

Starboard Weekly Report Ending January 26, 2018 Charts of the Week

DBA PowerShares DB Agriculture Fund NYSE
26-Jan-2018, 14:42 ET, daily, O: 18.74, H: 18.90, L: 18.73, C: 18.895, V: 714945, Chg: +0.155 (0.83%)
P&F Pattern Descending Triple Bottom Breakdown on 07-Apr-2017
Scaling: Traditional [Reversal: 3]

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\$USD US Dollar Index - Cash Settle (EOD) ICE
25-Jan-2018, 16:00 ET, daily, O: 89.095, H: 89.415, L: 88.255, C: 89.227, Chg: +0.216 (0.24%)
P&F Pattern Double Bottom Breakdown on 17-Jan-2018
Scaling: Traditional [Reversal: 3]

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This week we have two contrasting Point and Figure Charts. The top is on the Agriculture ETF (DBA) and the bottom chart is on the US dollar (\$USD).

TECHNICAL

The obvious takeaway from these two Point and Figure Charts is how on a secular basis they move in opposite directions. The short term movement has not yet taken place in DBA versus the recent Dollar breakdown, but if past history is a gauge then it will be just a matter of time. The Dollar breakdown was the big economic news from the Davos meeting this week with many pundits commentaries directed at its consequences. We have been following its potential breakdown for several weeks and now that it has arrived, DBA should be bought to benefit from the expected continuation of the Dollars demise. Point and Figure Chart breakdowns and breakouts reflect a true supply demand depiction because they are based completely upon price. The \$USD chart is showing a complete breakdown from the price advance that started in 2015. This current breakdown is not a pretty picture and should have dire consequences for the \$USD.

FUNDAMENTAL

Because most world trade takes place in the \$USD, all world commodities become cheaper, especially oil and food. Oil has already had a big move up, but as the DBA chart shows, the food commodities have not yet moved. Gold is another commodity that we own and it has reacted to the lower \$USD. It should continue to do so because of foreign goods and services costing more in this country. Gold does well in inflationary times.

ASIDE

“Over two billion people in China and India need commodities to grow their economies and improve their living standards.” Ivan Glasenberg, Glencore Corp. CEO

This fact, combined with a declining \$USD, makes food commodities a compelling investment at this time.

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