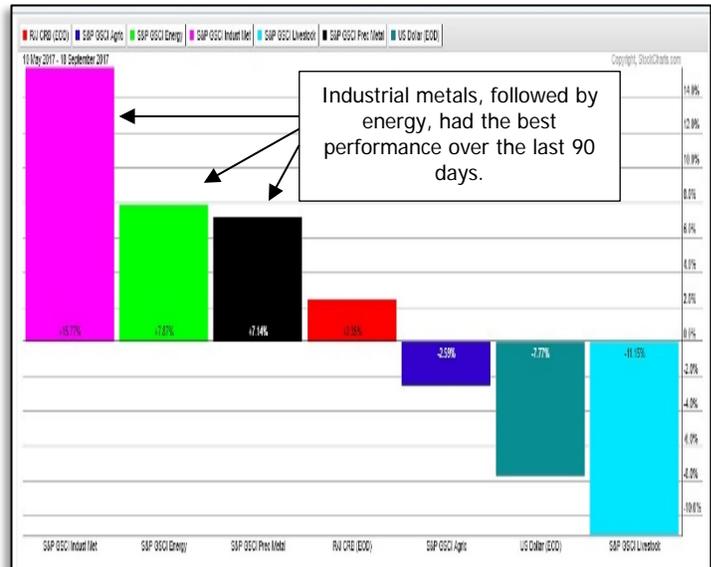


Chart 2

**WTIC: Trading band**

There appears to be a gradual improvement in oil prices. There is well-defined price containment between support at \$43 and resistance at \$54-\$55. We would still suggest staying on the sidelines until the resistance level of \$55 is breached. Once achieved, \$62.25 is the target (Chart 3 on page 2).