

Technical Speculator

Timely Analysis for the Informed Investor

MARKETS – COMMODITIES – CURRENCIES – SECTORS

October 2026

Commodities Dominance

Key Points:

- **Commodities have outperformed all asset classes YTD by a wide margin.**
- **The business cycle enters the late phase of its advance.**
- **Commodity index and US bond yields trend higher together.**
- **WTI prices are expected to rise in Q4.**
- **NatGas breakdown continues with a price drop.**
- **Gasoline prices bounce upward to retest the Q1 high.**
- **Agriculture sector is top-performing.**
- **Industrial Metals ETF (GYX) posts a new high in Q3 as demand increases.**
- **Copper prices just set a new high.**
- **Expected Fed rate buoys US dollar to 104**

The GTX has advanced 57.07%, while equity indexes increased by 7.88% (Dow) to 11.56% (TSX). The GTX outperformed equities, bonds, currencies, and credit by more than double digits (**Chart 1**).

This market action is not unusual. Commodities were the top-performing group during the last phase of the two previous bull markets.

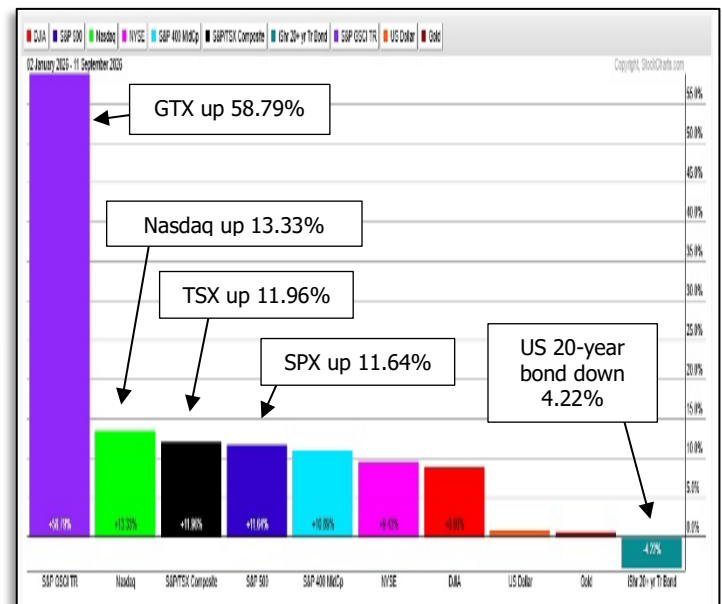


Chart 1

What does it mean? Commodities are following an expected path. There is a sequence to the movement of asset classes. Bonds rise first during a bear market, then equities as the economy recovers. Then, near the end of the bull market, commodities rise along with inflation and interest rate increases (**see Chart 1a on page 2**).

The rise in natural resource prices is another road sign that tells investors the bull market's approximate position. Commodity strength can dominate for years.

	<i>Since Last Month</i>	<i>Year to Date</i>	<i>Since Inception mid-2003</i>
TS Model Portfolio	-3.37%	16.53%	1,459.09%
S&P 500	0.26%	10.10%	635.65%

The 19-year average for the TS Model Portfolio is 12.51%
The 19-year average for the S&P 500 is 8.94%

Five-Year Performance

2021-**16.25%** 2022-(-**15.88%**)
2023-**23.29%** 2024-**19.14%** 2025-**15.51%**

TS Model Income Portfolio – 9.83% average div. yield

GTX: Normal Path

Outlook Positive: The S&P Commodity Index (GTX) has outperformed all asset classes YTD by a large margin.

FIGURE 1 – THE SIX STAGES OF THE BUSINESS CYCLE

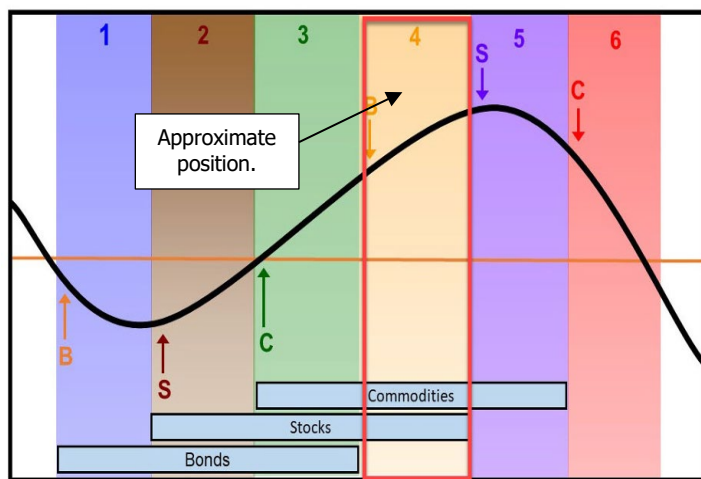


Chart 1a

Commodity Rebound Continues

Outlook: Positive: The commodity index (GTX) has posted a three-year high. RSI is in the bullish 50-75 zone. Momentum is confirming higher levels. There is a positive 'Green Cloud' in Q4, adding evidence for higher levels in the months ahead (**Chart 2**).

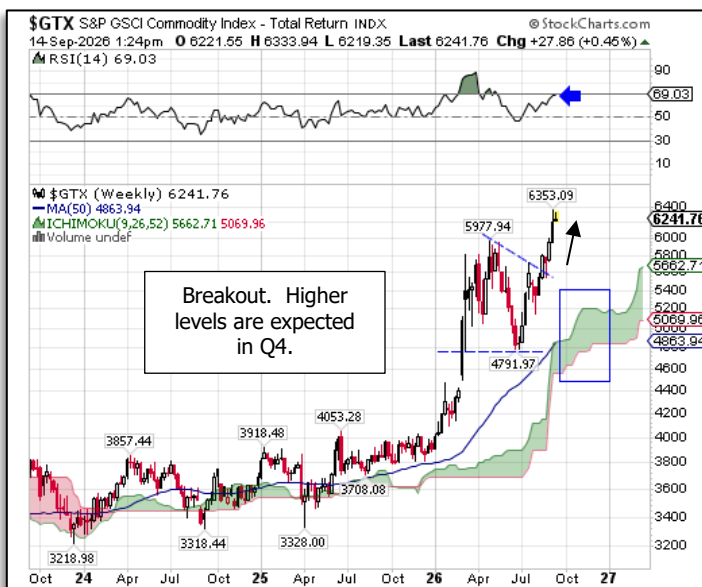


Chart 2

The long-term view of the GTX is for higher levels for the rest of 2026 and well into 2027 (**Chart 2a**). Buying momentum (RSI) is positive and in the bullish zone (50-75). There continues to be a positive 'Green Cloud' throughout 2026 and 2027, indicating further price increases.

Rising commodity levels are a precursor to increases in bond yields. The GTX leads the yields in the US 10-year.



Chart 2a

What does it mean? A breakout for GTX appears to be building. A similar move occurred in US 10-year yields, confirming further upside. The target has been updated to 6500. Continue to hold the position.

10-year bond yields have met the 1st target of 4.88%. The new target is 5.25%.

Inflation vs Deflation: Rising Again

Outlook: Neutral/Positive. Inflationary assets are rebounding post a short-term pullback in July. Momentum is rising, with a positive 'Green Cloud' in Q4. Both indicators suggest that the favourable relative strength of inflationary assets will continue to year-end (**Chart 3 on page 3**).

What does it mean? Inflationary assets have been outperforming deflationary assets since early 2025. There was a short-term deviation from that major trend mid-year. Market action suggests that trend is commencing again.

Commodity Performance: Mixed

Outlook: Neutral: The 90-day performance of the commodity industry groups remains mixed. Three groups advanced, and three receded. The Agriculture sector has



Chart 3

the top performance spot again with 11.45% over the past 90 days. The US dollar squeezed out a positive return with only a 0.79% increase. The precious metal is down 4.40%. The energy sector lost 2.10% (**Chart 4**).

What does it mean? Climate change has brought drought and extreme heat, causing agricultural prices to rise. Soybeans, wheat and corn prices have all increased over the last year.

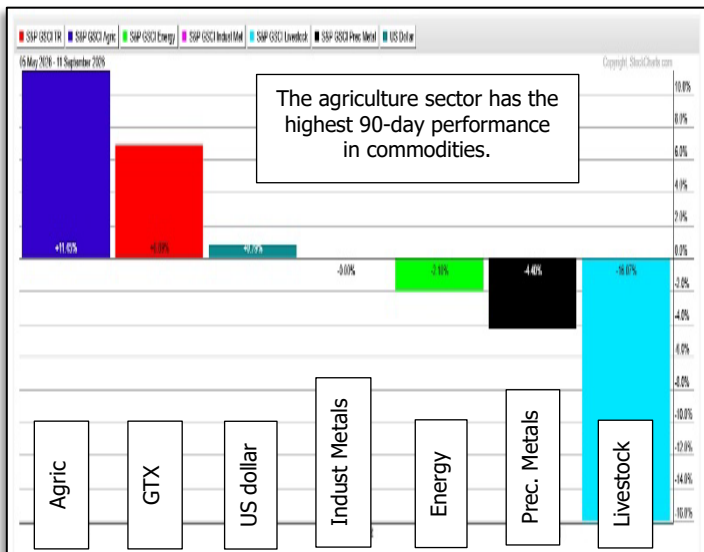


Chart 4

WTIC: Oil Edges Higher

Outlook: Neutral/Positive: Low supply from the Middle East are maintaining crude oil prices around the \$100 level.

Saudi Arabia has closed the East-West pipeline following attacks from Iraqi forces. The strikes suspended the 7 million barrels per day of Saudi oil to the Red Sea, which was acting as an alternative to the halted shipments through the Persian Gulf.

Geopolitical strains are keeping traders hedging their bets as the US-Iran conflict shows no signs of easing. Trump recently threatened military action against Oman, a sovereign state, if it interferes with the US blockade of Iranian vessels.

The conflict that Trump started shows no signs of easing or ending.

The 1-year trend is up. Buying momentum (RSI) trend is positive (confirming additional upward strength). Momentum is in the bullish zone of 50-75. A narrowing positive 'Green Cloud' is in Q4, indicating likely support for oil prices. Resistance zone is at \$105-\$110.

What does it mean? Oil prices are expected to stabilize and remain elevated in Q4. Models point to a possible increase bounce (**Chart 5**). \$110 is the target.



Chart 5

Natural Gas: Breakdown Continues

Outlook: Negative: US natural gas prices continuous to show weakness as record production and milder weather are keeping natgas prices under pressure. Inventory levels remain 6% above the five-year average. Looking forward, the outlook is for warmer than normal temperatures which should keep power generators relying more heavily on natural gas to meet air-conditioning demand, providing some fragile support for prices.