STARBOARD
ASSET MANAGEMENT

Risk Management for nagivating your future.

Starboard Weekly Report Ending January 5, 2018
Charts of the Week

$CRB:$USD Reuters/Jefferies CRB Index (EOD)/US Dollar Index - Cash Settle (EOD) INDX/ICE
04-Jan-2018, 16:00 ET, daily, O: 212.812, H: 213.728, L: 212.635, C: 213.327, Chg: +0.749 (0.35%)

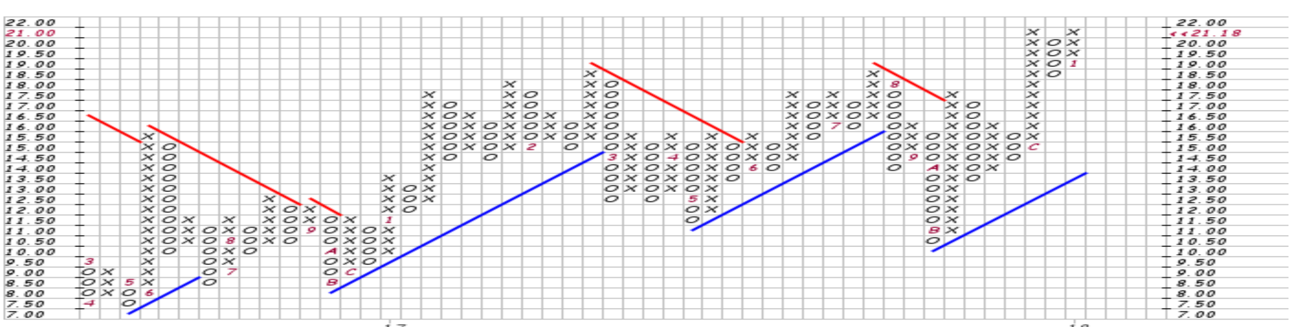
Scaling: Traditional [Reversal: 3]

(c) StockCharts.com

UEC:$USD Uranium Energy Corp./US Dollar Index - Cash Settle (EOD) AMEX/ICE
04-Jan-2018, 16:00 ET, daily, O: 20.419, H: 21.293, L: 19.764, C: 21.183, Chg: +1.052 (5.23%)

Scaling: Traditional [Reversal: 3]

(c) StockCharts.com



This week we show two different Point & Figure (P&F) charts being compared to the US Dollar ($). The top chart is the Consumer Price Bureau Index (CRB) while the bottom chart represents the price of Uranium Energy Corp. (UEC). Both charts are a relative strength comparison to the Dollar ($).

TECHNICAL
The FED has been concerned about the lack of inflation, but the top chart is showing that commodity inflation may be upon us very soon. This chart is showing a powerful P&F breakout after years of breakdown. There are seventeen commodity prices represented in this index with a large component driven by energy (39%); but other commodities are exhibiting upward price movement as well. Its formula has been adjusted recently and is now representative of overall commodity inflation. Uranium is not part of the index; however, it is one of the most price depressed commodities. We have a position in UEC; therefore, it is highlighted this week. The monthly UEC chart is attached to this email and it shows enormous upside to today's prices. Should a commodity bull market return, there will be many other opportunities to capture gains from this volatile group. Copper and Zinc, along with commodities that will benefit from clean energy, such as Cobalt, Graphite, Nickle and Lithium, will offer enormous opportunities.

FUNDAMENTAL
The strength in the CRB index is mostly $ related. A weak $ shifts economic activity toward the emerging markets as they are much greater consumer based economies due to their large populations. As these emerging economies create larger middle classes, they will create an additional demand for more commodities. In early 2017 the $ fell from its pinnacle after surging for 5 years. The $ is now in breakdown mode and consequently our CRB chart is showing that a breakout to the upside for commodities is in the offing. Uranium is unique in its decline because the cost of production has been below the price of the yellow metal for several years. Some major producers have scuttled mining activity and that has created a decline in supply. This has caused a price spike off of multiple years of bottoming. Long term demand increases are likely since several nuclear power plants are under construction; especially in the emerging world.

ASIDE
"Price is what you pay. Value is what you get." Warren Buffett
At today's price, what is paid for commodities is a much greater value than what is paid for stocks and bonds.