Starboard Weekly Report Ending January 12, 2018
Charts of the Week

MOO VanEck Vectors Agribusiness ETF NYSE
12-Jan-2018, 13:38 ET, monthly, O: 61.78, H: 64.18, L: 61.74, C: 64.143, V: 924057, Chg: +2.543 (4.13%)
P&F Pattern Long Tail Up on 01-Nov-2017
Scaling: Traditional [Reversal: 3]

DBA PowerShares DB Agriculture Fund NYSE
12-Jan-2018, 13:22 ET, daily, O: 18.65, H: 18.65, L: 18.45, C: 18.51, V: 652587, Chg: -0.09 (-0.48%)
P&F Pattern Descending Triple Bottom Breakdown on 07-Apr-2017
Scaling: Traditional [Reversal: 3]

These two ETF Point & Figure charts are both in the Agricultural business. The top ETF chart is made up of fertilizer and agricultural equipment stocks (MOO); while the bottom ETF chart tracks the futures price of the major food groups (DBA).

TECHNICAL
There is a huge disconnecting aspect to these charts and they tell a much deeper story regarding today's run away stock performance. These two ETF's are directly related from a business standpoint, yet the food commodity futures have gone down 24 % since 2008. The stocks of the companies that make their money from commodities have risen 266% from the 2008 lows. In our previous Weekly Report, we mentioned that the CRB Index is paused to breakout. If that price strength is going to continue, then food commodities will have to be part of that up move. The only thing keeping me from buying the (DBA) is waiting for further breakdown in the Dollar. If and when that occurs, the food commodities will have a lot of catching up to do. The Dollar Index is trading at 91.94, which is down .96 today. If it trades below 90 that would confirm a bear trend is in place for the Dollar, which would be very bullish for all commodities.

FUNDAMENTAL
This huge chart discrepancy is strong proof that normal economic relationships have gone out the window in favor of buying stocks with the copious amounts of money from the Central Banks rather than normal fundamentals. If the Quantitative Tightening (QT), the tax package and less government regulation cause the economy to return to more normal cyclicality, then there could be a big opportunity for food commodities. If the Dollar breaks down, that will confirm that inflation is going to be in our immediate future and this will be a big game changer for both the stocks, bonds and commodity markets. Especially for bonds due to the higher rates that will ensue because of Dollar inflation. A lower US Dollar will make commodities cheaper for emerging countries; but more expensive in the US. Also, higher interest rates will be catastrophic to the extreme government deficits that exist throughout the world. As the world's prime currency, the US dollar could be hardest hit by higher rates.

ASIDE
"In cases of major discrepancy it's always reality that's got it wrong… reality is frequently inaccurate." Douglas Adams, Contemporary English Author

The most recent obvious reality is the runaway stock market. A reality that will be made inaccurate by yet another reality; the declining US Dollar.