Creative Global Investments

Commodities Strategy & bi-weekly charts

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Objectivity

Integrity

Creativity

Macro & geo-political

The Organization for Economic Cooperation and Development forecasts global growth to accelerate 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%. 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%.

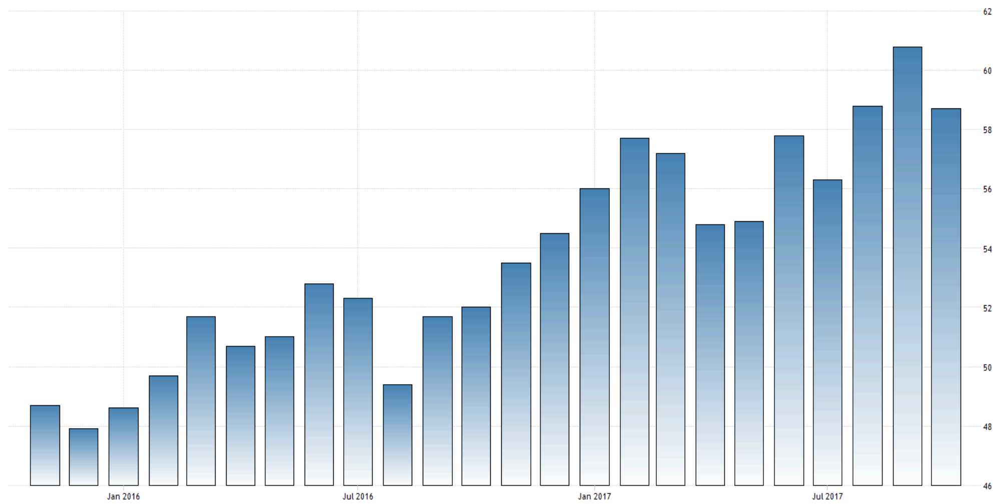
Higher commodity prices and stronger global growth are expected to drive global inflation in 2018 to levels last seen nearly two decades ago. Hyperinflation in Venezuela will represent a big share of the expected reading for next year. We are projecting for global inflation to rise to 5.0% in 2018, up 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 3.4%, and at 3.8% 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.

PMI Index



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 above the 50- and 200-dayMVA support levels, RSI and MACD are looking like rolling over.

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 negative. The $CRB remains above its 200-day moving average. Short-term momentum indicators however have rolled over, and are getting oversold.

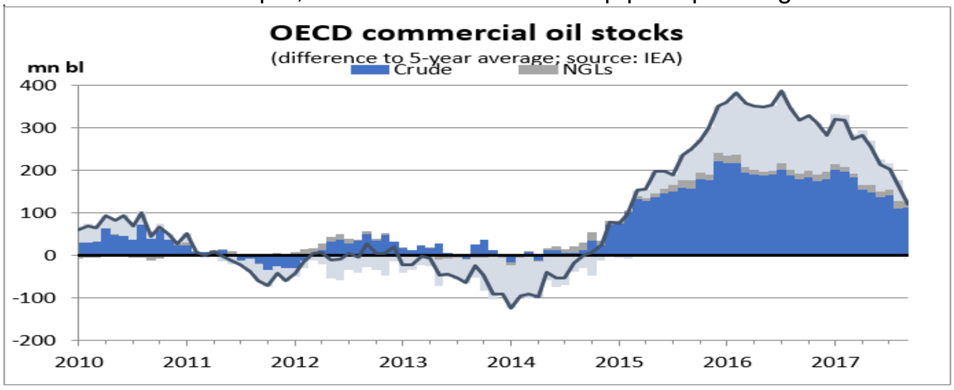
When looking at the energy spectrum, and particularly for Oil, we had been forecasting for WTI to reach a 2017 high price target of $63/brl. And since the end of Q2, price dynamics for Oil have been unstoppable, as it seemed until last week, and our leading forecast seemed very achievable. **The past 3 days Oil prices fell as for WTI from $58.45/brl to today's price of $56.30/brl, which we see as a buying opportunity.**

OPEC predicted that global oil markets won't rebalance until late next year after boosting forecasts for supplies from the US and other rivals in their monthly report. OPEC raised its outlook for non-OPEC supply in 2018 by 300,000 a barrels a day, as its projections for American output caught up with those of the US government. As a result, an initiative by OPEC and Russia to clear a global oil glut by cutting output, previously seen succeeding in Q3 of 2018 will take effect more slowly.

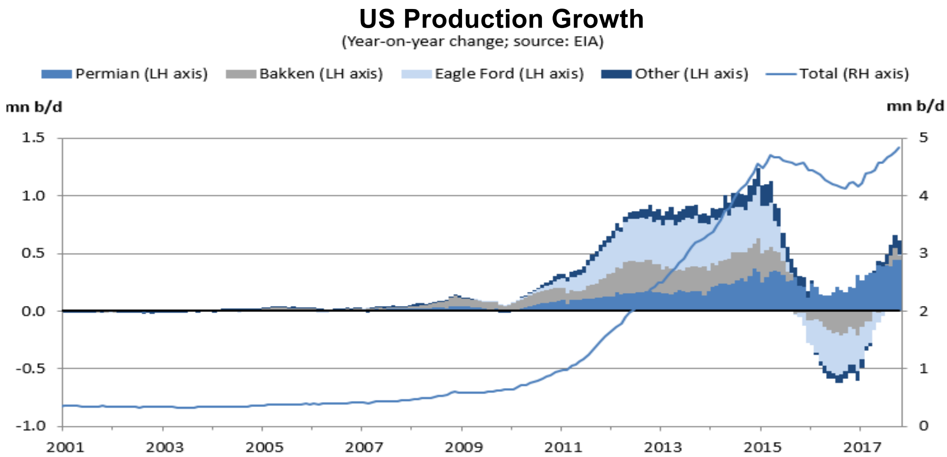
Brent Oil prices climbed to a 2-year high above $65/brl in London this week, supported by a temporary pipeline halt in the UK and the Nov. 30 decision by OPEC and Russia to press on with supply curbs until the end of next year. While Kuwait and the UAE said this week the group could consider winding down its efforts in mid-2018 if the market is back in balance, Wednesday's report suggests they'll need to persevere for longer.

Continued efforts by OPEC and non-OPEC to support oil market stability" should "lead to a further reduction in excess global inventories, arriving at a balanced market by late 2018.

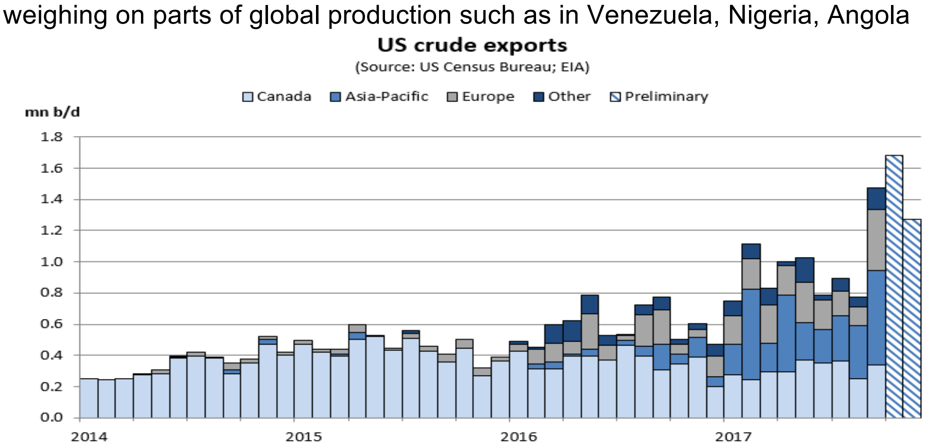
- As we were highlighting in the past 6 months, the "skewed" inventory count is normalizing, and recent US Energy Department's inventory releases show multiple weeks of strong inventory draws in the domestic crude stockpiles pointing to a slowdown in shale output, which will continue to help push price 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.

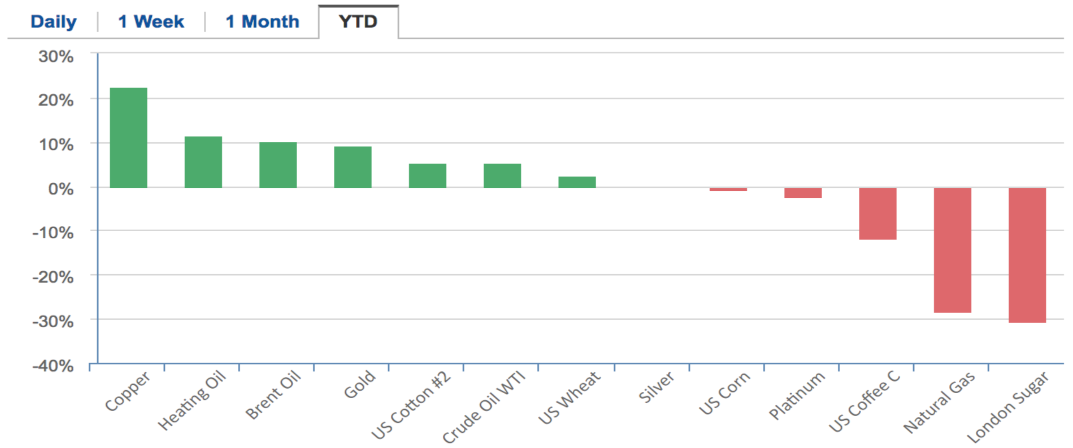


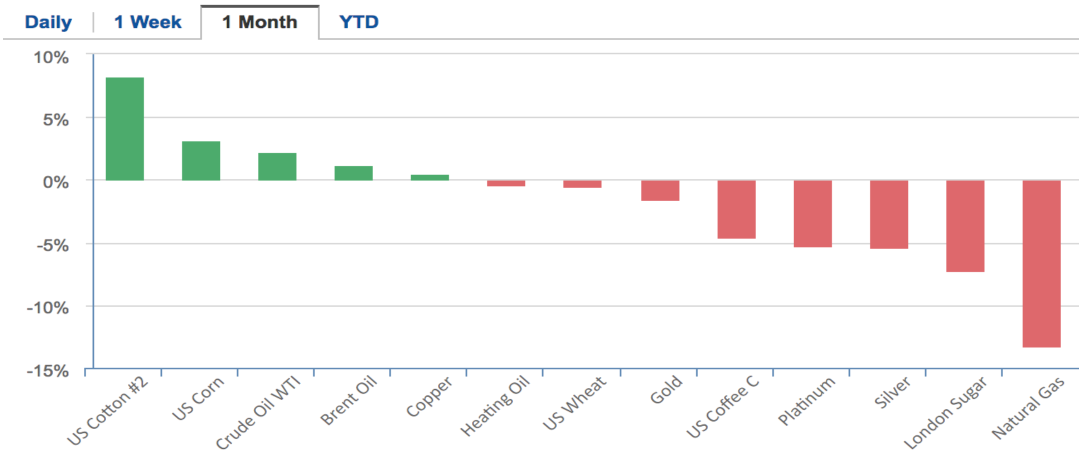
- In the short term however, in spite of US exports having grown substantially, we see global supply hindered in the short term due to negative geo-political affects weighing on parts of global production such as in Venezuela, Nigeria, Angola



Commodities Performances

Commodity	15 Minutes	Hourly	Daily	1 Week	1 Month	YTD	3 Years
Gold	0.00%	0.00%	0.72%	0.36%	-1.57%	9.36%	4.17%
Silver	0.06%	0.06%	1.30%	2.06%	-5.37%	-0.11%	-2.73%
Copper	0.03%	0.03%	0.38%	4.22%	0.52%	22.70%	5.76%
Platinum	0.11%	0.11%	1.03%	-1.01%	-5.28%	-2.34%	-27.08%
Brent Oil	-0.08%	-0.08%	0.22%	0.61%	1.15%	10.14%	2.49%
Crude Oil WTI	-0.05%	-0.05%	-0.02%	-0.18%	2.28%	5.34%	1.22%
Natural Gas	-0.07%	-0.07%	-1.62%	-3.33%	-13.28%	-28.28%	-28.18%
Heating Oil	-0.04%	-0.04%	-0.14%	0.25%	-0.36%	11.59%	-4.99%
US Coffee C	0.00%	0.00%	0.74%	-1.63%	-4.56%	-11.73%	-32.29%
US Corn	0.00%	0.00%	-0.09%	3.06%	3.21%	-0.82%	-14.54%
US Wheat	-0.06%	-0.06%	0.16%	-0.95%	-0.48%	2.33%	-32.48%
London Sugar	-	-	0.55%	-1.97%	-7.26%	-30.58%	-6.38%
US Cotton #2	-0.09%	-0.09%	0.58%	0.51%	8.28%	5.47%	22.61%





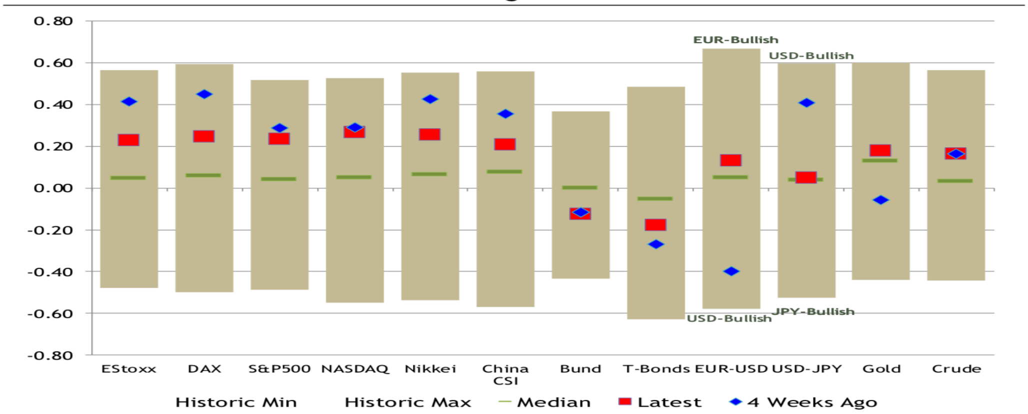
Commodities Technical Metrics

Name	MA5	MA10	MA20	MA50	MA100	MA200
Gold	1276.06 Sell	1278.91 Sell	1290.06 Sell	1261.39 Sell	1258.50 Sell	1232.42 Buy
Silver	16.495 Sell	16.758 Sell	16.940 Sell	17.115 Sell	17.299 Sell	17.242 Sell
Copper	3.064 Buy	3.087 Sell	3.028 Buy	2.792 Buy	2.501 Buy	2.630 Buy
Crude Oil WTI	57.64 Sell	55.74 Buy	52.42 Buy	50.73 Buy	47.42 Buy	57.76 Sell
Brent Oil	63.34 Sell	61.76 Buy	57.97 Buy	54.53 Buy	50.22 Buy	61.80 Buy
Natural Gas	2.887 Sell	2.930 Sell	2.933 Sell	3.028 Sell	2.808 Sell	3.068 Sell
Gasoline RBOB	1.7315 Sell	1.7332 Sell	1.6887 Sell	1.6255 Buy	1.5217 Buy	1.7956 Sell
London Gas Oil	564.08 Sell	555.61 Buy	533.11 Buy	491.66 Buy	449.58 Buy	547.06 Buy
US Wheat	424.20 Sell	427.06 Sell	432.91 Sell	441.81 Sell	439.95 Sell	492.21 Sell
US Corn	343.72 Buy	345.63 Buy	348.61 Sell	360.07 Sell	359.41 Sell	371.73 Sell
US Soybeans	987.08 Sell	986.25 Sell	971.61 Sell	979.24 Sell	985.96 Sell	1025.42 Sell
US Coffee C	123.41 Sell	124.68 Sell	128.76 Sell	133.58 Sell	135.20 Sell	144.74 Sell
US Sugar #11	14.72 Sell	14.60 Sell	14.23 Sell	15.84 Sell	17.09 Sell	15.88 Sell
US Cotton #2	72.83 Buy	70.56 Buy	70.03 Buy	72.94 Buy	69.41 Buy	68.87 Buy
London Cocoa	1505.20 Sell	1540.90 Sell	1525.75 Sell	1567.46 Sell	1883.81 Sell	1962.82 Sell
US Cocoa	2011.70 Sell	2066.50 Sell	2031.33 Sell	2019.59 Sell	2399.64 Sell	2725.92 Sell
Rough Rice	12.188 Sell	11.920 Sell	12.137 Sell	11.056 Buy	10.665 Buy	11.465 Buy
Platinum	921.99 Sell	925.69 Sell	946.61 Sell	954.75 Sell	975.13 Sell	1086.66 Sell
Palladium	1005.54 Buy	994.02 Buy	958.98 Buy	865.06 Buy	743.33 Buy	743.61 Buy
Aluminum	2076.10 Sell	2112.10 Sell	2096.79 Sell	1975.75 Buy	1796.73 Buy	1789.31 Buy
Zinc	3186.70 Sell	3187.38 Sell	3126.21 Buy	2878.26 Buy	2506.95 Buy	2273.93 Buy
Nickel	11417.50 Sell	11691.25 Sell	11341.62 Sell	10399.95 Buy	10031.40 Buy	12150.99 Sell
Lead	2483.00 Buy	2483.28 Buy	2437.79 Buy	2317.74 Buy	2102.82 Buy	2016.39 Buy

Investors Sentiment

The latest ***sentix*** survey throws up several interesting developments in commodities, growing investor Gold optimism however, post OPEC meeting investors sentiment towards Oil is 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

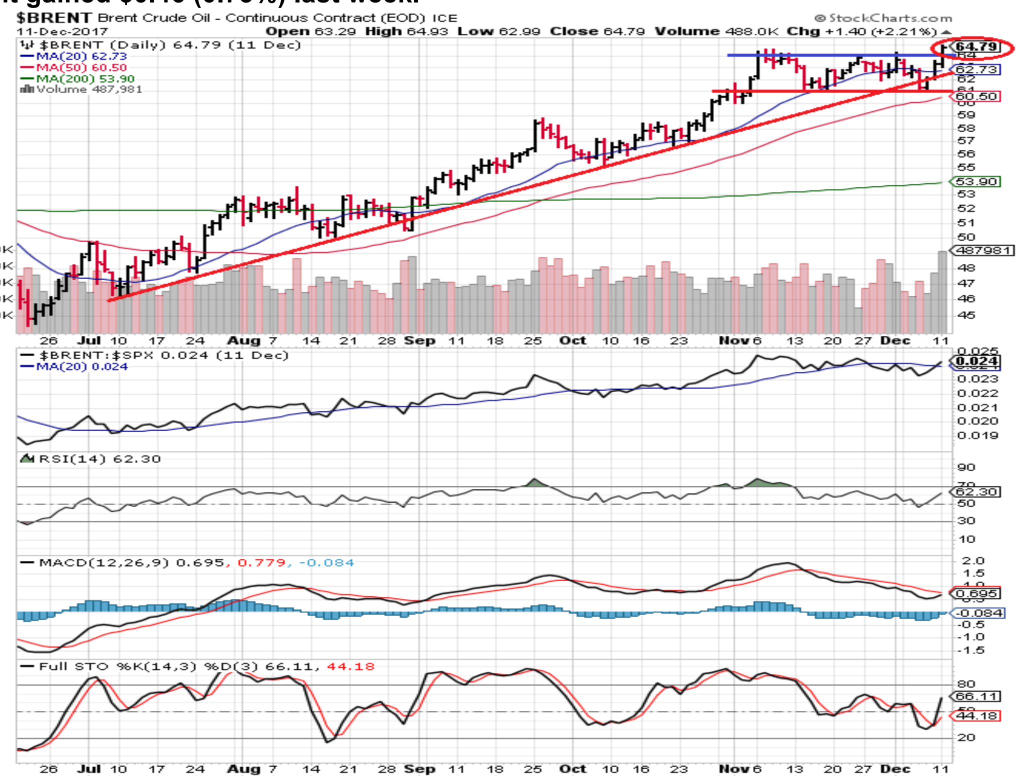
WTI dropped $0.48 (0.83%) last week.

Intermediate trend remains Positive. Strength relative to the S&P 500 Index is Positive. $WTI rebounded from the lower trendline.

$WTI remains above the 20-day MVA.

Short-term momentum indicators are still diverging.

Brent gained $0.46 (0.73%) last week.



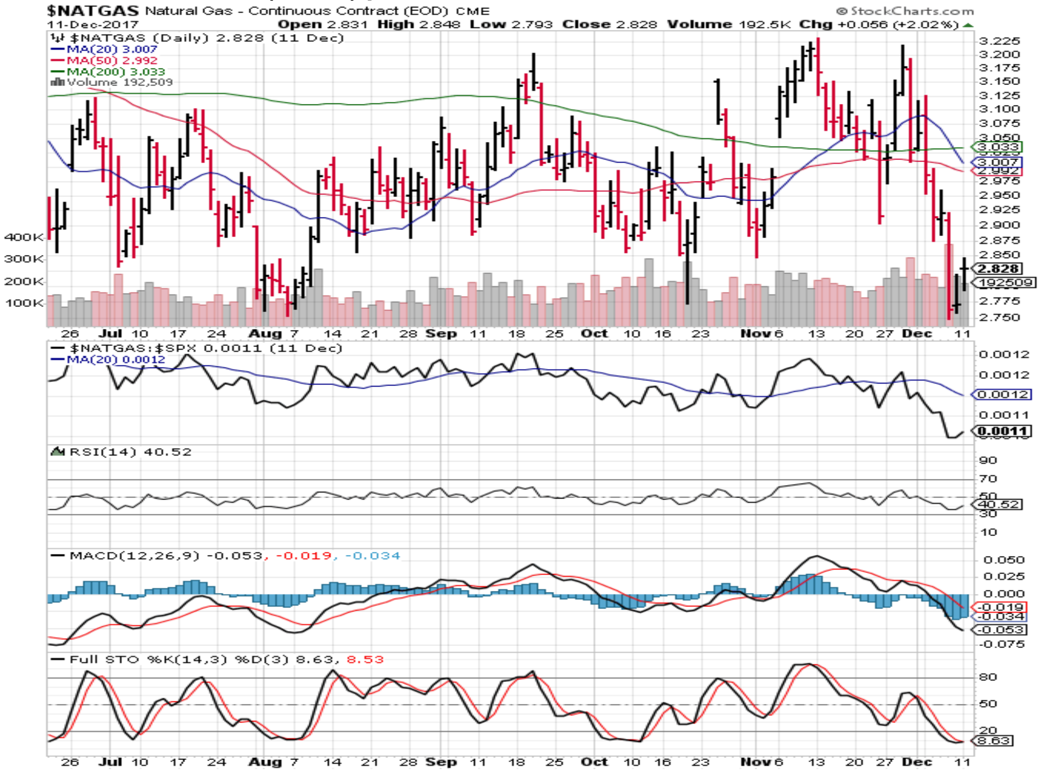
Intermediate trend remains Positive. Brent closed above the important resistance. Price remains above the 20-day MVA.

Short-term momentum indicators are Positive.

Intermediate trend is Neutral. Strength relative to the S&P 500 Index is Negative. $NATGAS retraced back to the support and remains range-bound.

Short-term momentum indicators are Negative.

Natural Gas lost $0.24 (8.10%) per MBtu last week.



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

$GASO remains below the 20-day MVA. Short-term momentum indicators are Mixed.

Gasoline dropped $0.02 per gallon (1.21%) last week.

Uranium is trading at $25.00 per lbs.

Intermediate trend is Neutral.
Uranium is testing the yearly high once again.

Short-term momentum indicators are slightly overbought.

Industrial metals markets weekly charts

Copper added $0.08 per lb. (2.61%) last week.

Intermediate trend is Negative. Strength relative to the S&P 500 Index is Negative. Copper broke the lower trendline but retraced from the 2.95 support.

Copper closed below the 20-day MVA.

Short-term momentum indicators are Negative.

Aluminum is at $94.00 per ton.

Intermediate trend remains positive. Aluminum is testing the resistance at 95, closing the gap from Q1.

Short-term indicators are Positive.

Zinc trades at $3154 per metric ton.

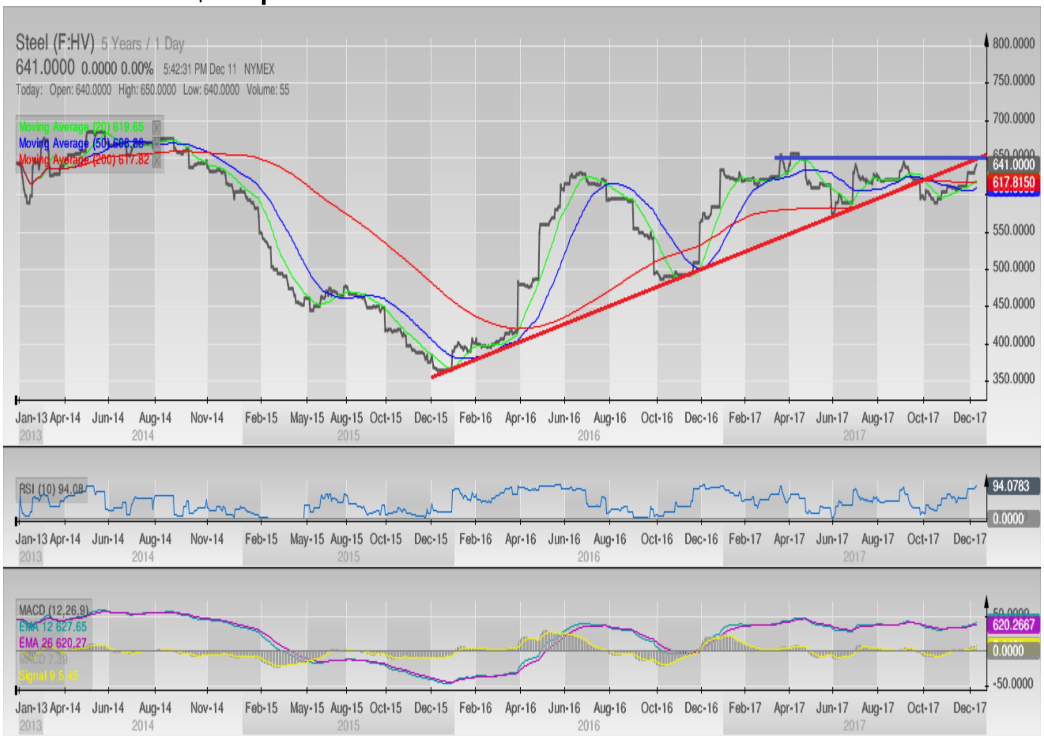
Intermediate trend is Neutral.

Zinc is showing exhaustion post the breakout indicating the possible throwback to former resistance.
Zinc trades below the 200-day MVA.
Short-term indicators are negative.

Intermediate trend is Positive.
Steel is going to test the yearly high at $650.
Steel trades above its 20-day MVA.

Short-term indicators are Positive.

Steel trades at $641 per metric ton.

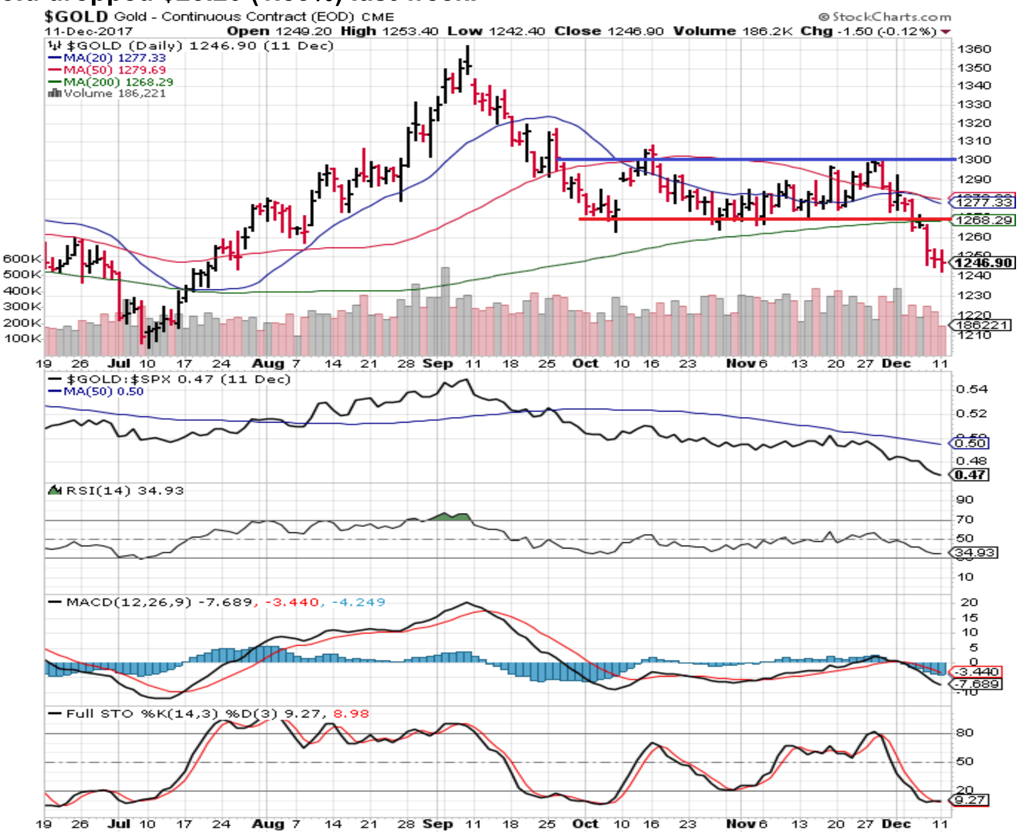


Gold & precious metals markets weekly charts

Intermediate trend changed from Neutral to Negative.
Gold broke out from the consolidation.
Strength relative to the S&P 500 Index remains Negative.

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

Gold dropped $23.20 (1.83%) last week.



Post yesterday's Fed rate hike, Gold did hold up well.

Silver lost $0.40 per ounce (2.49 %) last week.

Silver broke through the important lower trendline. Strength relative to the S&P 500 Index remains Negative.

Silver remains below the 20-day moving average.

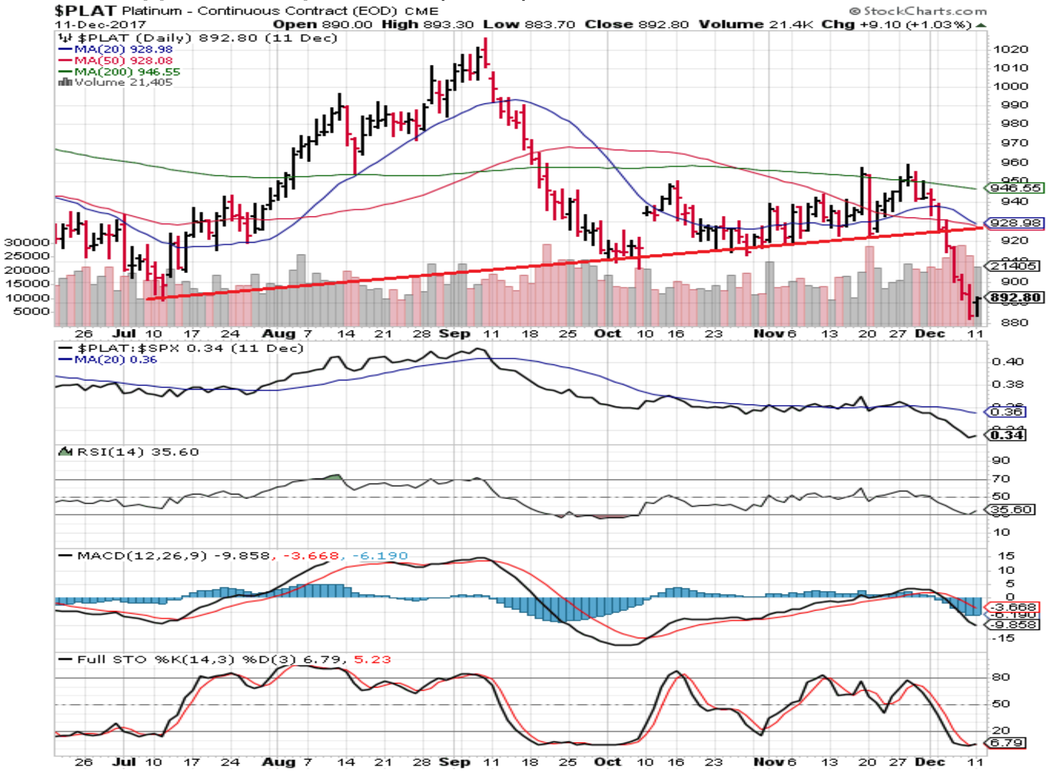
Short-term momentum indicators are Negative and Oversold.

Silver also did hold up post Fed rate hike.

Intermediate trend is Negative. Strength relative to the S&P 500 Index changed from Neutral to Negative. $PLAT broke through the lower trendline.

$PLAT moved below its 20-day MVA. Short-term momentum indicators Negative.

Platinum dropped $41.80 per ounce (4.56%) last week.

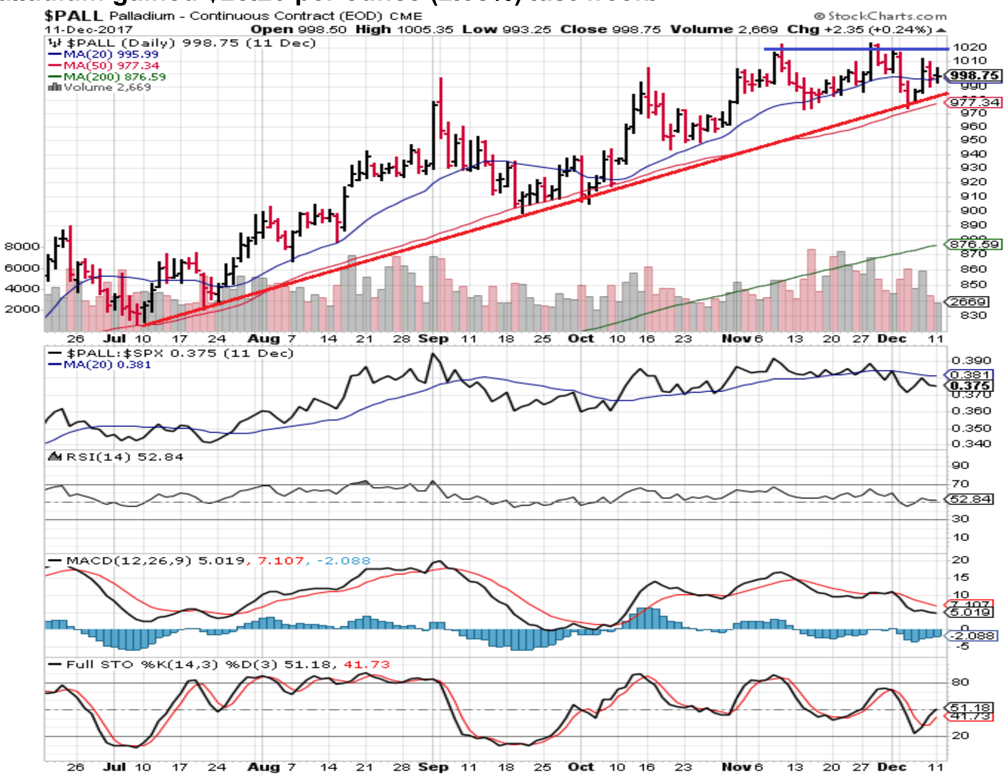


Intermediate trend remains Positive. Strength relative to the S&P 500 Index is Negative.

$PALL remains above its 20-day moving average.

Short-term momentum indicators are Mixed.

Palladium gained $25.20 per ounce (2.58%) last week.



Agricultural & soft commodities weekly charts

Lumber gained $1.00 (0.24%) last week.

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

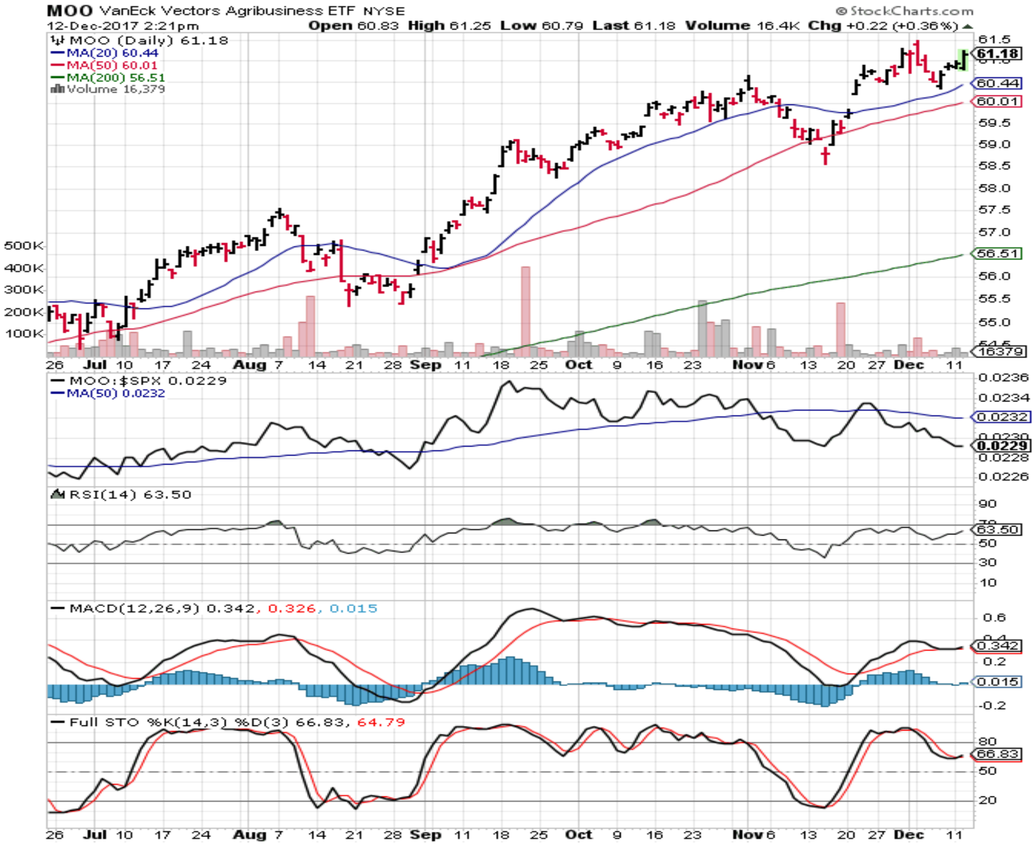
Lumber remains below the 20-day MVA.
Short-term momentum indicators are Neutral.

The Grain ETN lost 0.78 points (3.11%) the last week.

Intermediate trend remains Negative. Units continue the bearish momentum.

Price is below the 20-day MVA. Short-term momentum indicators are Negative.

The Agriculture ETF added $0.37 (0.61%) last week.



Intermediate trend remains Positive. Strength relative to the S&P 500 Index is Negative. MOO remains close to the yearly high.

Units closed above the 20-day moving average.

Short-term momentum indicators are Positive.

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