

COMMODITIES AT MAJOR LEVELS

This market is hard to decipher. Many very important long-term levels are being tested. It takes a while before long-term signals are triggered. One has to allow for a certain "thickness" of the level, plus the need for a monthly close to confirm breakouts, and last, the risk of false signals if the monthly close is near the resistance level... One such important signal that should be monitored is on Commodity indices. They are breaking above long-term levels, pushed of course by Energy prices, but also by Cereals. Those signals would clearly increase the risk of rising inflation in the coming months. We cannot say today that those signals will come right away. Though important levels are being tickled, monthly contrarian indicators are extremely overbought for most commodities. We are happy following those signals in the short-term, but it is too early to change long-term scenarii.

■ CRB Index, Monthly



The CRB Index is slowly passing a major resistance zone.

Between 203 and 206 pts roughly (grey line), we had the accumulation of the 2008 low, an early 2015 low, and then 2015 last peak before the last part of the fall. The index is penetrating this area. It may still be stopped by the 38% retracement of the fall since 2014 at 215. Monthly Tom Demark indicators are overbought (Sell Set-up this month), this could halt the rally in the coming weeks.

■ **Bloomberg European Dated Brent, Monthly**



Oil prices are the main reason for this push. Brent has been rising for three months in a row now, it has now passed the 38% retracement of the fall since 2008. This confirms we are entering a new trend on Energy prices in the long term.

■ **S&P GSCI All Metals Capped Commodity, Monthly**



For the time being, Metals are hesitant. They passed the 38% retracement of the fall since 2011, but they bumped against 2013 and 2014 highs at 268.4.

They should fall back down to 239.1, the bottom of the consolidation. They should not be a problem in the coming weeks for inflation anticipations.

■ **S&P GSCI Agriculture Capped Component, Monthly**



This is an index of agricultural commodities. They are still below 2016 lows. They have lagged far behind all other commodities.

■ **S&P GSCI Agriculture Capped Component, Weekly**



The same chart centered on the most recent evolution shows that prices are pushing hard against the resistance at 53.56. They have formed a rounding bottom, a common pattern for cereals. The bullish signal will be triggered above 53.56, with a target potentially at 60.

■ **EURODOLLAR FUTURE**
continuation (M9), Weekly



This message from commodity markets (rising prices leading to rising inflation) is not confirmed by money markets those days. The Euro-Dollar June 2019 is trying to rise. It tested the resistance at 97.18 yesterday evening after the dovish Fed minutes. Technical elements are oversold, they limit the downside potential. We have a Tom Demark Monthly Buy Set-Up (symmetrically to the monthly Sell on CRB) together with a bullish MACD divergence.

This may not be enough to reverse the trend in the medium term (invalidation above 97.39) but should prices pass 97.18, we would witness a short-term recovery on the contract.

■ Cette recherche a été menée par :



Valérie Gastaldy, Strategist and senior analyst, MSTa, CFTe, Global Macro & Equities

Valerie graduated from ESSEC, she has held her international technical analysis degree for 20 years. Her career started as an options market maker, and then evolved as a proprietary trader. She co-founded DayByDay. She is now in charge of all international indices, and she manages the global asset allocation from an alternative and a long-only perspective. Valerie also takes part to the tactical Equity allocation, and co-animates DayByDay *Training Program*.

vg@daybyday-pro.com

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