Technical Speculator

Timely Analysis for the Informed Investor

MARKETS – COMMODITIES – CURRENCIES – SECTORS

April 2025

Commodities

Gold, tariff war & WTI weakness

Key Points:

- **The GTX pulls back from a breakout following US T-bond yields lower**
- **Long–term outlook still points higher for commodities in 2025**
- **The Livestock sector holds on to the top in 90-day performance. Outperforms precious metals**
- **WTI prices continue to sag in Q2**
- **Rally for Natural gas has more upside**
- **Traders push gold to overbought levels, still moving to the target of $3,300**
- **Silver heads to $37**
- **Industrial metals ETF (GYX) remains boxed**
- **US dollar rolls over with Trump trade war worries, and consumer confidence waning**

	Since Last Month	*Year to Date*	*Since Inception mid-2003*
TS Model Portfolio	-2.84%	0.24%	**1,061.00%**
S&P 500	-5.09%	-4.91%	458.09%

The 19-yr average for the TS Model Portfolio – 11.91%
The 19-yr average for the S&P 500 – 8.57%

Five Year Performance

2020-**30.39%** 2021-**16.25%**
2022-(**15.88%**) 2023-**23.29%** 2024-**19.14%**

TS Model Income Portfolio – 10.05% average div. yield

GTX: Pullback on yield retracement

Outlook Neutral: A softer-than-expected inflation print in late Q1 helped ease down the yield on the benchmark US 10-year T-bond and find yield support at 4.20%-4.25%. Trump's disruptive tariffs and U-turns magnify uncertainty about inflation and yields in Q2.

The S&P GSCI Commodity Index (GTX) and the US 10-year T-bond yields continue to trade in a very similar pattern. The S&P Commodity Index (GTX) has repeatedly retested the resistance level of 3,850 and failed to advance. A breakout would also require T-bond yields to rise. Yields would need a spike in inflationary pressure (**Chart 1**). Buying (RSI) momentum is neutral (not confirming additional upward strength). The positive 'Green Cloud' gradually narrows in Q2, suggesting more measured movement lies ahead.

Chart 1

The long-term monthly data view supports the GTX. The S&P Commodity Index continues to retest the resistance level of 3,915. Buying momentum (RSI) is positive (confirming additional long-term buying pressure). An expanding positive ‘Green Cloud’ for all of 2025 suggests higher price levels for the GTX. 10-year US T-bond yields are in lock-step with the GTX and are expected to remain well supported in the months ahead (**Chart 1a**).

Chart 1a

What does it mean? Economic data suggest that US inflation will remain around 2.80%-3.00% in Q2. A resilient labour market and many positive inflation-related indicators (CPI, PPI, and PCE) indicate that inflation is still sticky and challenging to reduce. 10-year yields should continue to hold at the current level. The GTX should follow the same path. Add to the GTX position once the breakout occurs. The target has increased to 4,200.

Deflation vs. Inflation: Deflation wins

Outlook: Continued decline: The 5-year performance between deflationary and inflationary assets shows an ongoing higher performance from deflationary assets (Dow) over inflationary assets (commodities) since 2022 (**Chart 2**).

What does it mean? A continually stronger-performing deflationary-driven market is usually more bullish for the stock market than an inflationary-driven market. Once the GTX breaks out, we anticipate a more even performance between the two asset groups.

Chart 2

Commodity Performance: Livestock

Outlook: Positive: Two commodity groups posted a higher positive return over the last 90 days than the S&P Commodity Index (GTX). The Livestock Index with 9.36% and the Agriculture Index advanced by 6.99%. (**Chart 3**). The US dollar had a negative reading of -0.81%. A low greenback helps support US-dominated commodities.

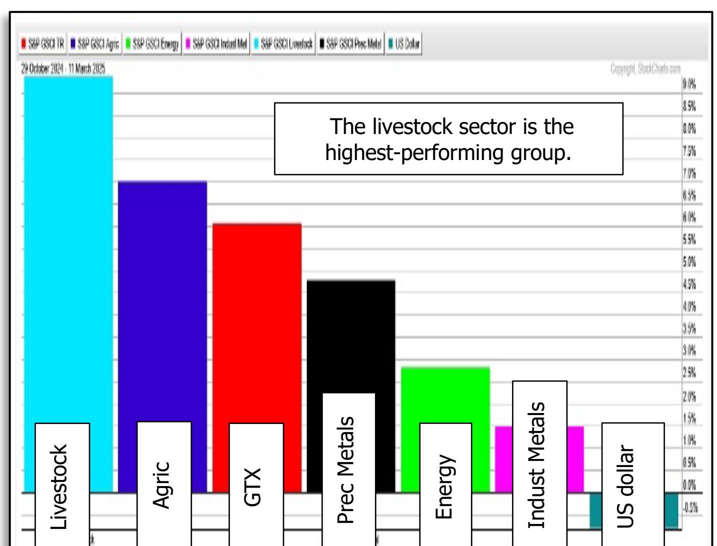

Chart 3

What does it mean? The Livestock Index has again topped the performance list of commodity groups. Beef prices have been driven by low supply, high demand, labour shortage, drought, and production costs.

WTIC: More weakness coming

Outlook: Negative: Crude oil stockpiles rose by a smaller-than-expected amount in Q1. However, oil prices remain well below February highs due to uncertainty over US tariffs, OPEC+ plans to raise output, and weakening demand from China. EIA has lowered its global oil surplus forecast for 2025 and 2026.

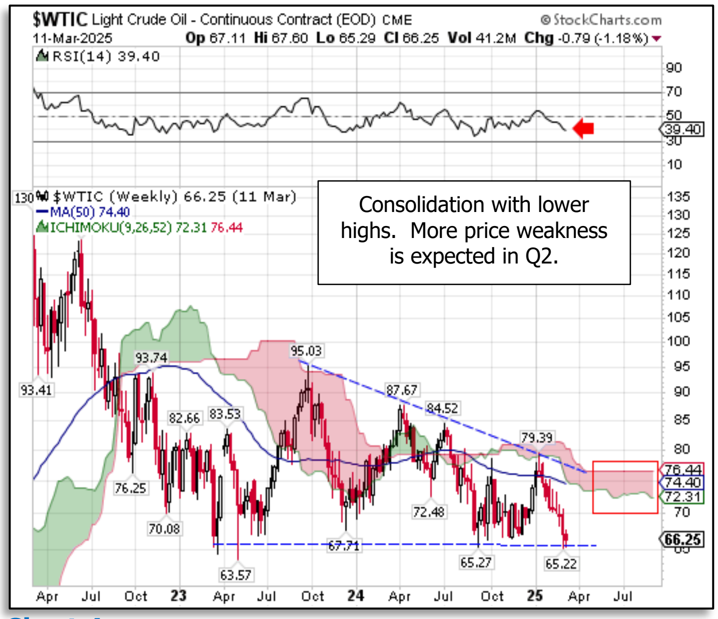

Chart 4

The 1-year trend is flat. WTIC remains contained in a series of lower price peaks. Buying momentum (RSI) is negative (not confirming additional upward strength). A negative 'Red Cloud' extends into Q2, suggesting prices will remain depressed over the next few months (**Chart 4**).

A break below $65.00 would point to $61.75, followed by $57.50. 1-year forecasting models suggest a measured bounce to only $67.50 (**Chart 4a**).

What does it mean? Oil prices are expected to remain around the current level. No significant advance is expected, as there is ample global supply and weak demand. We anticipate a very minor bounce. Ongoing price weakness should be expected in Q2. The target is just $67.00.

Natural gas: Breakout

Outlook: Positive: US utilities with 62 billion cubic feet in early March, higher than expected. Canada's trade minister

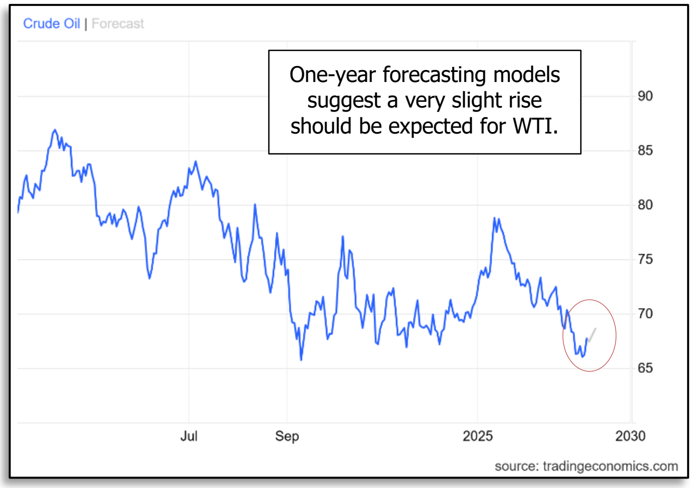

Chart 4a

hinted at trade measures, such as restricting oil and natural gas exports which could tighten supply. Near-record output and expectations for milder weather into April helped cap gains.

The 1-year trend is up. Recent price action shows a continued rebound out of the 12-month consolidation. A negative 'Red Cloud' in Q1 then turns to a positive 'Green Cloud' in Q2 and Q3, suggesting price support. Buying momentum (RSI) is positive (confirming additional upward strength) (**Chart 5**).

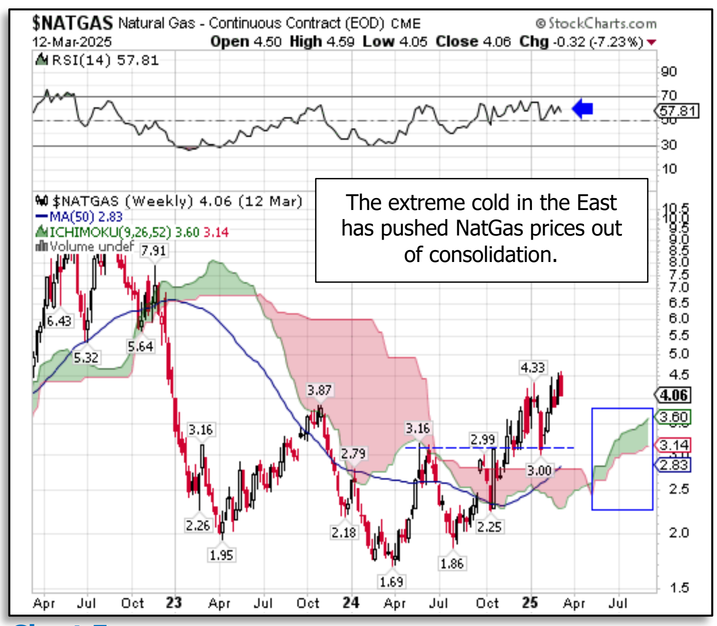

Chart 5

1-year forecasting models suggest that natural gas prices will be around $4.40-$4.50/MMBtu in Q2 (**Chart 5a on page 4**).