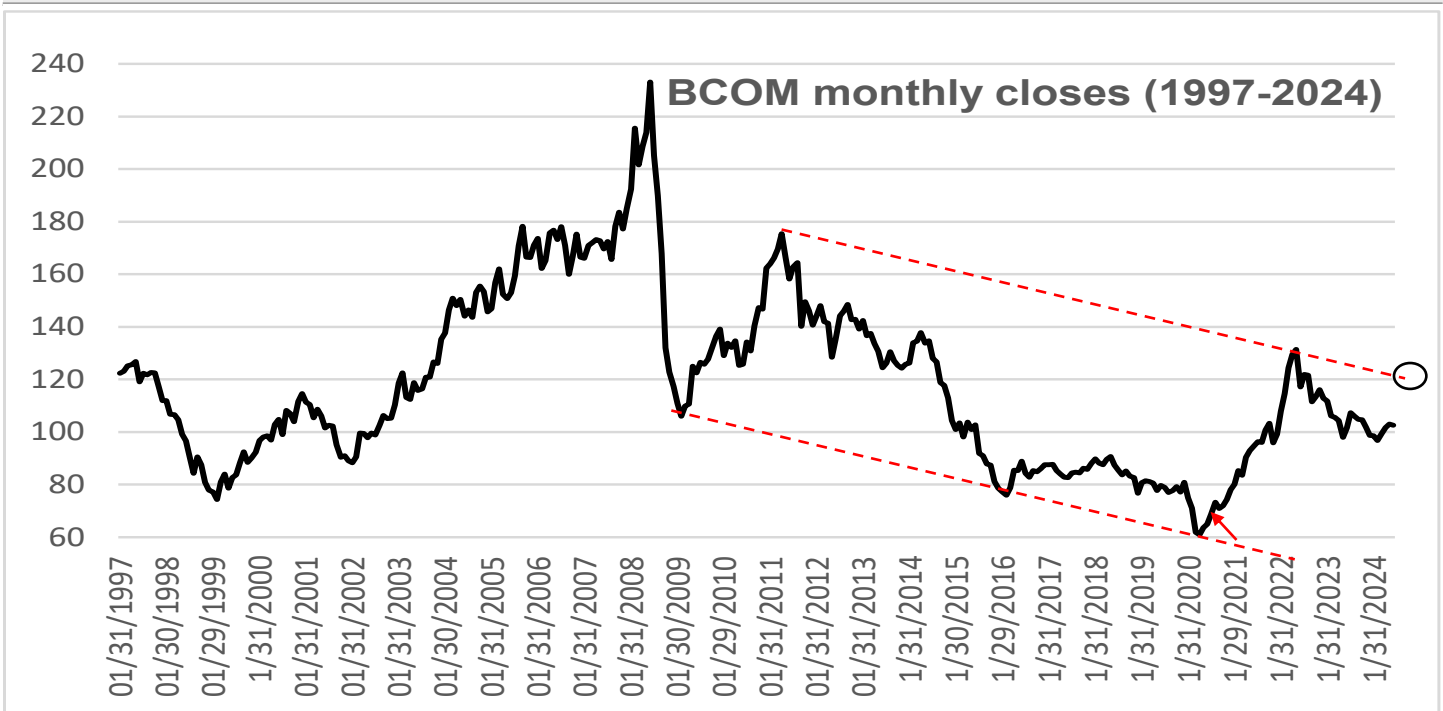


MSA

June 4, 2024

Commodity Markets Monthly Report



Refreshing the major trend vista

Commodities aren't "high priced." Yes, the annual rate of change might yield such a statistic, but price itself remains well below levels of the past quarter century. Factor that into your views.

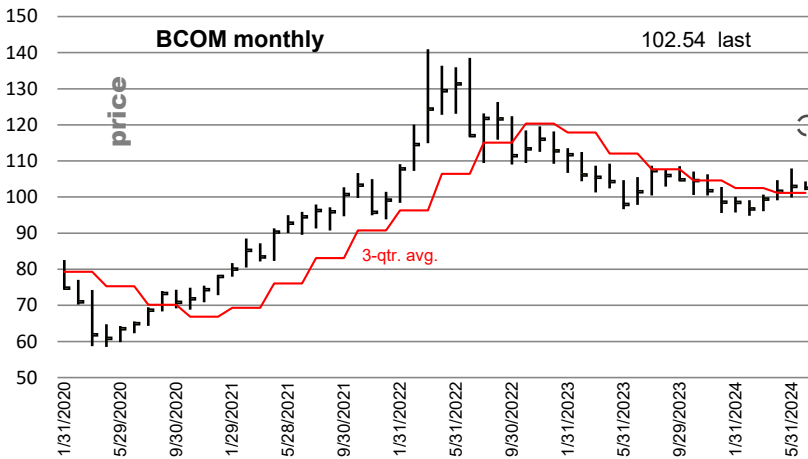
MSA argued after our **October 2020** major buy signal (up arrow) that resistance might/should be expected around the price chart's *projected* parallel channel top. That channel top has now been validated by the hit in early 2022 (just after the start of the war in the Ukraine) and by the subsequent decline. Close a month **much above 120** and price will declare that the three-wave selloff since 2008 is over and something big is starting. Perhaps yet another time when investors shift massive money flows from central banks (panicked over their debt markets and downturn in the stock markets) into a less risk/greater reward category such as commodities and commodity-related stocks.

Major evolution in technical research since 1992

Momentum Structural Analysis, LLC. michaeloliver@olivermsa.com

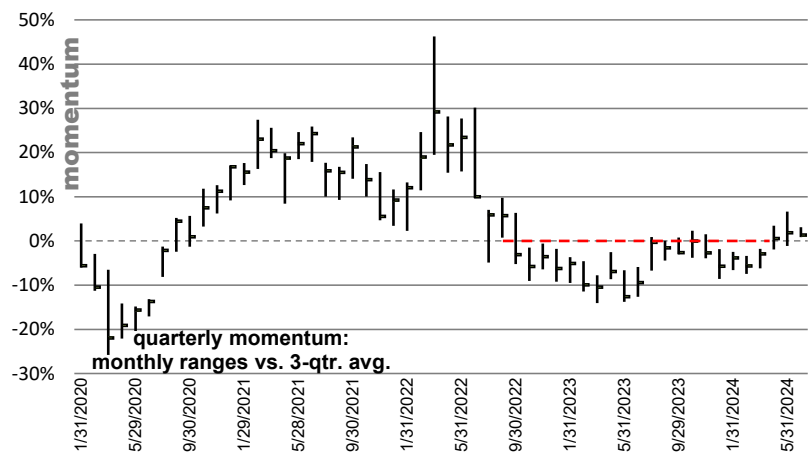
For MSA's history and an introduction to its methods visit: www.olivermsa.com

Bloomberg Commodity Index



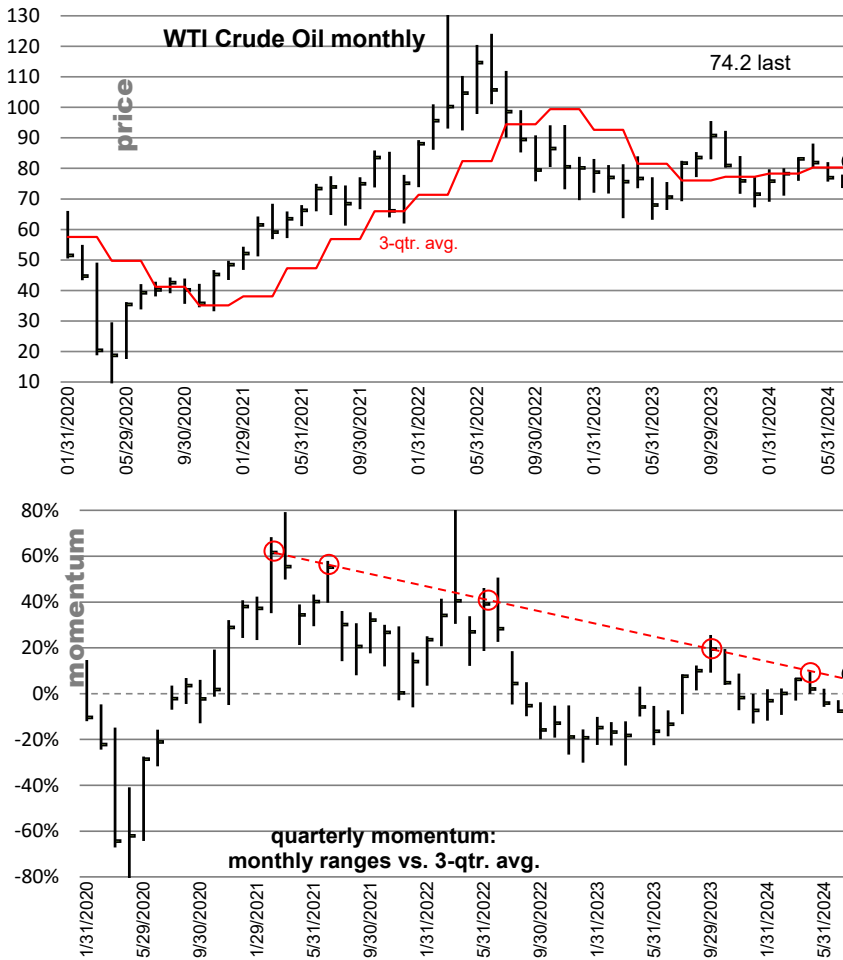
A breakout occurred in April. But as we said in our early May report, **“This doesn’t necessarily argue for immediate upside,** but it does argue for a trend shift out of the corrective mode since the early 2022 highs.” So far the upside has been an arm-wrestling one.

It won’t take much subsequent upside via this time-scale to engage that massive price chart breakout level noted on the prior page. Just get up **over 120.**



quarterly momentum:
monthly ranges vs. 3-qtr. avg.

WTI Crude Oil



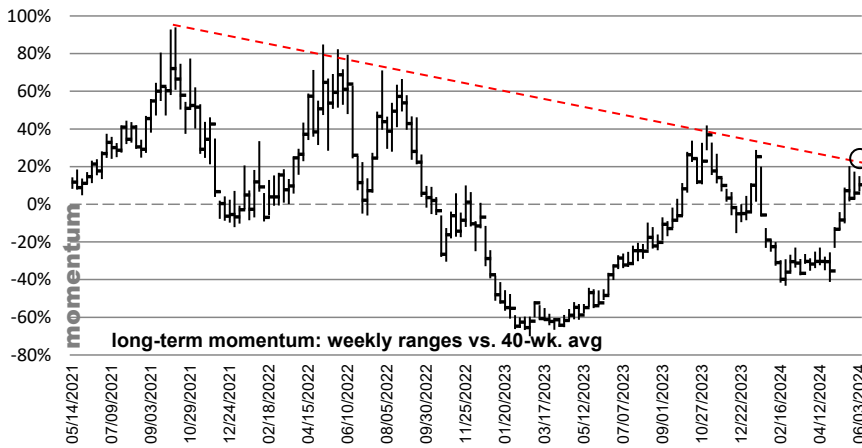
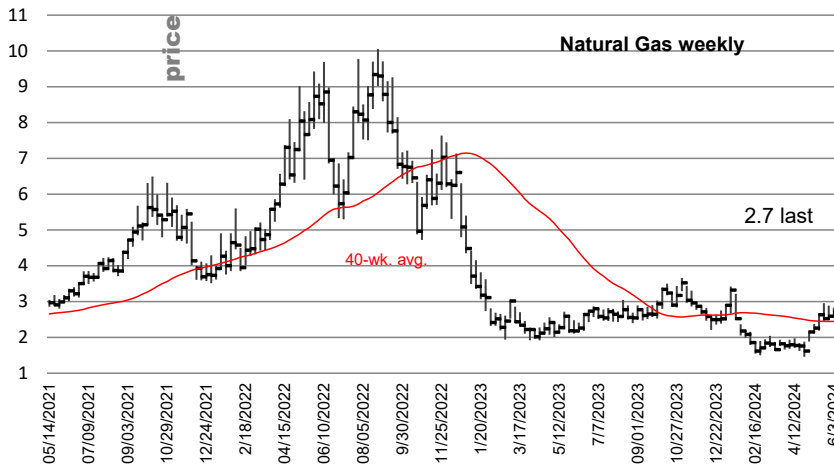
Oil might have been one of the performance leaders in the commodity complex back in the late 2020 to early 2022 explosion, but obviously that doesn't explain BCOM's recent upside.

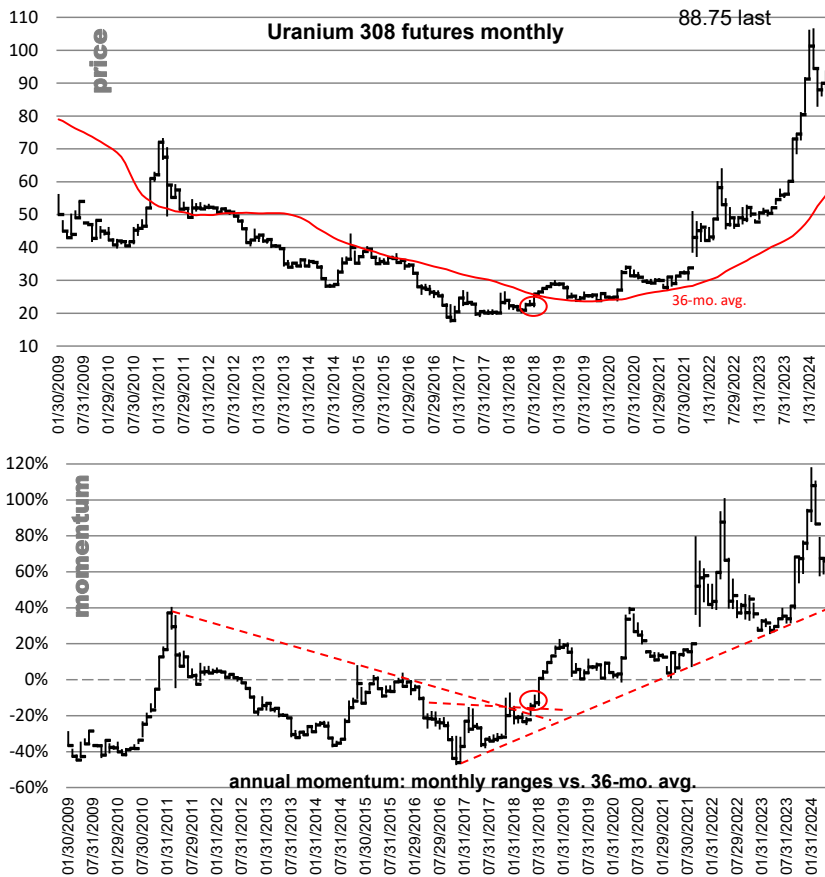
Instead, oil has now defined via quarterly momentum action a very clear trend structure. Plotting through four peak monthly closing readings and this quarter's top intramonth trade, it tells us that a monthly close this quarter at **\$88** (or next quarter at an estimated **\$84**) is a major breakout (adjusted from last report). That level on momentum and price for any month next quarter is circled.

Natural Gas

What you see here is effectively the same as 3-qr. avg. momentum, but plotted in weekly format vs. the 40-wk. avg.

The downtrend structure here is clear. Closing this week or any of the next several weeks at **\$3** is a momentum breakout.





Uranium

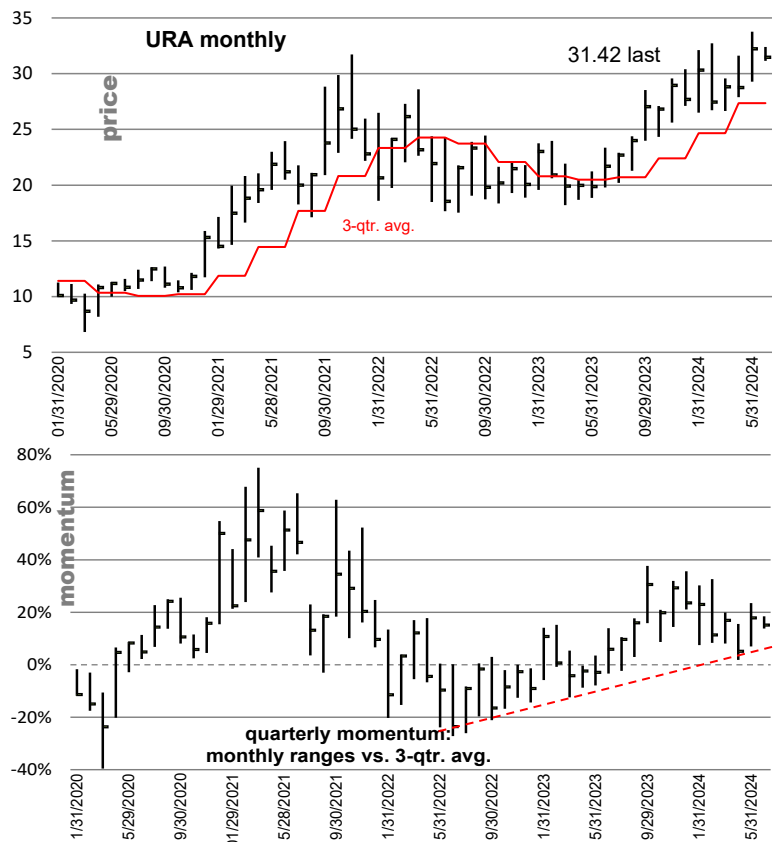
Uranium 308 futures are extremely illiquid but do provide a price trail, hence momentum. It was back in 2018 that MSA identified annual momentum's positive shift, and frankly nothing since has altered that trend, despite repeated drops. Early this year in February we identified an intermediate downturn in progress. Not a change in the long-term trend, but just enough to generate what we've seen since.

Obviously, currently levels aren't a place to be a new long based on risk/reward, at least in the commodity itself. Yes, uranium can continue to trend higher and likely will in the longer term, but we suspect after the recent wobble that it could at least "congest."

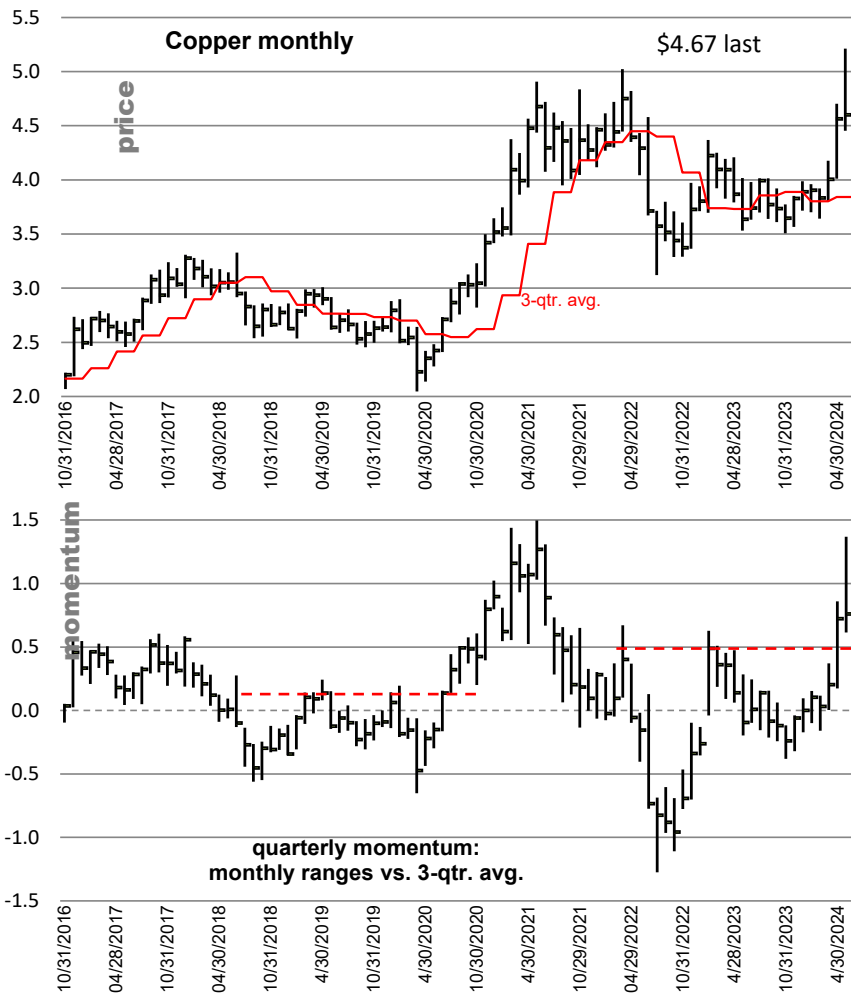
Uranium is not a component within BCOM.

URA (Global X Uranium ETF) holds uranium producers such as Cameco, NexGen Energy, Paladin, et al. Arguably the producers are much lagged to the resurrected pricing of uranium.

The quarterly momentum trend remains positive. It underwent a benign pullback since September last year, but with no momentum or price damage. We prefer to keep monthly closes above its rising 3-qtr. avg. This quarter that's at 27.36, and next quarter at an estimated **29.29**.



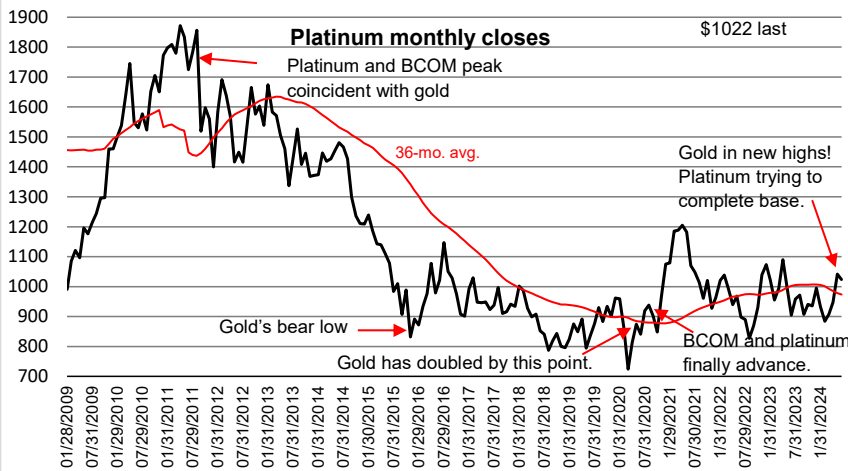
Copper



Obviously there was a positive shift in late 2020, coincident with BCOM. And then came the drop and the trading zone action (from 2022 to early 2024).

As defined in our May 20th update, a trade up to **5.34** will further indicate upside power (a secondary signal).

When we see a protracted basing process on such a long-term momentum metric, the consequence is rarely just a few sharp up monthly bars (one example is back in that early 2020 breakout on momentum, a surge that lasted a year).



Platinum

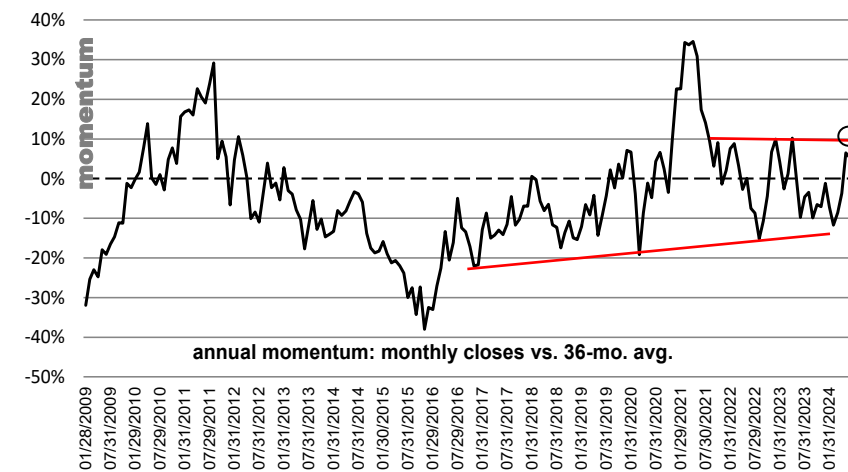
In recent reports we've used quarterly momentum. And last month's close was enough to indicate that metric is shifting back to positive after two years of decline/correction.

As for annual momentum, it will echo the quarterly momentum breakout if it produces a monthly close this month at **\$1073** or next month at \$1070. That will clear the repeated peak momentum closes on annual momentum since late 2021, all at or just below the +10% level.

However, a major point to be made is that platinum, while many think it is or should in some way be linked with gold, it simply isn't. MSA uses the term "precious metal" for platinum, but not for silver and gold. As far as human history is concerned, those two are "monetary metals." Big difference.

So instead, it's best to consider platinum a precious metals component within (and far more in sync with) BCOM.

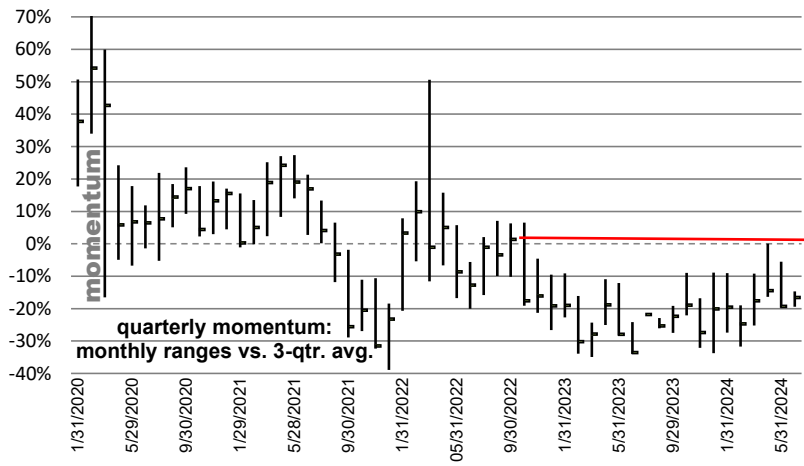
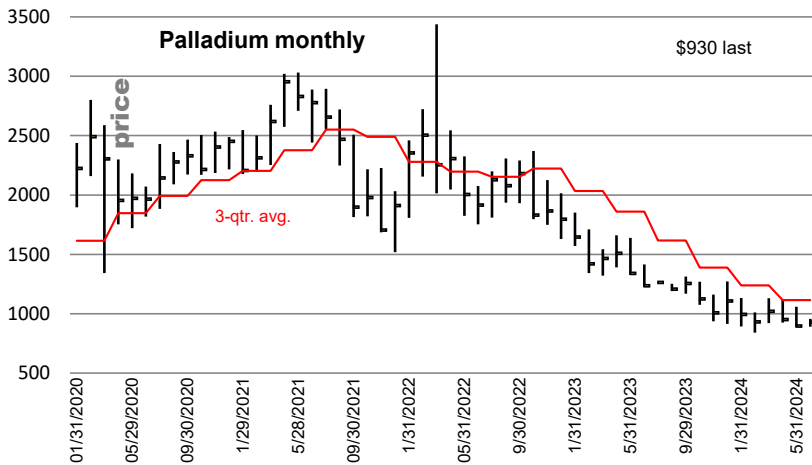
We note on the chart those times when platinum (and BCOM, by the way) were in sync with gold. But from the 2015 low on, they didn't follow gold. Perhaps now they're beginning to follow gold once again. But it's not some eternal correlation.



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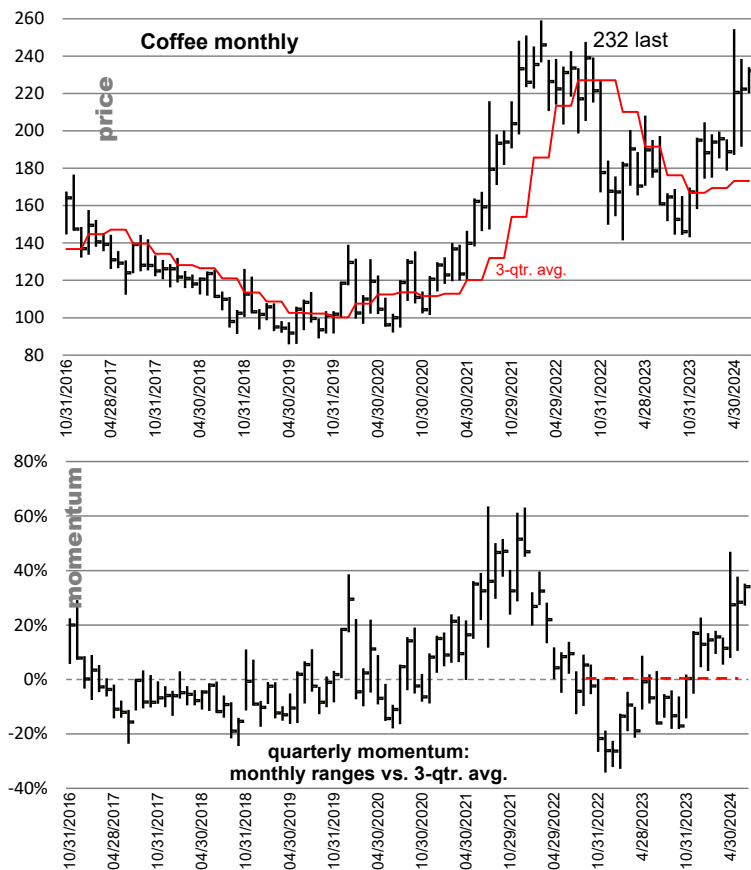
Palladium

The 3-qr. avg. this quarter is at **\$1114.3**. Next quarter it's estimated to be around \$1025. Close a month credibly over that level and then we can talk about upturn. For now, dead quiet and in its own world.



Coffee

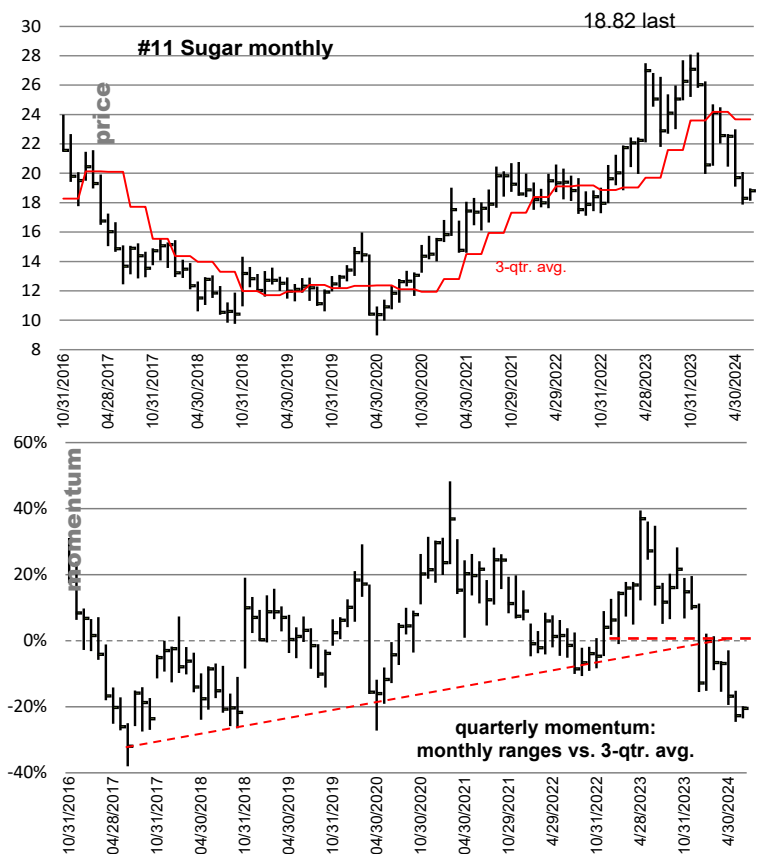
The uptrend continues. The zero line is the level to watch for any negative turn. Next quarter that's estimated to rise to near **197**. Don't close a month below it next quarter.



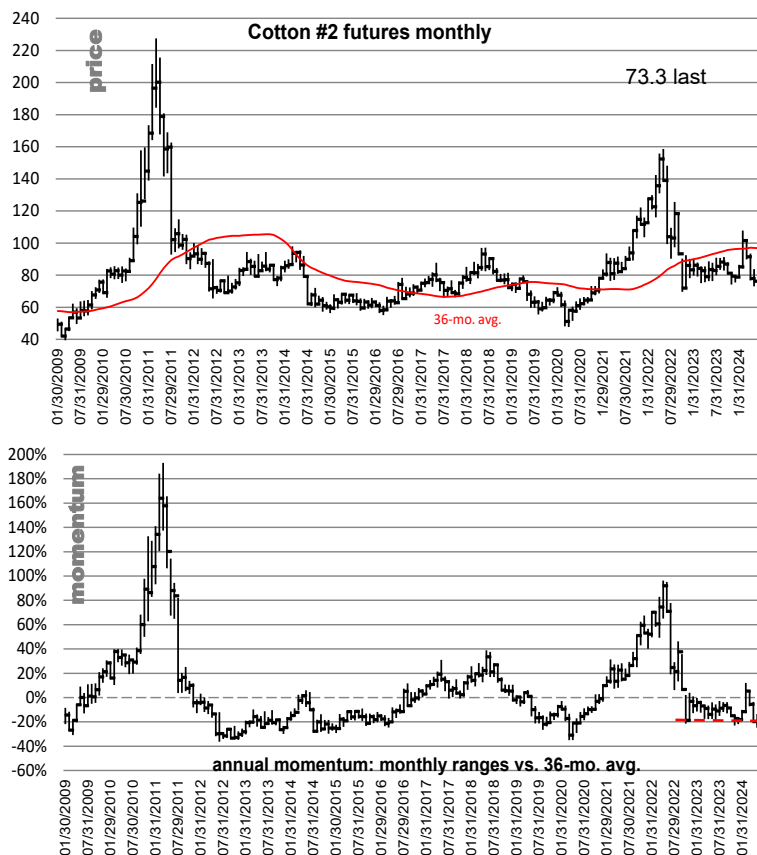
Sugar No. 11

Last month we showed annual momentum and suggested support would likely appear as price approached 17c/lb. It got to 17.95 and has since bounced a bit. The feature to note now is that recent low momentum readings are at "normal" depths, at least using the past eight years as a template.

Still, the key for upside shift will be a monthly close over the falling 3-qtr. avg./zero line. Next quarter that will be around **21.79**.



Cotton



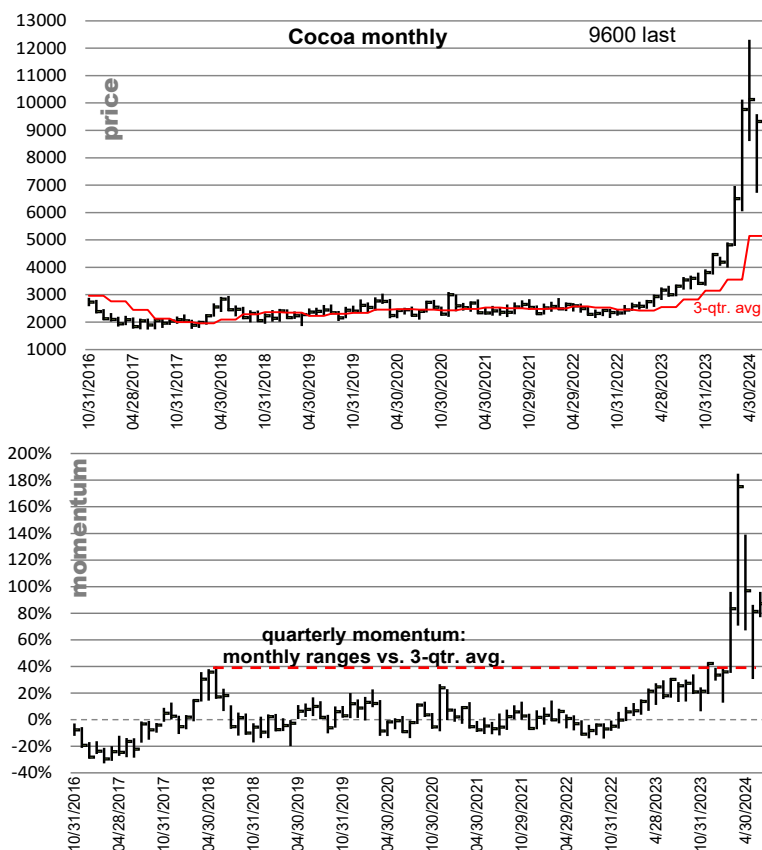
Continued decline. A level to watch on annual momentum is the -20% level. Action held there twice in the past two years and then oozed below it in May. Closing credibly back over that level this month or any month would at least indicate the violation wasn't lasting and possibly just noise. Closing June back over that level requires the July contract close the month at **79.38**.

Doing so isn't a buy signal; it just indicates that downside could be drying up. Downside breakouts through such a floor that occur **too late in a trend** should especially not be treated as meaningful. And then when you see shifts back to the upside after such seeming "floor breakage," that's often a signal the downside is in fact exhausted.

Cocoa

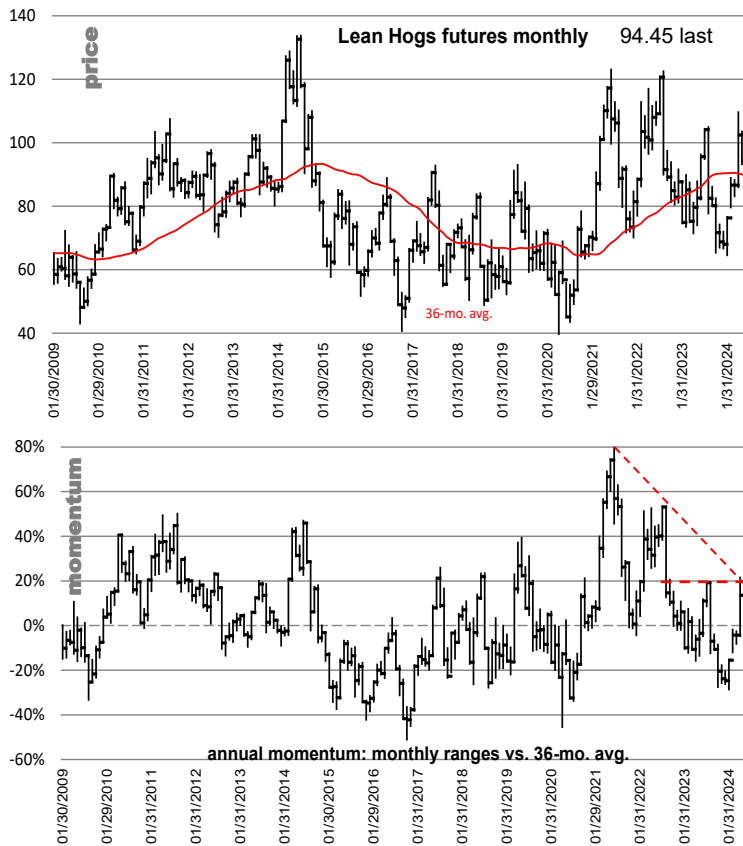
We're currently using the July future. In the last report from May 8th we specified that we didn't want to see a monthly close at **6940**. It's well off that level now. Next quarter we adjust that "to be avoided" monthly close to an *estimated* **9615**. Again, applicable for the July to September closes.

Cocoa isn't a component within BCOM.



Lean Hogs

We're updating annual momentum again as we consider it the best metric to watch now. Since the April high, momentum action has halted and pulled back mildly from the key structure, thus further defining it as valid. Closing this month at **107.50** (or next month around an estimated 107) is a breakout.



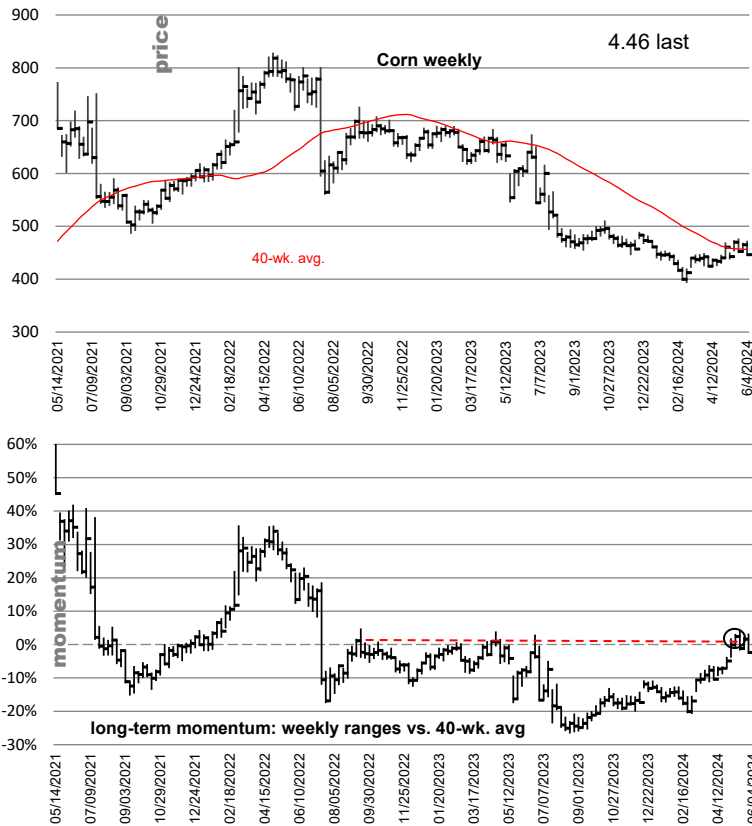
Live Cattle

Coiling in new highs. **Not** a normal looking top, for price. Stability indicates comfort up here, not thin air. Note the top in 2015. Two months at highs; then downside began.

What's required for MSA to signal downside is a monthly close credibly below the red horizontal. This month that requires a monthly close at **169.95** or lower.



Corn

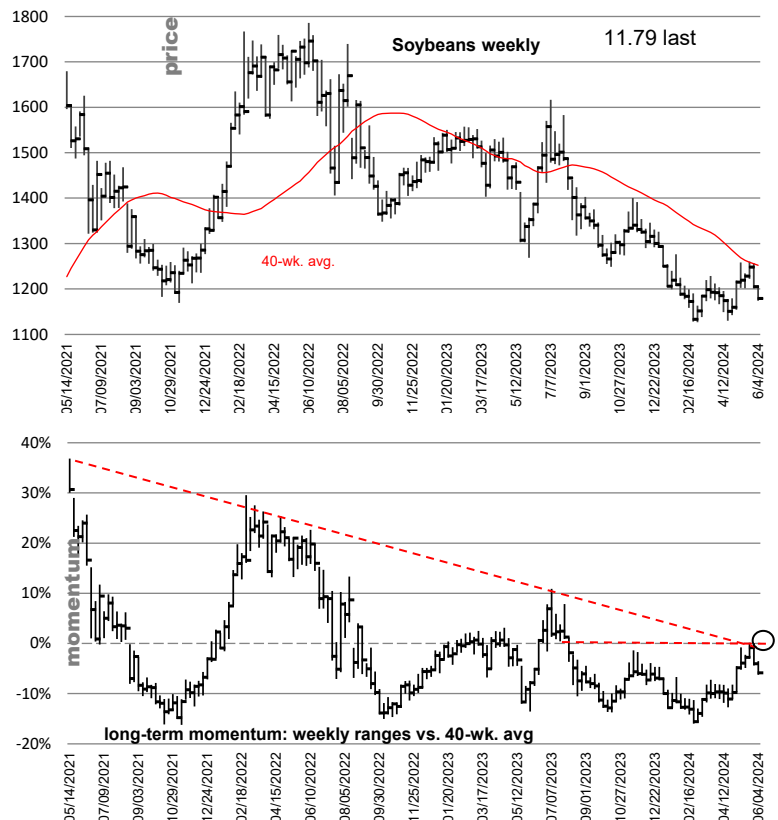


We're using 40-wk. avg. momentum here, comparable to the 3-qr. avg. And for grains we're currently referencing July contracts.

That was a marginal upside breakout in May (above the red horizontal). Action struggled on either side of it and is now slipping a bit. We still have to consider that a wake-up call, despite the pullback. Obviously, credibly clearing that zero line level again will indicate that it was in fact valid. The 40-wk. avg. this week is at **456.5**, and next week **4.56**.

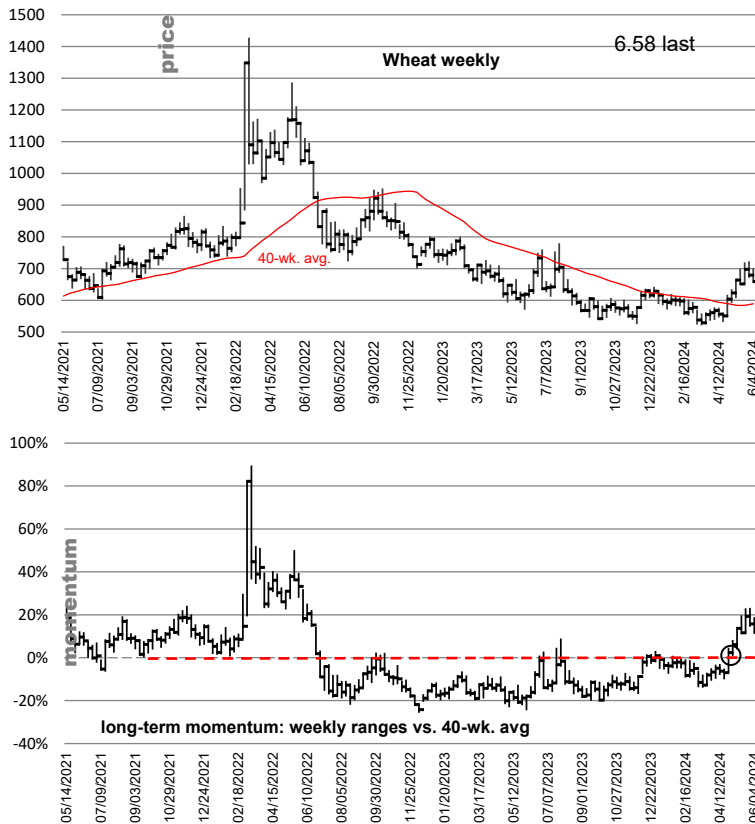
Soybeans

Action marked the spot again. The structure is now hyper-clear on momentum. Simply close a week above the falling 40-wk. avg./zero line. This week that's at **12.52**, and next week **12.475**, that number dropping at that rate weekly.



Wheat

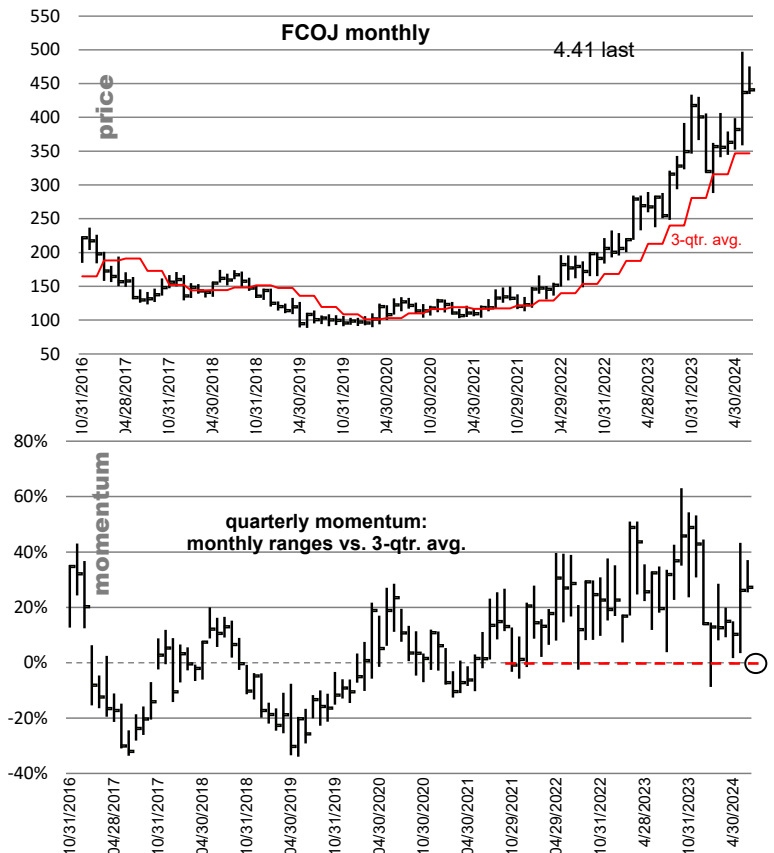
A breakout surge and then finally a pullback that's meaningless. A positive long-term momentum trend now.



FCOJ (orange juice)

The bull trend persists with the key momentum level now defined below. Do not close a month **below the 3-qtr. avg./zero line**, which has provided structural support since late 2021. The zero line is now at **3.467**. Next quarter it's estimated to rise to **3.80**.

FCOJ isn't a component within BCOM.



Personal positions in markets mentioned in this report: none

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