Creative Global Investments

Commodities Strategy & bi-weekly charts

Wednesday, November 29th, 2017

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Objectivity

Integrity

Creativity

Macro & geo-political

The Organization for Economic Cooperation and Development, said global growth is accelerating from 3.1% in terms of GDP last year to 3.6% in 2017. Over the past couple of quarters global GDP has been growing even faster than this, at an annualized rate of over 4 percent. For the first time in 10 years, the pace of growth is such that none of the major world economies is in a recession, pushing oil demand highest in the past decade and why we have seen US oil supply drain at a record pace and why floating oil storage has halted since the beginning of the year. Inventories of oil in the OECD stockpiles have halved and may fall below average in the coming weeks and months.

The OECD warns that growth is lopsided and wages aren't keeping pace with the economy. Another concern is that household debts are rising and "danger signs are flashing" for some real estate markets. For next year, we continue to see developing economies to lead global growth as higher commodity prices and improving fiscal positions will accelerate their growth. In particular, the consolidation of the economic recoveries in Brazil and Russia will shore up economic activity in their regions.

Economic sentiment in the Eurozone jumped in November, recording the best result in over 17 years, according to the European Commission (EC). The economic sentiment index (ESI) increased from October's 114.1 to 114.6, matching market analysts' expectations. Confidence in the Eurozone has surged in the past year despite several political temporary obstacles like the unresolved German coalition talks, an independence push by Catalonia in Spain and a lack of progress on Brexit negotiations.

Higher consumer confidence pushed up economic sentiment in November, as households assessed future unemployment and savings expectations more positively than in the previous month. Confidence in the construction sector also improved, while sentiment in the manufacturing sector was broadly unchanged. Employment plans improved notably in the retail trade and industrial sectors, both recording the best readings in 10 years, which is a good sign for the region's labor market.

At a country level, economic sentiment rose strongly in Belgium, France and Malta. Major-players Italy and Spain also saw higher sentiment in November. Germany, however, saw sentiment wane slightly from October's reading, mostly due to the still unresolved political situation of government coalition building.

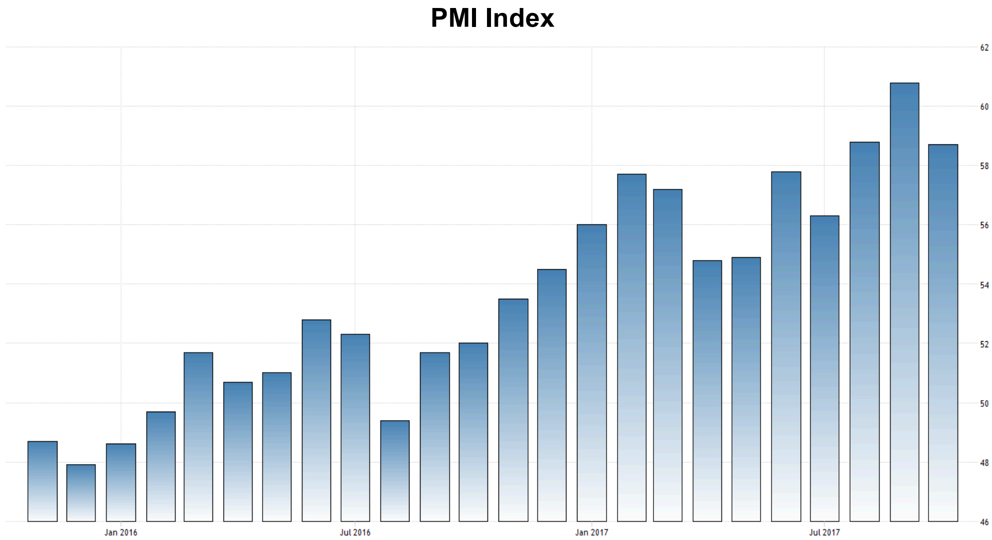
Consensus forecast for private consumption to grow is 1.7% in 2018 (up 0.1% m-o-m). For 2019, consensus forecasts are for consumption to expand 1.5%, and for investment to grow 3.5% in 2018 (+0.3% m-o-m) and forecasts for investment to increase in 2019 by 2.7%.

Higher commodity prices and stronger global growth are expected to drive global inflation in 2018 to levels last seen nearly two decades ago. Hyperinflation in Venezuela will represent a big share of the expected reading for next year. We are projecting for global inflation to rise to 5.0% in 2018, up 0.4% m-o-m. However, for 2019, we see global inflation moderating to 4.3% mostly due to improving macro-economic imbalances in emerging-market nations.

We maintain our global GDP forecasts for 2017 of 3.1%, and at 3.3% for 2018, and hence why we see the price dynamics for commodities in general, but particularly for the oil and energy markets to remain very bullish.

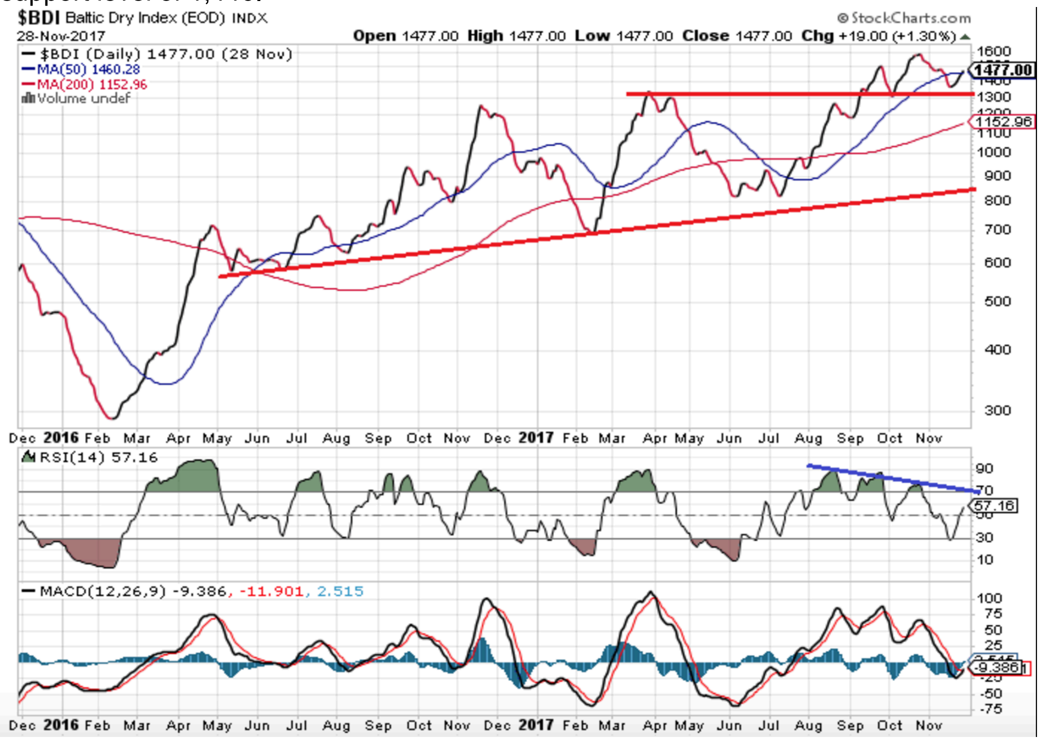
For our general commodities price forecasting, besides global consensus macro data, we use ISM/PMI data, which we found most accurate for the short-to medium-term forecasting. As the PMI chart shows, the US economic trend has been expanding since late 2015.

The ISM's PMI in the US fell to 58.7 in October of 2017 from a 13-year high of 60.8 in September. Figures came a tad below market expectations of 59.5 as growth slowed among most sub indexes and inventories contracted again.



The PMI (R) is a composite index based on the diffusion indexes of five of the indexes with equal weights: New Orders (seasonally adjusted), Production (seasonally adjusted), Employment (seasonally adjusted), Supplier Deliveries (seasonally adjusted), and Inventories. 50< indicates expansion

The Baltic Dry Index ($BDI) chart shows, the $BDI is near the significant 50-dayMVA support level of 1,446.



As we were forecasting in our 2017 Global Outlook & Investment Strategy, commodity prices represented by the CRB ($CRB) have been breaking out to the upside. The $CRB has moved from its June lows of 166 to a stunning 2H high of 191.However, short-term momentum is now overbought, so it makes sense to ask the question of whether this strength is fuelling a new bull market, or is it the end of a counter-cyclical rally?

Given the macro economic outlook being so positive for the global GDP, and given the inventory adjustments of many of the long cycle commodities, and related capacity reductions, we see a healthy demand cycle continuing to propel prices of most commodities for the foreseeable future into 2019.

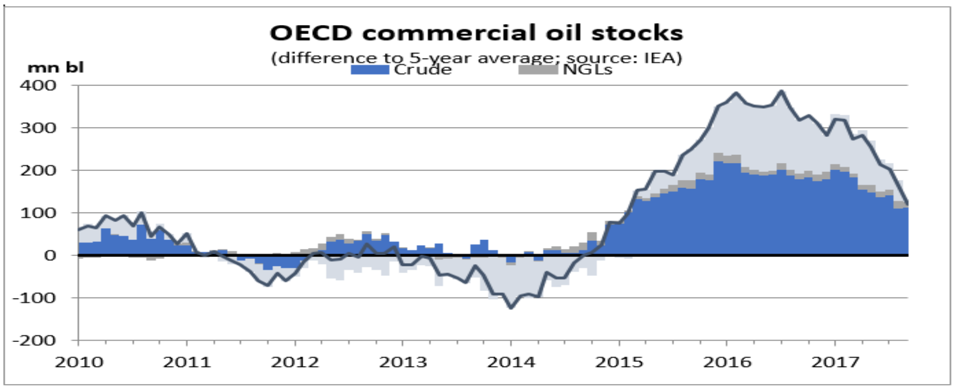
The CRB Index lost 0.42 points (0.22%) last week. Intermediate trend is Positive. Strength relative to the S&P 500 Index is Neutral. $CRB is forming a flag post the breakout. The $CRB remains above its 20-day moving average. Short-term momentum indicators however seem to roll over.

When looking at the energy spectrum, and particularly for Oil, we had been forecasting for WTI to reach a 2017 high price target of $63/brl. And since the end of Q2, price dynamics for Oil have been unstoppable, as it seemed until last week, and our leading forecast seemed very achievable. The past 3 days Oil prices rose as for WTI from $55.04/brl to today's price of $57.46/brl.

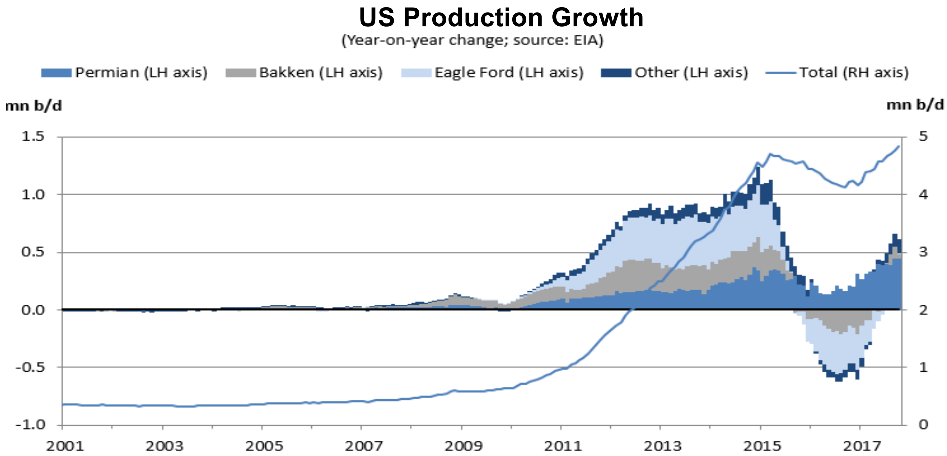
We are expecting for OPEC at tomorrows meeting to announce an extension to the 1.8 Mn barrel/day production cuts by 9-months to the end of 2018.

These supply disruptions, geopolitical concerns, a growing expectation that the OPEC/non-OPEC output accord will be extended through 2018 at the end of the month, and with demand growth still robust, we continue to see firmer prices into the rest of the year

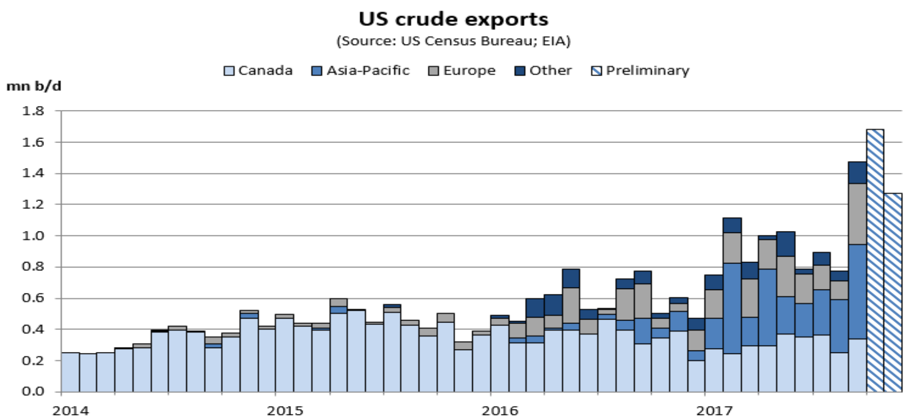
- OPEC cuts will almost certainly be extended. Oil-producers do not want to return to $40 oil, and current production cuts ensure price pressures to the upside
- Increasing global demand will provide upward pressure on oil prices, with global GDP consensus being revised upwards to our 2018 forecasts of 3.6% will push for an global Oil demand to exceed 100Mn barrels per day first time ever
- As we were highlighting in the past 6 months, the "skewed" inventory count is normalizing, and recent US Energy Department's inventory releases show multiple weeks of strong inventory draws in the domestic crude stockpiles pointing to a slowdown in shale output, which will continue to help push price higher



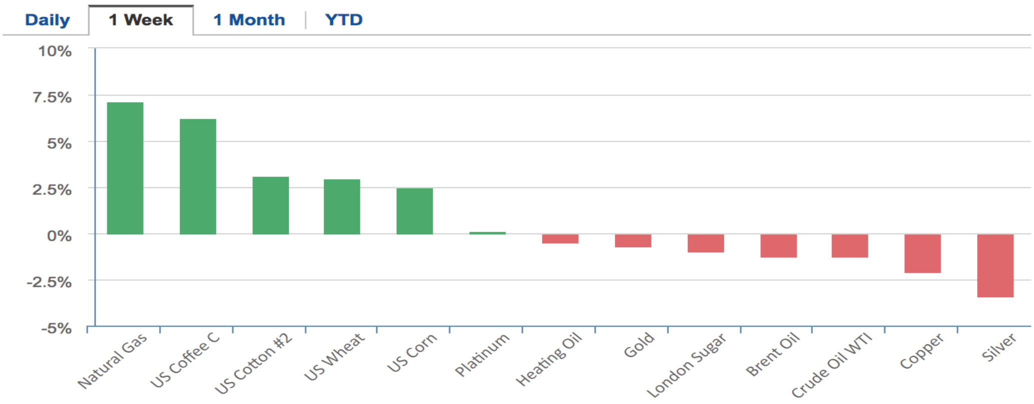
- As expected, latest data continues to point towards the fact that US shale producers are slowing down, and for obvious year end reasons reassessing production. At current prices for Crude, the shale production is very viable, and we are expecting for the number of wells and production volume to grow into 2018/2019.

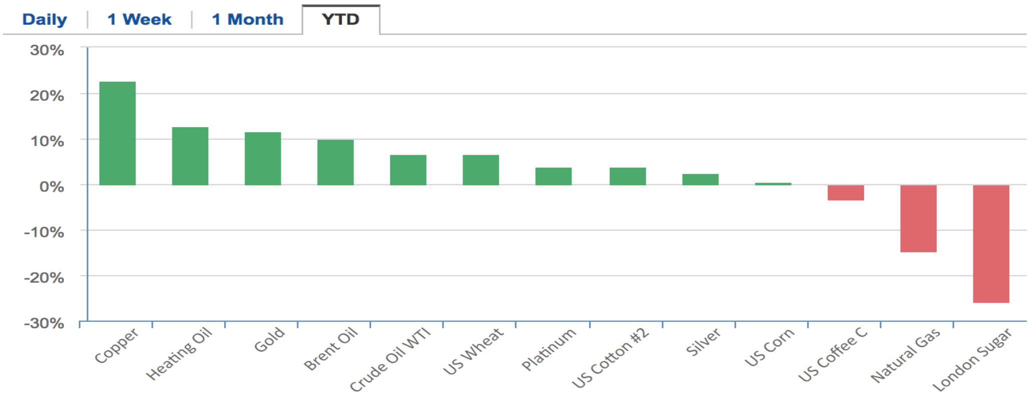


- In the short term however, inspite of US exports having grown substantially, we see global supply hindered in the short term due to negative geo-political affects weighing on parts of global production such as in Venezuela, Nigeria, Angola



Commodities Performances





Commodities Technical Metrics

Metals »

Commodity	Month	Last	Prev.	High	Low	Chg.	Chg. %	Time
Gold	Dec 17	1,283.51	1,294.90	1,296.20	1,281.30	-11.39	-0.88%	19:36:03
Silver	Dec 17	16.512	16.822	16.873	16.455	-0.310	-1.84%	19:35:49
Copper	Mar 18	3.069	3.104	3.112	3.062	-0.035	-1.13%	19:34:34
Platinum	Jan 18	940.95	952.80	955.80	940.55	-11.85	-1.24%	19:35:53

Agriculture »

Commodity	Month	Last	Prev.	High	Low	Chg.	Chg. %	Time
US Coffee C	Mar 18	132.32	129.67	132.77	129.25	+2.65	+2.04%	18:28:36
US Corn	Mar 18	353.90	349.40	353.90	349.60	+4.50	+1.29%	19:18:47
US Wheat	Mar 18	434.75	429.60	435.50	429.50	+5.15	+1.20%	19:14:03
London Sugar		389.40	394.80	394.70	389.10	-5.40	-1.37%	28/11
US Cotton #2	Mar 18	73.41	72.14	73.46	71.77	+1.27	+1.76%	19:18:26

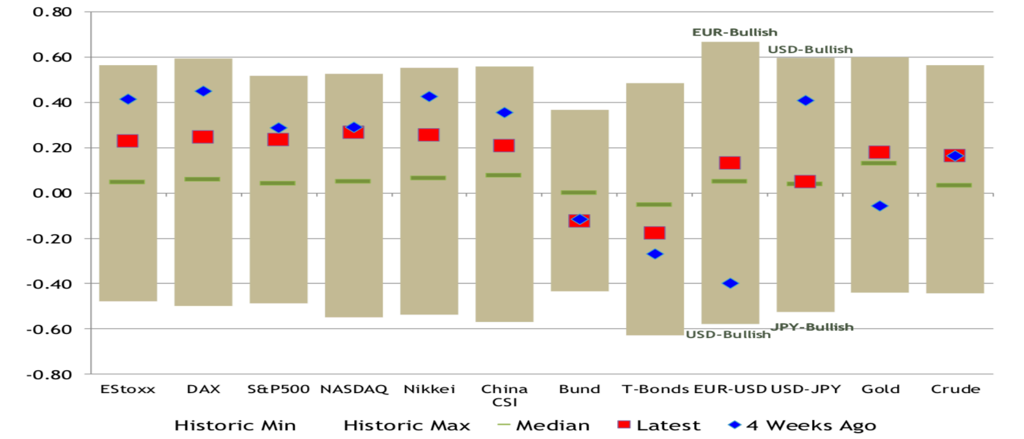
Commodity Indices »

Index	Last	High	Low	Chg.	Chg. %	Time
DJ Commodity	611.08	615.02	610.11	-2.27	-0.37%	19:10:04
TR/CC CRB	190.78	192.16	190.36	-0.43	-0.22%	19:15:00
TR/CC CRB Crude Oil	44.9550	45.2335	44.5295	-0.6499	-1.43%	27/11
TR/CC CRB Gold	11.6109	11.6502	11.5930	0.0635	0.55%	27/11
TR/CC CRB Natural Gas	10.6162	10.6830	10.4860	0.3554	3.46%	27/11

Investors Sentiment

The latest ***sentix*** survey throws up several interesting developments in commodities, growing investor oil optimism ahead of this week's OPEC meeting is set against a less positive view of the medium-term outlook.

Chart 1: Short-term Sentiment in a Longer-term Context

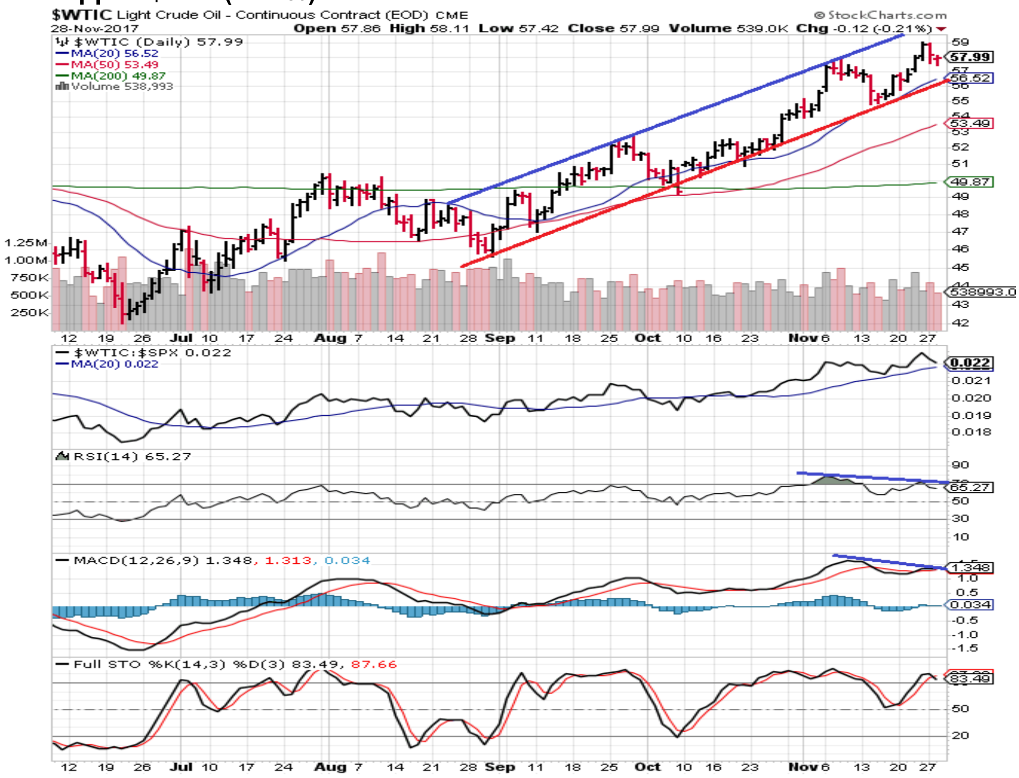


*source : **sentix***

Oil & Energy markets weekly charts

WTI dropped $0.12 (0.21%) last week.

Intermediate trend remains Positive. Strength relative to the S&P 500 Index is Positive. $WTI is indicating short-term bearish divergence. $WTI remains above the 20MVA. Short-term momentum indicators are rolling over.

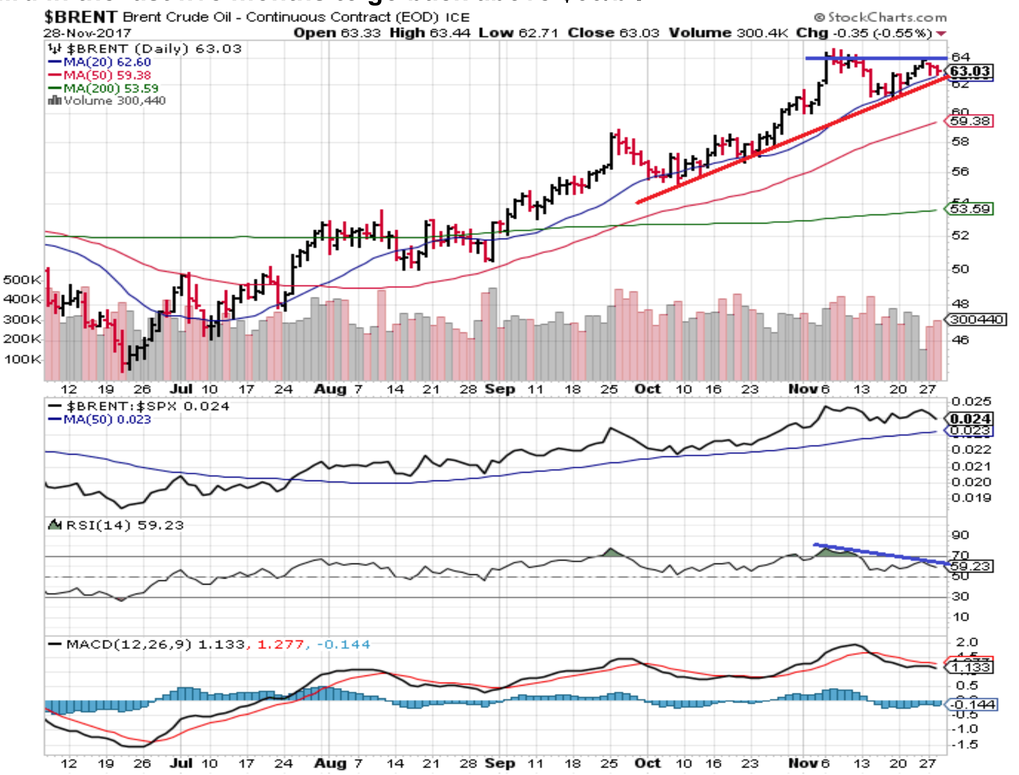


Brent lost $0.83 (1.30%) last week, however Brent crude has risen by more than a third in the last five months to go back above $60/bl.

Intermediate trend remains Positive.

Brent rallied into the resistance after the pullback.
Price is above the 20-day MVA.

Short-term momentum indicators are Negative.



Natural Gas added $0.11 (3.68%) per MBtu last week.

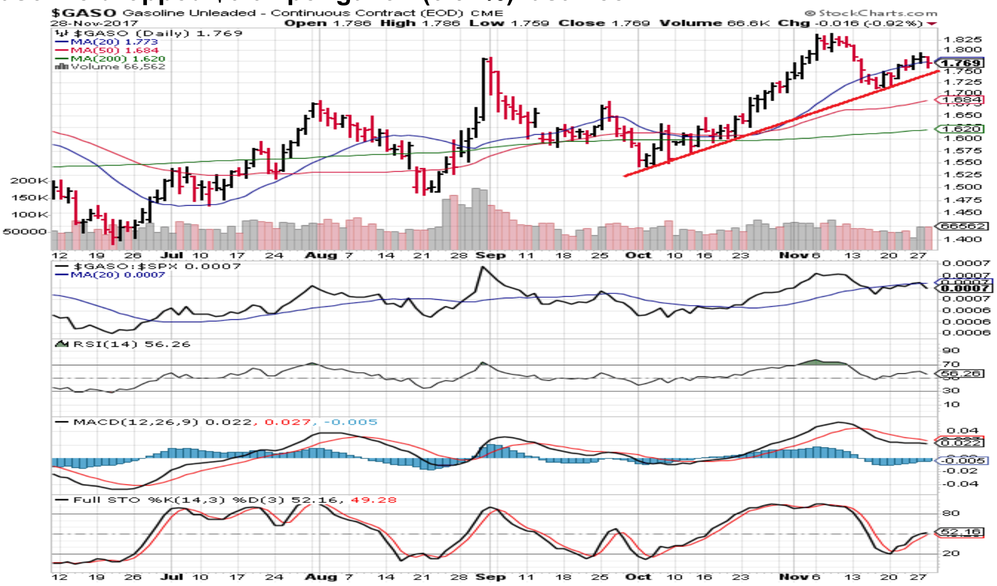
Intermediate trend is Positive. Strength relative to the S&P 500 Index is Positive. $NATGAS keeps making higher lows.

Short-term momentum indicators are Positive.

Gasoline dropped $0.02 per gallon (0.92%) last week.

Intermediate trend is Positive. Strength relative to the S&P 500 Index is Negative.

$GASO moved below the 20-day moving average. Short-term momentum indicators are Mixed.



Uranium is trading at 23.15 per lbs.

Intermediate trend is Neutral. Uranium failed to break the resistance at 26.

Short-term momentum indicators are rolling over.

Industrial metals markets weekly charts

Copper lost $0.04 per lb. (1.15%) last week.

Intermediate trend remains Neutral. Strength relative to the S&P 500 Index is Negative. Copper continues pulling back towards the lower trendline

Copper closed below the 20-day moving average.

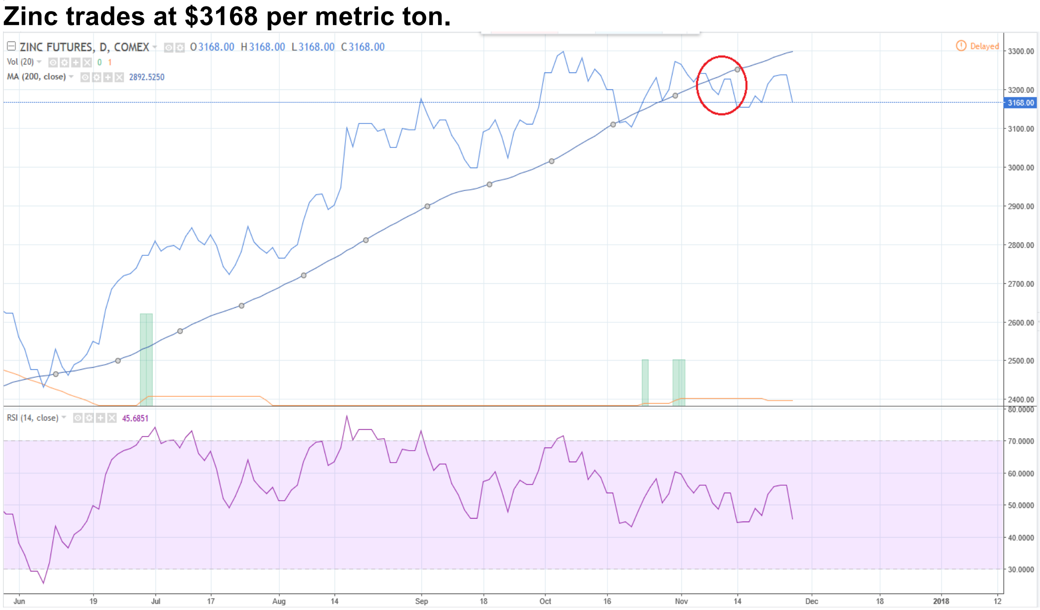
Short-term momentum indicators are Negative.

Aluminum is at $91.75 per ton.

Intermediate trend is positive. Aluminum continues moving towards the resistance at 96.00

Short-term indicators are Positive.

Zinc trades at $3168 per metric ton.



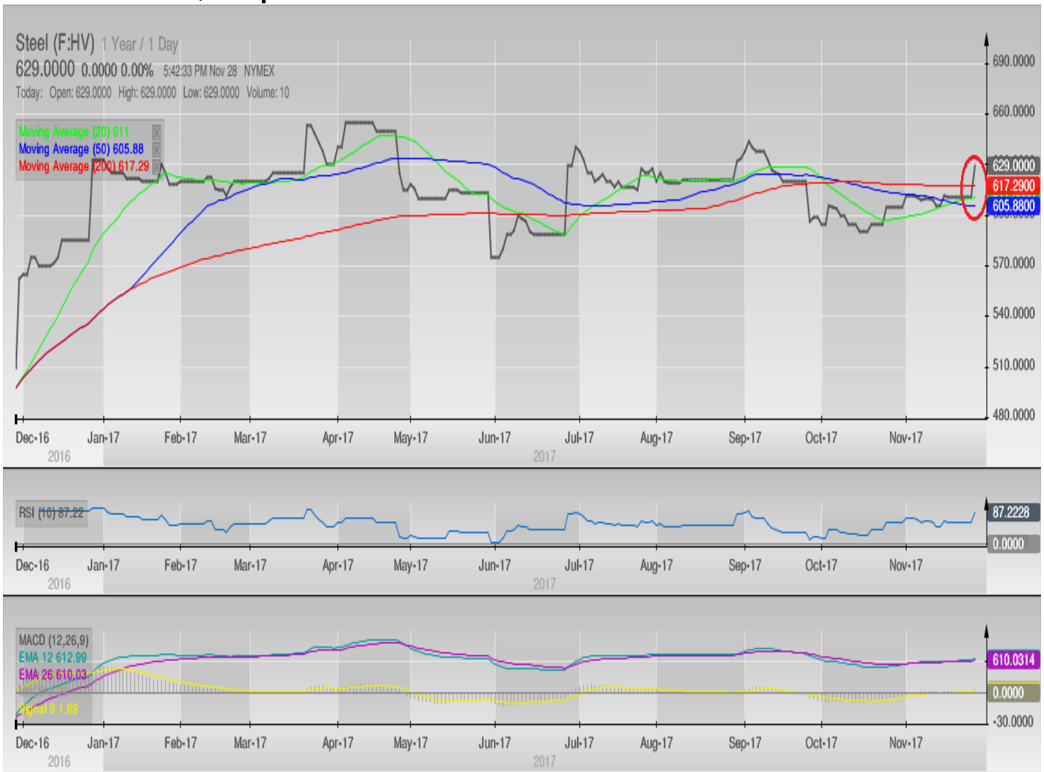
Intermediate trend is Neutral.

Zinc broke through the 200-day MVA and will test the resistance at 3100. Zinc trades below the 200-day MVA. Short-term indicators are negative.

Steel trades at $629 per metric ton.

Intermediate trend is Positive.
Steel broke out of the consolidation are and closed above the 200-day MVA.

Short-term indicators are Mixed.

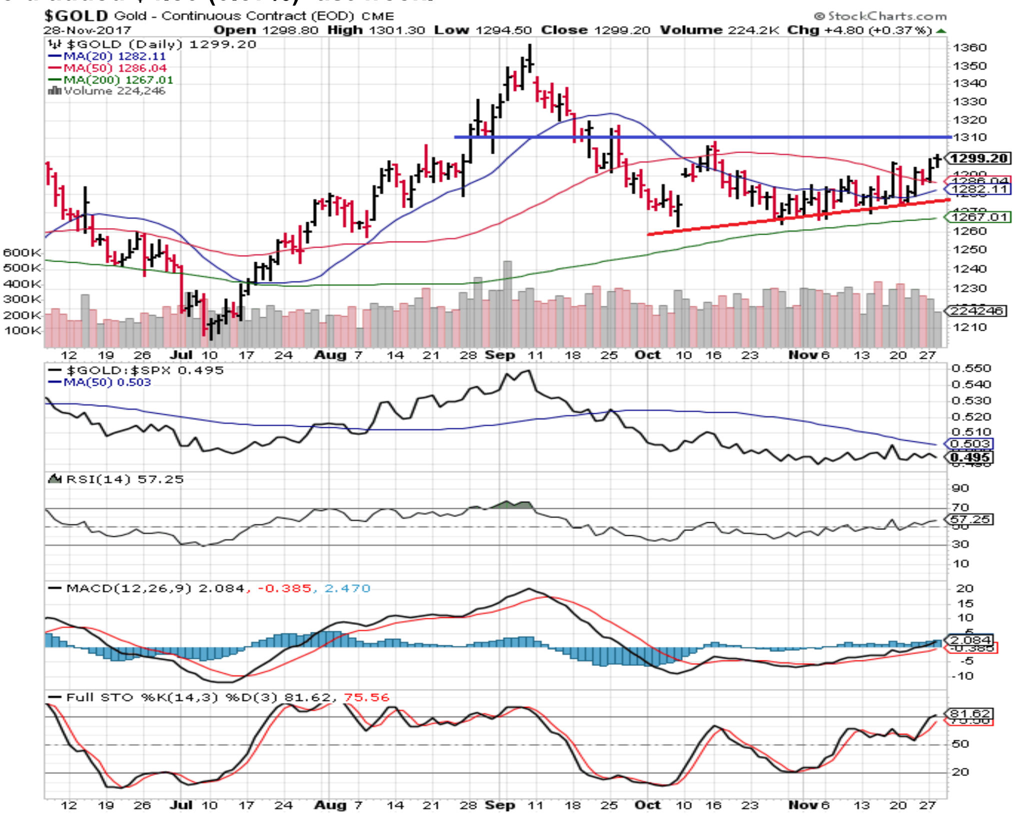


Gold & precious metals markets weekly charts

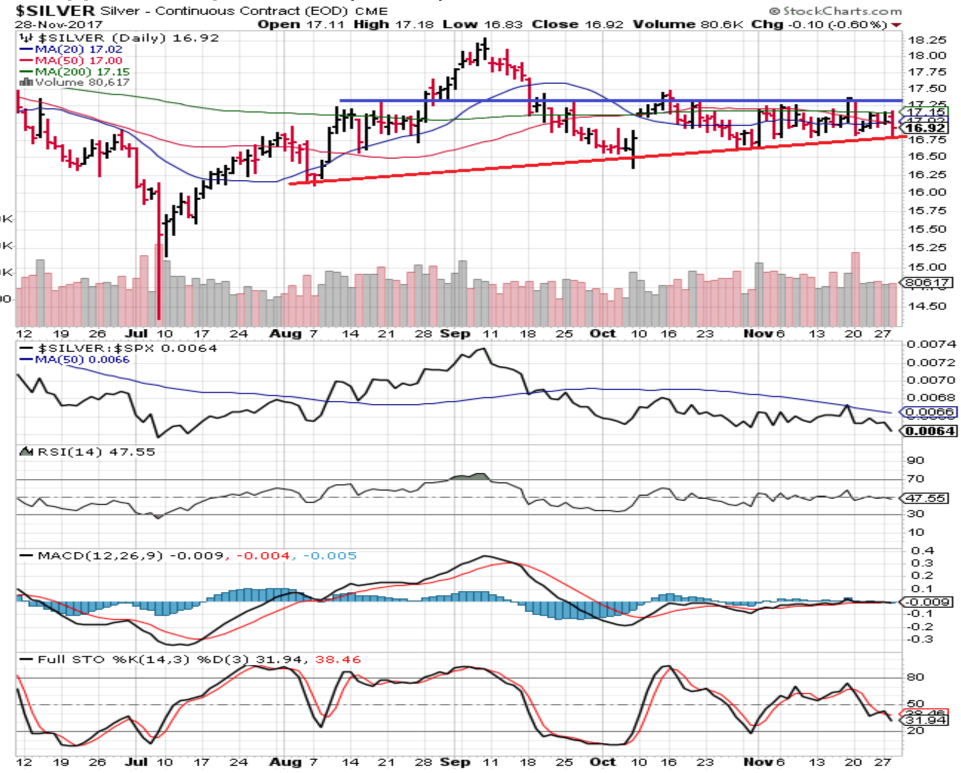
Gold added $4.80 (0.37%) last week.

Intermediate trend is Positive.
Gold rebounded from the lower trendline once again. Strength relative to the S&P 500 Index remains Negative.

Gold moved above the 20-day MVA.
Short-term momentum indicators are Positive.



Silver dropped $0.10 per ounce (0.60 %) last week.



Silver remains pressuring the lower trendline. Strength relative to the S&P 500 Index remains Negative.

Silver remains below the 20-day moving average.

Short-term momentum indicators are Mixed.

Platinum gained $2.00 per ounce (0.21%) last week.

Intermediate trend changed from Neutral to Positive. Strength relative to the S&P 500 Index remains Neutral. $PLAT is on the upper side of the channel.

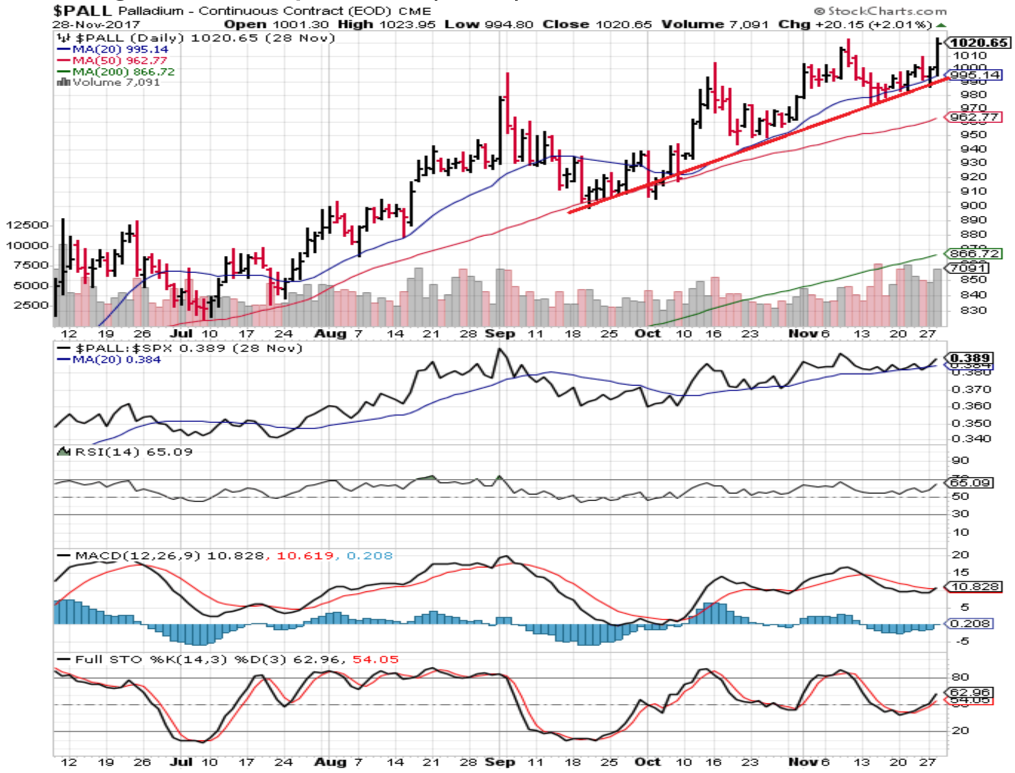
$PLAT remains above its 20-day MVA. Short-term momentum indicators are Positive.

Intermediate trend changed back to Positive. Strength relative to the S&P 500 Index remains Positive.

$PALL remains above its 20-day moving average.

Short-term momentum indicators are Positive.

Palladium gained $20.15 per ounce (2.01%) last week.



Agricultural & soft commodities weekly charts

Intermediate trend changed from Positive to Neutral. Strength relative to the S&P 500 Index is Negative.

Lumber moved below the 20-day MVA. Short-term momentum indicators are Negative.

Lumber gained $10.00 (2.40%) last week.

The Grain ETN lost 0.07 points (0.28%) the last week.

Intermediate trend changed from Neutral to Negative.
Units broke through the support at 25.

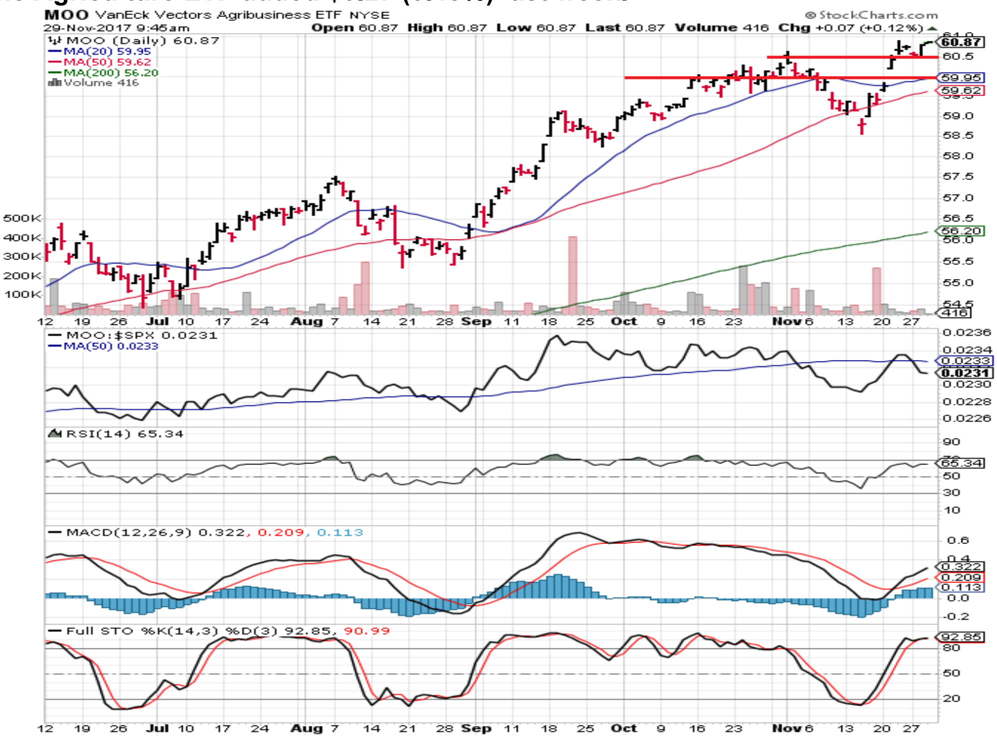
Price is below the 20-day MA. Short-term momentum indicators are Neutral.

The Agriculture ETF added $0.27 (0.45%) last week.

Intermediate trend is Positive. Strength relative to the S&P 500 Index is Negative. MOO rebounded from the 50-day MVA and created a new high.

Units closed above the 20-day moving average.

Short-term momentum indicators are Positive.



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Report completed: 11/29/2017, 14:51 EST
Report first disseminated: 11/29//2017, 14:55 EST

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