

MSA

November 8, 2024

Commodities: Monthly Report

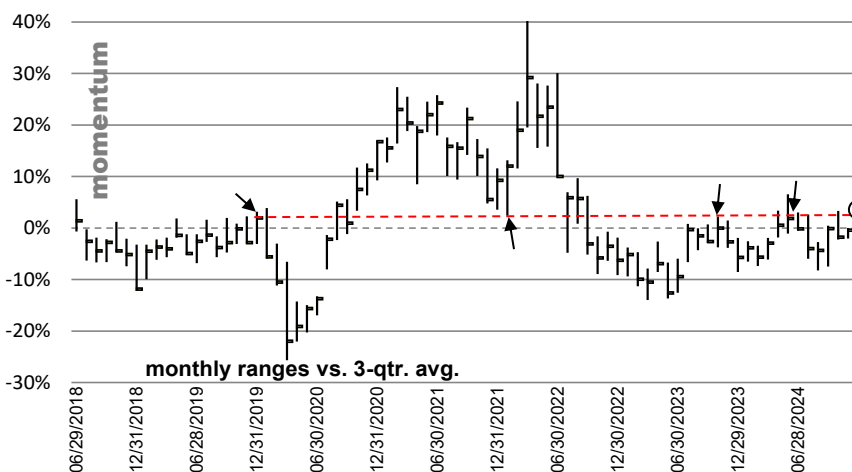
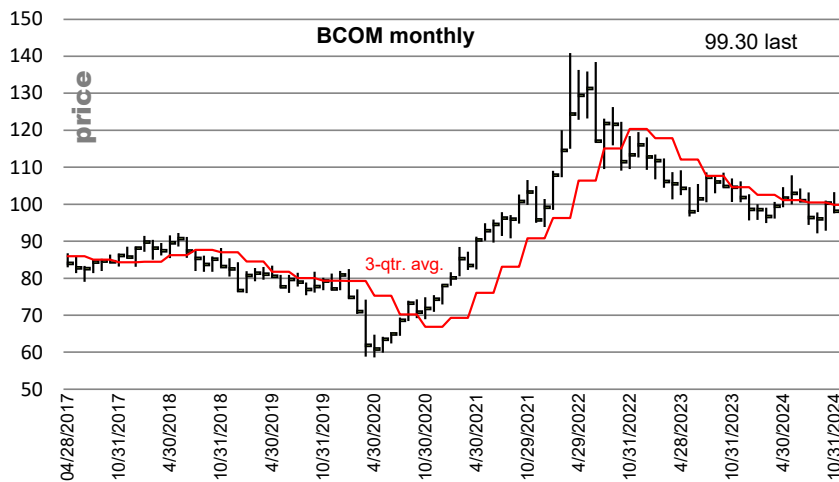
Bloomberg Commodity Index: quarterly momentum

Earlier this year in May the momentum action pushed out above the zero line marginally, but there were too many components then that didn't agree. Action fell back after that. Now we see a greater consensus of pending nearby breakout levels among its component commodities. So if we see an upturn again, it's likely to be valid.

We identify a level going back to 2019 just above the zero line that has tended to be pivotal, rather than the zero line itself. To close over that red-line structure requires a monthly close this quarter at **101.85**.

Note: for BCOM we reference the cash index. For the following commodity markets we reference the front end futures contract (and we rotate to the next contract once the front end enters its name/delivery month). For example, we're now using December WTI Crude Oil.

Charts in this report as of Nov. 7.



monthly ranges vs. 3-qtr. avg.

Crude Oil

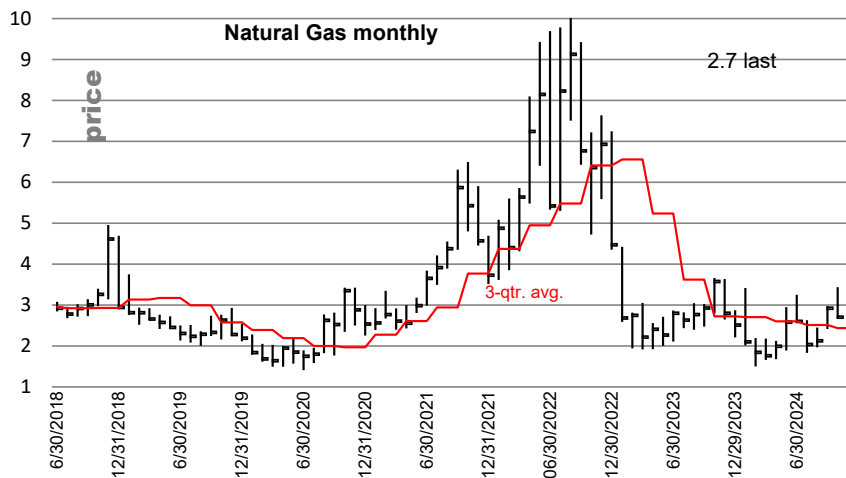


We'd plotted that multi-point downtrend through peak monthly closing readings on momentum a long time ago. As you can see, the action of the past year has remained capped almost precisely by that structure. Action trades up to it, but no month has closed above it.

Therefore, our assessment is that the correction effectively ended in early 2023 along with the broader commodity market action and has since based, with momentum defining its key level to overcome. Just overhead.

Close a month in this quarter at **\$78.40** and oil produces a breakout (black circle). That credibly above the zero line, and also above the peak monthly closing readings of the past two quarters.

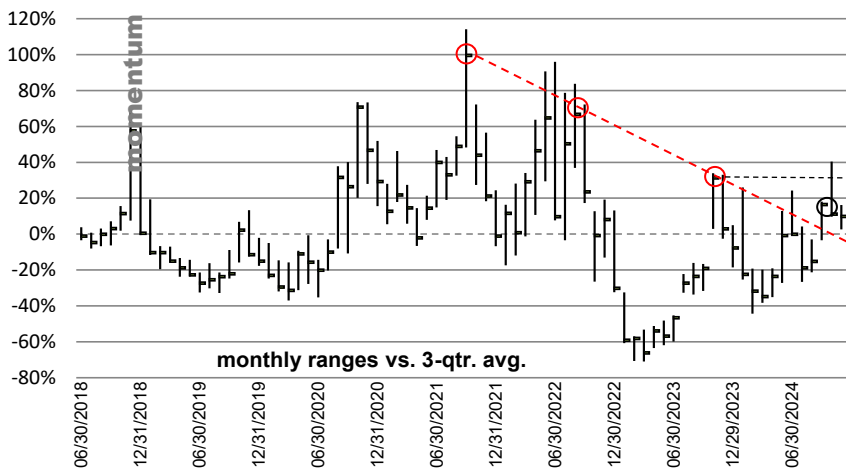
Natural Gas



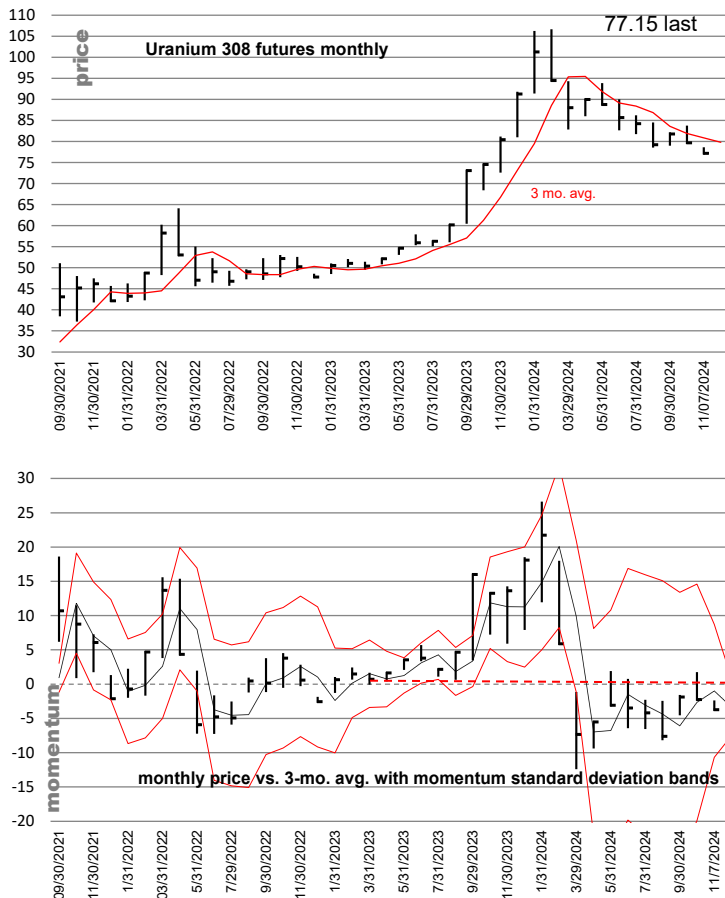
A breakout occurred in September (black circle). Positive trend emergence.

We expected any pullback after that breakout to find support around \$2.50. The low so far was early this month at \$2.514.

A further (secondary) positive will occur if momentum closes above that peak oscillator close in late 2023 (horizontal). That will occur if there's a monthly close this quarter at **\$3.20**.



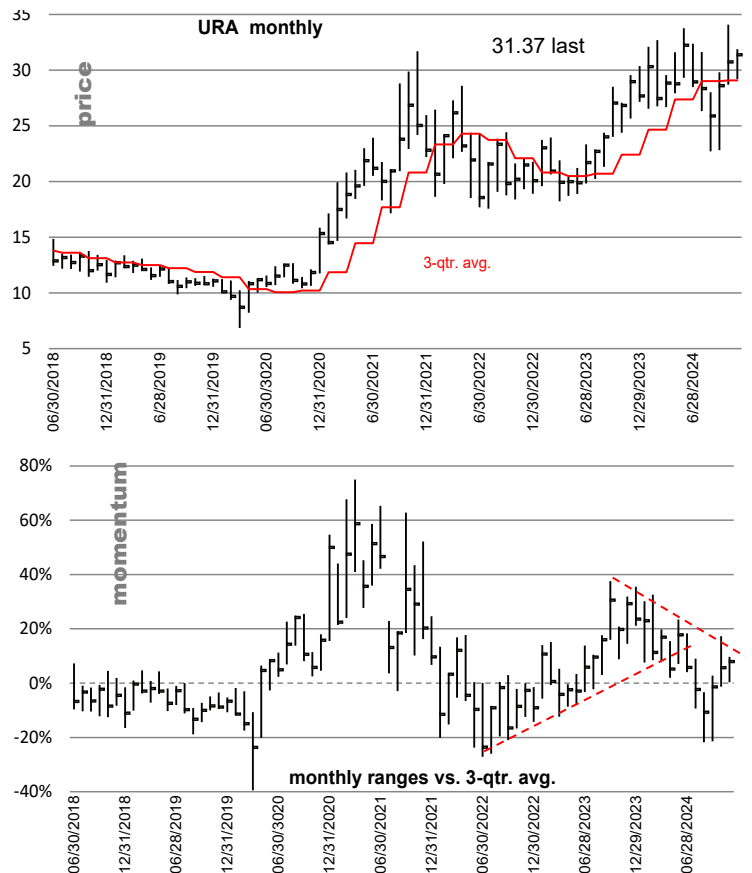
Uranium



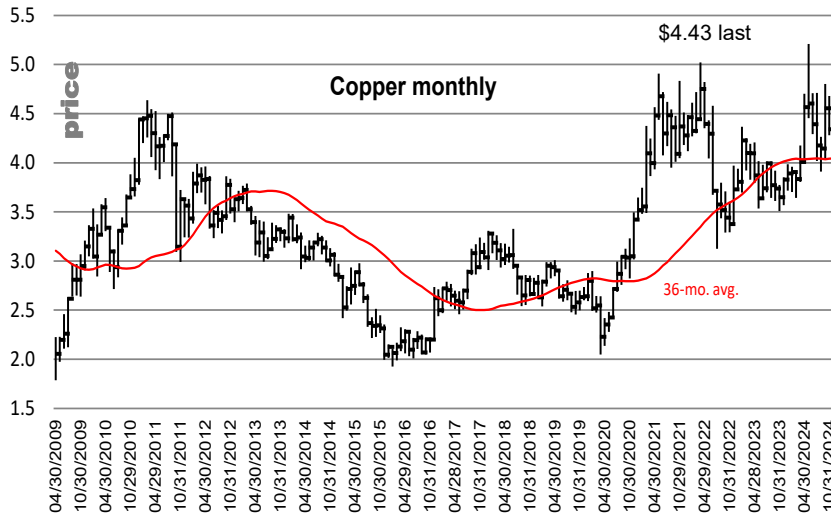
We noted via annual momentum that dropping below \$84 in August was a fracturing of that trend. In our assessment it was not the sort of break that would produce a bear trend, but more likely a period of cooling off. We're not sure that process of corrective decline/pause is over. Here we drop down to intermediate momentum via the 3-mo. avg. Action has been capped at the zero line on monthly closes for nine months now. That's very aged for this time-scale of measure. Close a month over the declining 3-mo. avg. This month that means **above 80.88** or next month **above an estimated 79.80**.

URA (Global X Uranium ETF) has been much stronger than uranium. It had a sharp drop in August and September along with Uranium but recouped it all and more quickly.

Referencing quarterly momentum, we define a downtrend that's now being challenged. Close any month in this quarter at **33.50** and assume this metric is re-emerging after several quarters of decline/cooling off.

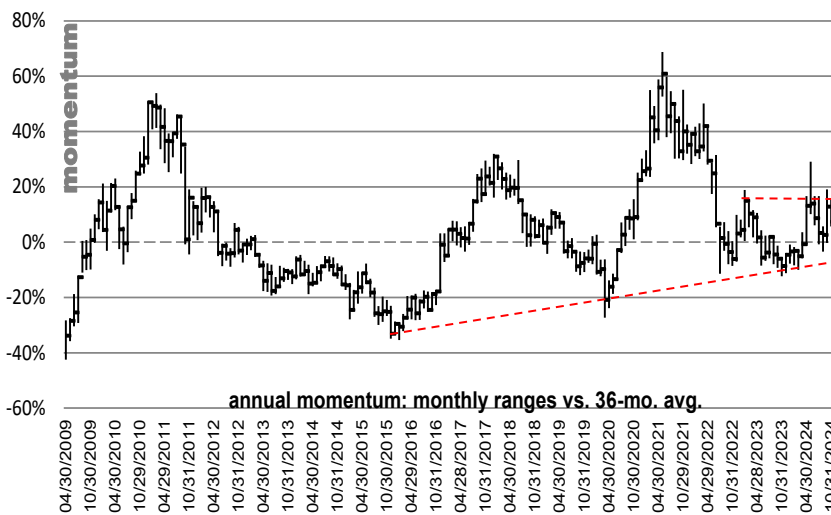


Copper



Annual momentum is shown here. Copper's trend is sync with gold at times, and then not in sync.

It made major lows in price and momentum in late 2015, coincident with gold. It surged with gold into mid-2016 but then parted ways. While gold went into a range from mid-2016 to 2019, copper advanced into early 2018 and then dropped all the way back to near its bear low in 2020. Meanwhile gold advanced into mid-2020—opposite copper.



During that time, copper and the Bloomberg Commodity Index were fully in sync. Copper surged along with BCOM from its late 2020 breakout levels.

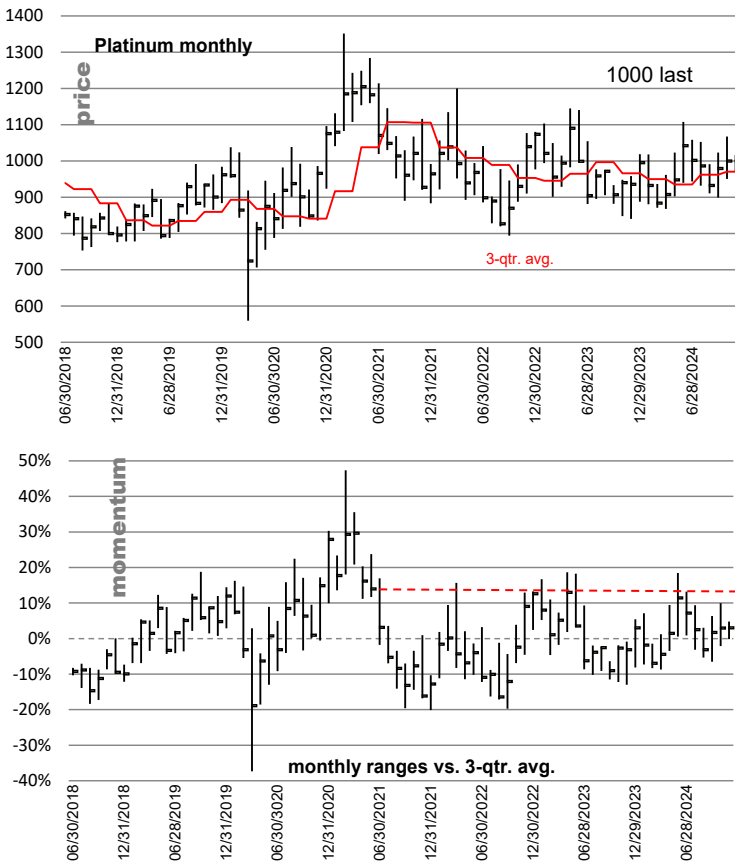
Our conclusion is that copper is truly a solid component and fellow traveler with BCOM. Enough said on that issue.

The context so far: there have been two major bull waves on annual momentum since the 2015 low, and we suspect/expect the third one in copper and commodities is prepping for upside.

Copper has held its annual momentum's gradual uptrend situation. It has also built a horizontal shallow ceiling overhead going back two years. Close a month at **\$3.65** will break the uptrend structure. Not a nearby issue at all. Or close a month at **\$4.667** or higher and the red horizontal comes out, signaling the third up leg on annual momentum is engaging.

Both red-line structures are plotted through monthly closing readings.

Platinum



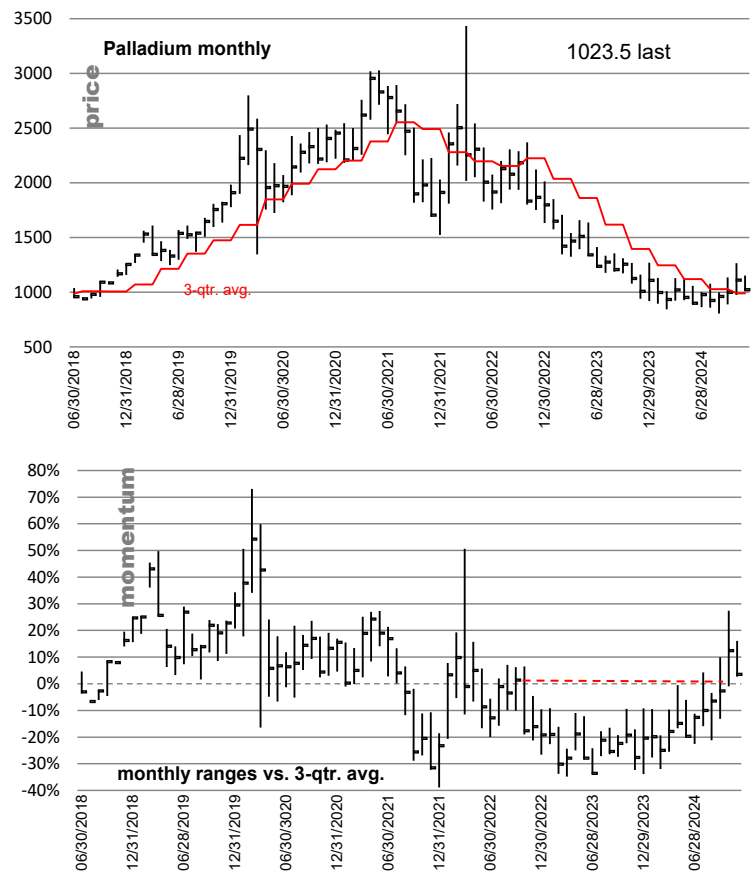
Quarterly momentum action will close above all peak closing readings going back almost four years if it closes a month during this quarter at **\$1097**.

We've also run annual momentum, not shown here, and it has a similar flat structure that will be broken above with a monthly close at **\$1064**.

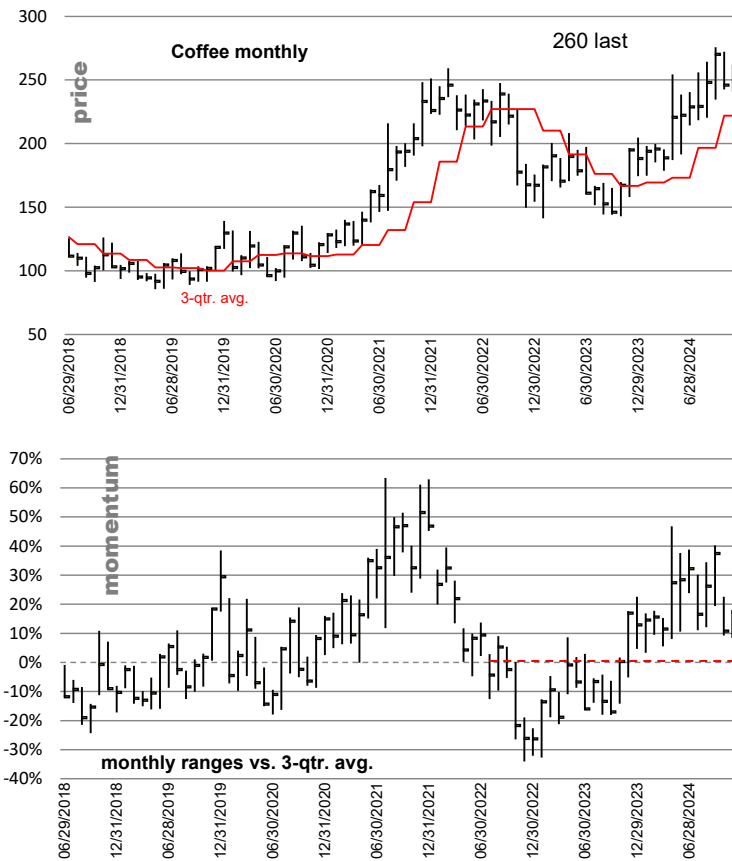
Therefore, there's a tight agreement between both those long-term metrics in terms of defining upturn out of years of doldrum.

Palladium

A positive breakout occurred last month. This month's intramonth pullback doesn't negate that.



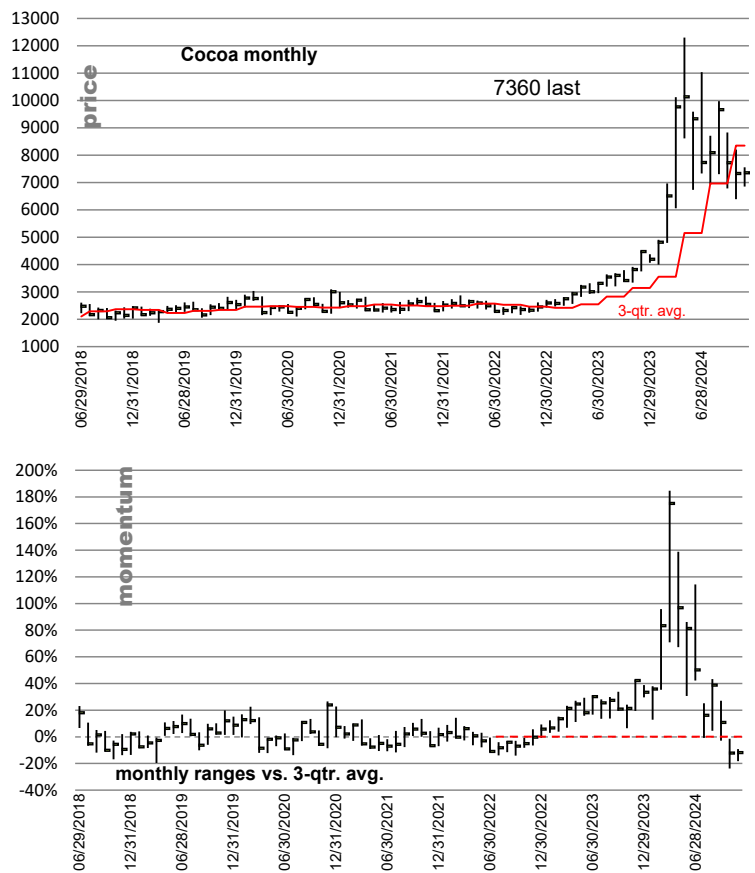
Coffee



Quarterly momentum action remains positive until it closes a month below the zero line/3qtr. avg. This quarter that average is at **222**, and next quarter at an estimated **245**.

Cocoa

A negative shift. Expect resistance around 8350. Cocoa is not a component of BCOM.



Sugar

There was a positive breakout in September.

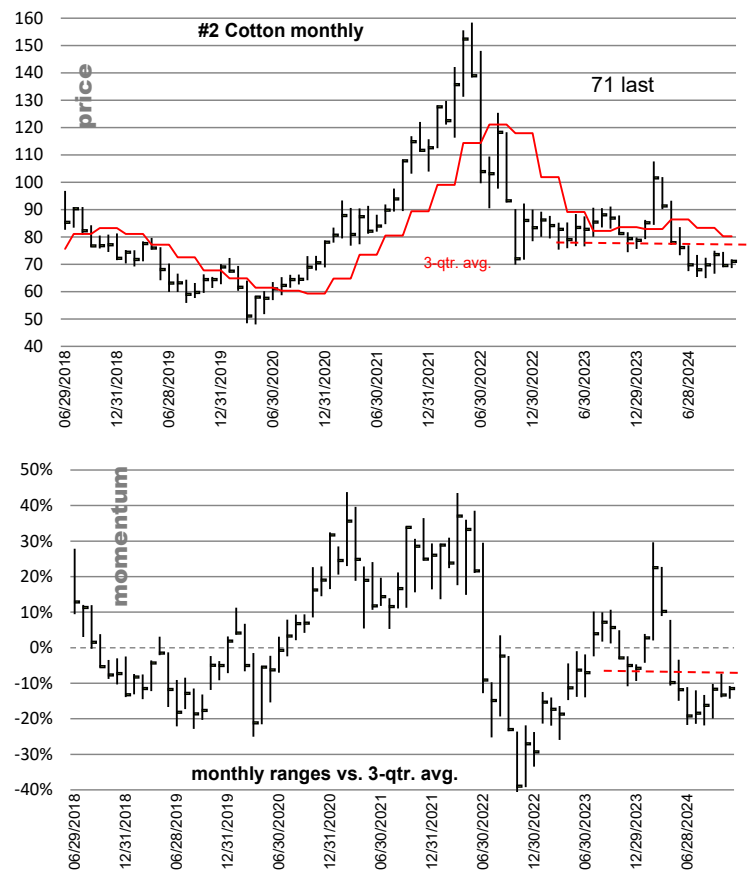


Cotton

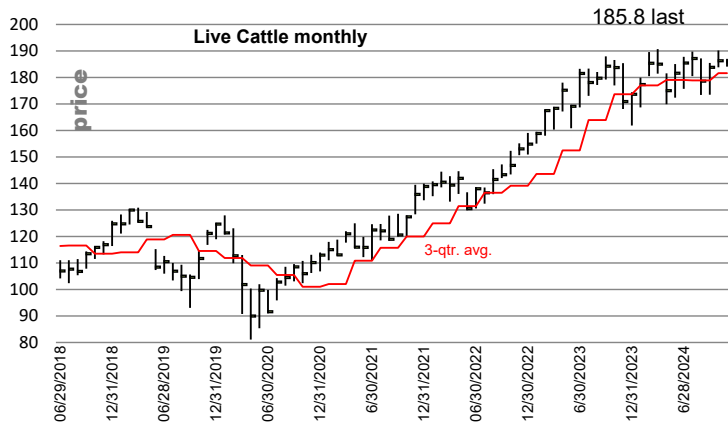
Not optimally clear.

Closing a month on price **above 79** would clear the bottom end of the price range from 2023 to early this year. A positive step.

For momentum, closing a month this quarter at **76** would clear the red horizontal (the low close of prior drop and this quarter's high trade).

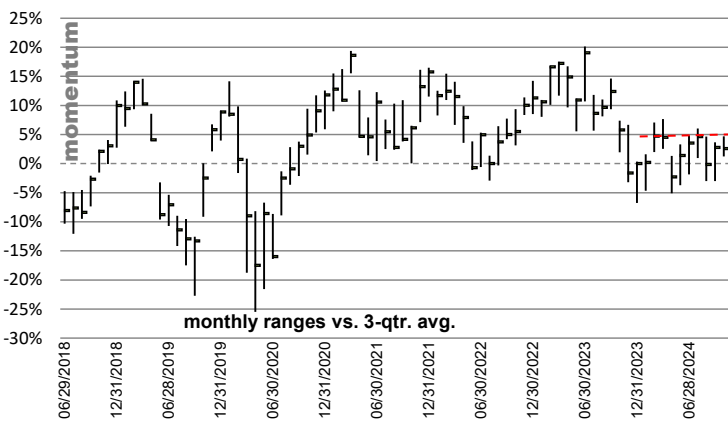


Live Cattle



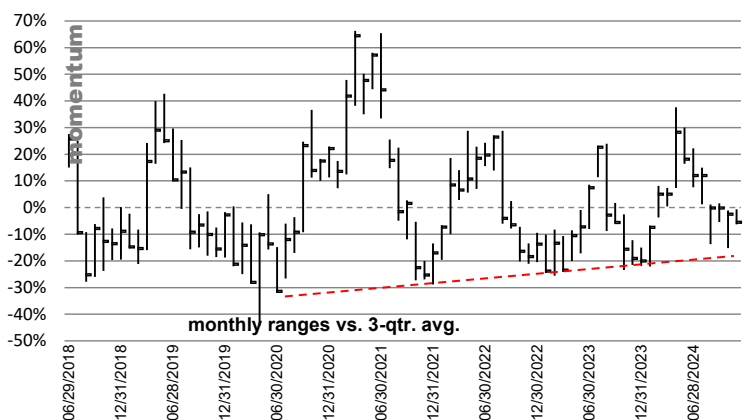
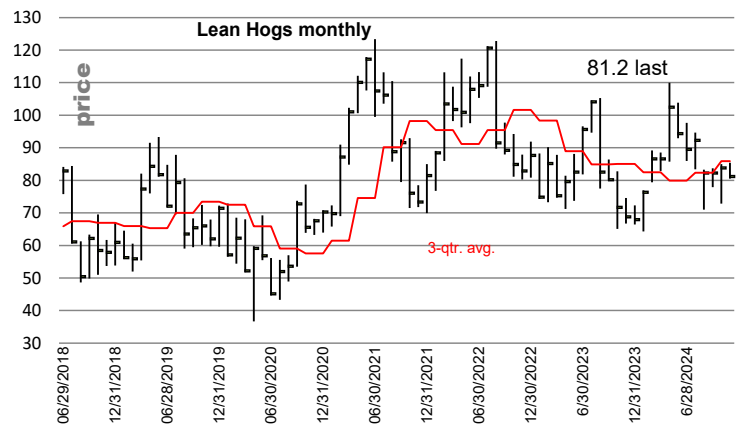
The price pause looks benign and was capped at 190.

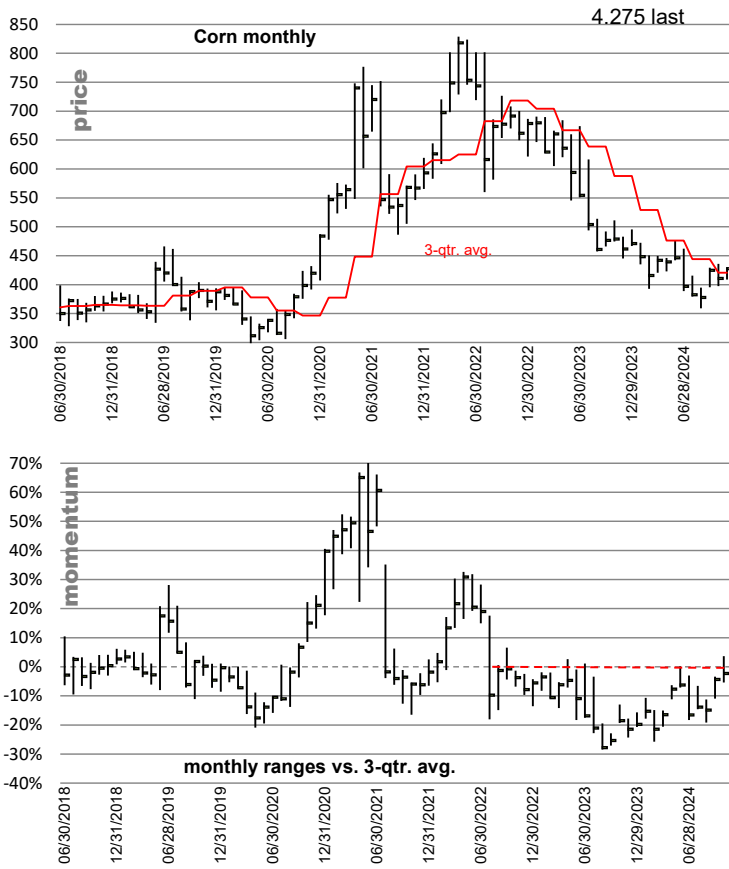
The momentum level to watch for the next surge is a monthly close at **190.60** or higher. Meaning price and momentum in this case basically provide the same number.



Hogs

Price has been in a wide range for three years now. It's trying to turn up from the lower end. Momentum is holding a multi-year uptrend. Recent action has been capped below the zero line. Closing a month this quarter at **86** or higher is a sign that movement will again be back to the upside of the range. We'll then have to assess the potential for it to emerge above that price zone. For now, watch for a monthly close at 86.



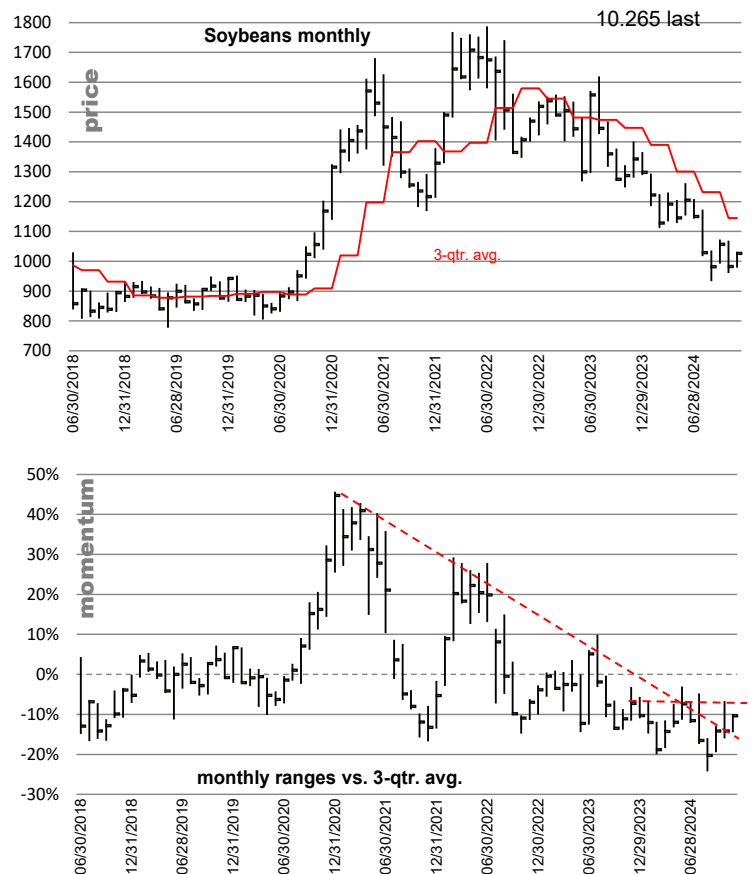


Corn

Closing a month in this quarter at **4.205** is a positive breakout for momentum.

Soybeans

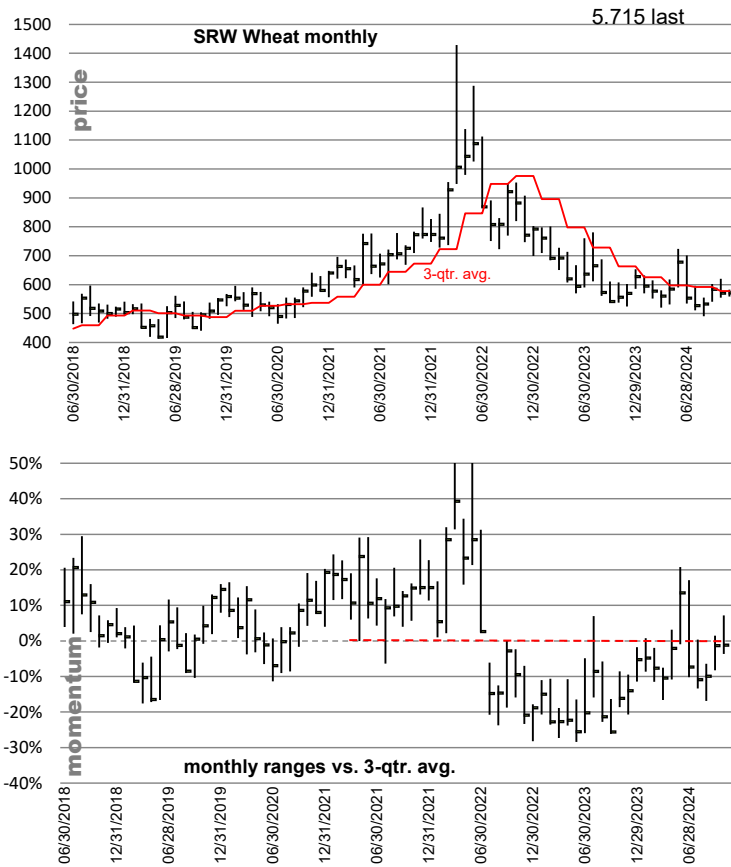
Beans look like they're shifting to positive. Closing a month this quarter at **10.62** will not only amply clear the downtrend, but also take out that last set of highs closes on momentum (horizontal).



Wheat

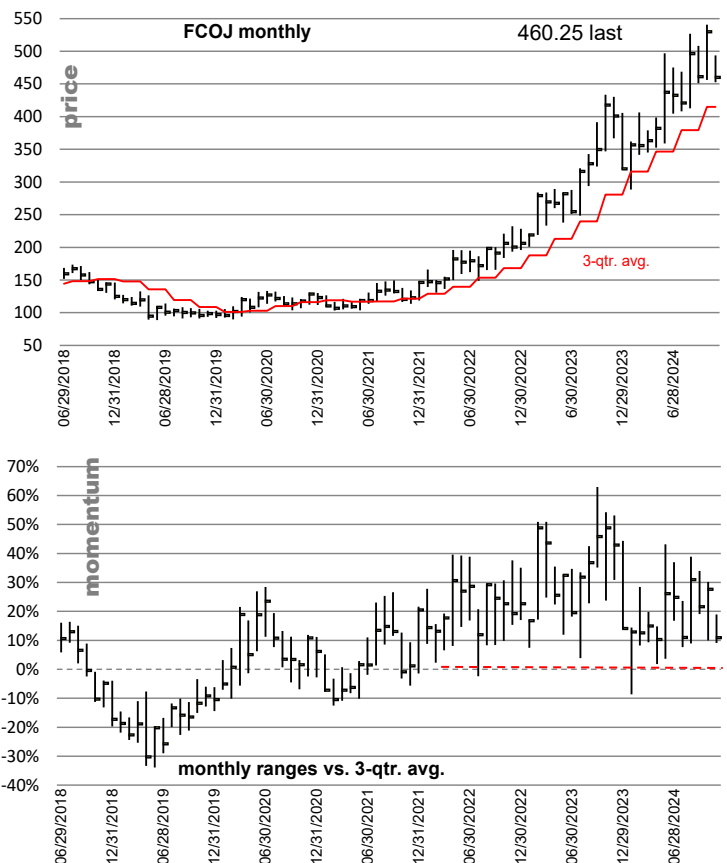
Its last breakout quickly relapsed back into a prior momentum base. Price then nipped a new low, while momentum did not. At the time of that breakout, neither beans nor corn were echoing wheat's upturn. While not always a necessity, it's better when they move together.

Closing this month back over the 3-qtr. avg. (**i.e., above 5.7750**) would indicate that upturn struggle is again underway. Watch beans and corn too.



Orange Juice

We're now referencing the January 2025 future.
Closing a month in this quarter **below 415** would break a key structure. Negative at that point.
FCOJ is not a component in the BCOM.



Personal positions in markets covered in this report: none

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