

Starboard Weekly Report Ending December 7, 2018 Charts of the Week



The two monthly charts above on GLD, a Gold ETF and Copper Futures are represented as relative strength comparisons to the S&P Index.

TECHNICAL

Green shoots was a public relations tactic created by UK Conservative Chancellor Norman Lamont and then copied by Federal Reserve Chairman Bernanke. It was used to describe recovery from the great recession. These commodity relative strength comparisons with the S&P are just green shoots; however, as they are monthly depictions they have some turnaround credence. Both of the supporting TSI charts, which are moving average convergence divergence (MACD), have not turned up; although they are close. When they crossover that will help gold and copper trend in a positive direction. The main chart is indicating a slight turn with positive volume. The RSI and CCI charts are signaling that a turn has begun and should carry into early 2019. This is a good time of the year to try to determine what will be trending in the New Year and these two commodities look like they are strong candidates to rally. This week there is an attachment with your email that is a daily chart on the dollar. The dollar looks as if it is breaking down, which will be a necessity if gold and copper are to go on to higher prices.

FUNDAMENTAL

It is difficult to think about green shoots in commodities given their long bear market that dates back to 2011, minus a short rally in 2016. Another reason for making it hard to be bullish on commodities is that the world looks like it is headed toward a recession with China in the lead. Despite the gloom, commodities could rise from the ashes if stock prices continue to decline. The money that exits the stock markets will be looking for a home and commodities are at bargain basement prices. Supply has tightened in several food and industrial commodities to a point where the slightest demand will accelerate prices. The world's masses must eat and also electrification of the planet will create a strong demand in several metals; especially copper. Gold looks poised to have a strong 2019 and when that occurs it will likely bring the other commodities along with it.

ASIDE

“Tough times helped many commodities producers become lean and mean through consolidation, mergers and cost-cutting. All that excess supply has been sopped up.”
Often quoted hedge fund investor, Jim Rogers

After a seven year bear market, that appears to be where we are now with commodities.

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Please note:

It's the client's responsibility to notify Starboard of any changes that would in any way influence their financial requirements.

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