

Technical overview

G7 & BRICS

Interest Rates, Fx, Equity Indices & Commodities

week ending 22nd October 2023

The charts never lie. You just have to be willing to accept their truth.

Charts are a trading tool, not a means for price forecasting; they should be used for timing transactions, not for formulating fundamental opinions.



COHERENT
CAPITAL MANAGEMENT

The dominate theme

The jungle guide in Malaysia repeated to us many times:

“The fact that you don’t see any danger in the jungle right now doesn’t mean it’s not there”

The same applies to trading:

“The fact you don’t see any danger in the markets doesn’t mean it is not there.”

Stop thinking you’re a genius who has the market all figured out

“If things are going extremely well in the markets, work even harder on your risk management strategy

Tomas Nesnidal, *Breakout Trading*



The highlights

- [Slides 28](#) → equity index radar screen a sea of red
- [Slide 55](#) commodities \approx equity insurance
- [Slide 61](#) crude oil approaches bullish break
- [Slide 76](#) gold approaches bullish break



Market Cycle

- **Global Asset classes**

- “Ultimately, gold and oil prices are the most sensitive expressions of the (Gaza) conflict's risks



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Financials_Bonds_Move Index (weekly)

- Bond volatility rebounds
 - That makes more sense



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Financials_Bonds_Radarscreen

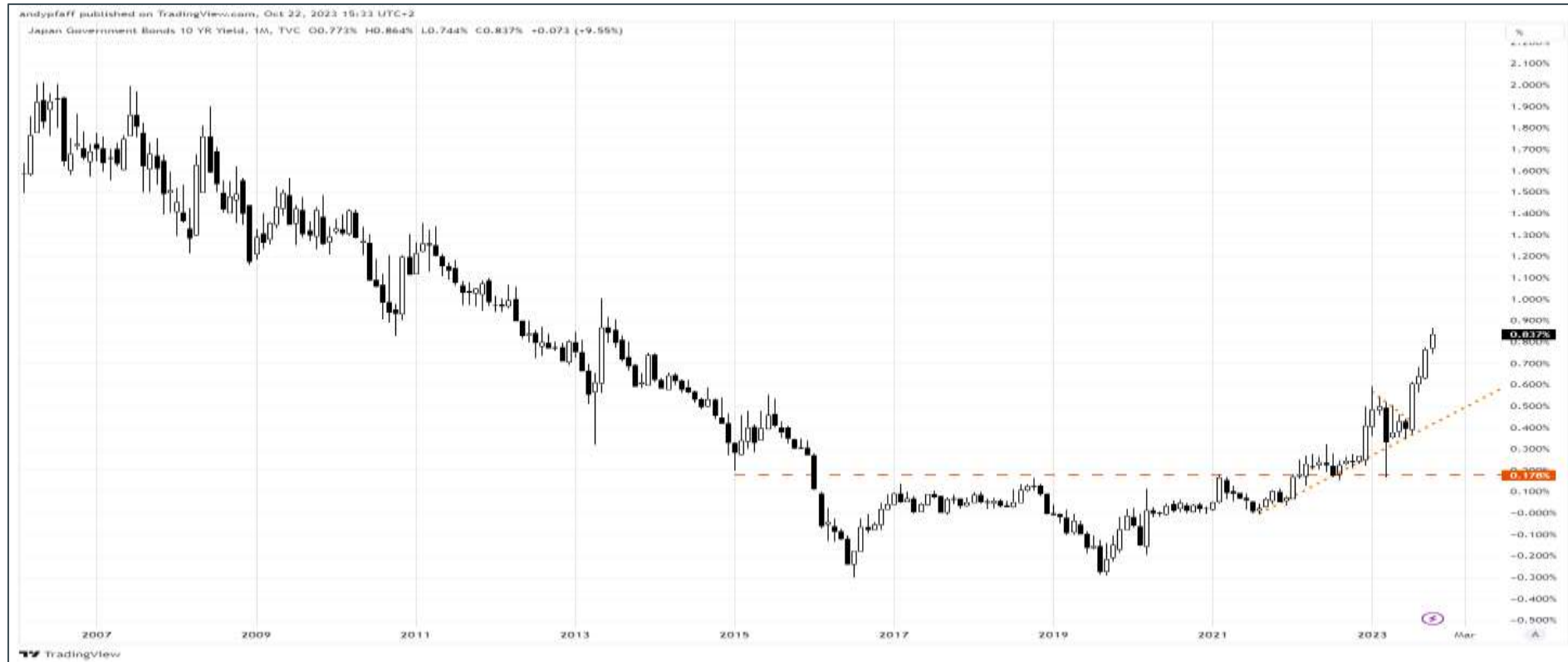
- Corrections have started
 - That makes more sense

Tickers			n Technicals Trend / Correction	Setup		Entry	Exits			
Exchange	IB	TradingView		Exceed prior Hi/Low	Reject prior H/Hi or L/Low	Risk Reduction KAMA (6hr)	Trailing Stops Market risk		Capital Risk	
						BBR	5DTS	TrendRider		
1 Financials_Bonds										
1	Euribor	FEU3/IZ3	Euribor3M /I1!/FEU	(2)	96.27	96.37	0	97.700	96.01	96.18
2	EuroDollar/SOFR 3m	SR3	SR31!	(2)	96.75	100.45	(3)	100.500	94.69	94.76
3	JPN 10yr mini	SGB	JB1!	(2)	148.12	148.80	0	149.000	145.61	147.66
4	GER 10 yr Bund	FGBL	FGBL1!	(2)	146.00	158.00	1	140.820	130.20	134.41
5	France 10yr OAT	FOAT	FOAT1!	(2)	136.70	138.50	1	138.000	124.71	129.11
6	Italy 10yr BTP	FBTP	FBTP1!	(2)	117.00	113.00	(2)	116.520	111.17	116.92
7	UK 10 yr	R	R1!	(2)	99.90	106.55	(3)	94.250	95.66	100.53
8	US 10 yr Micro yld	ZN	TN1! / 10Y1!	2	3.80	3.23	0	3.760	4.52	3.98
9	SA price 10 yr in US \$	ZA10	ZA10	(2)	4.80	5.00	(2)	4.650	4.64	4.95
10	Aussie 10yr	AU10	AU10	(2)	102.00	110.00	2	103.000	89.14	96.07



Financials_Bonds_G7 yields

- **JGB 10y** (monthly)
 - Broken Bad (bearish) and following through in spite of BOJ intervention



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Financials_Bonds_G7 yields

- **Bund 10yr** (monthly)
 - Broken Bad and testing overhead support



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Financials_Bonds_G7 yields

- **UK 10yr Gilt** (monthly)
 - Broken Bad and moving up out of consolidation range



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Financials_Bonds_G7 yields

- **US Govt 10yr yield** (monthly)
 - Broken bad and accelerating



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Financials_Bonds_G7 yields

- **US Govt 10yr yield** (weekly)
 - Current retracement still minor ...



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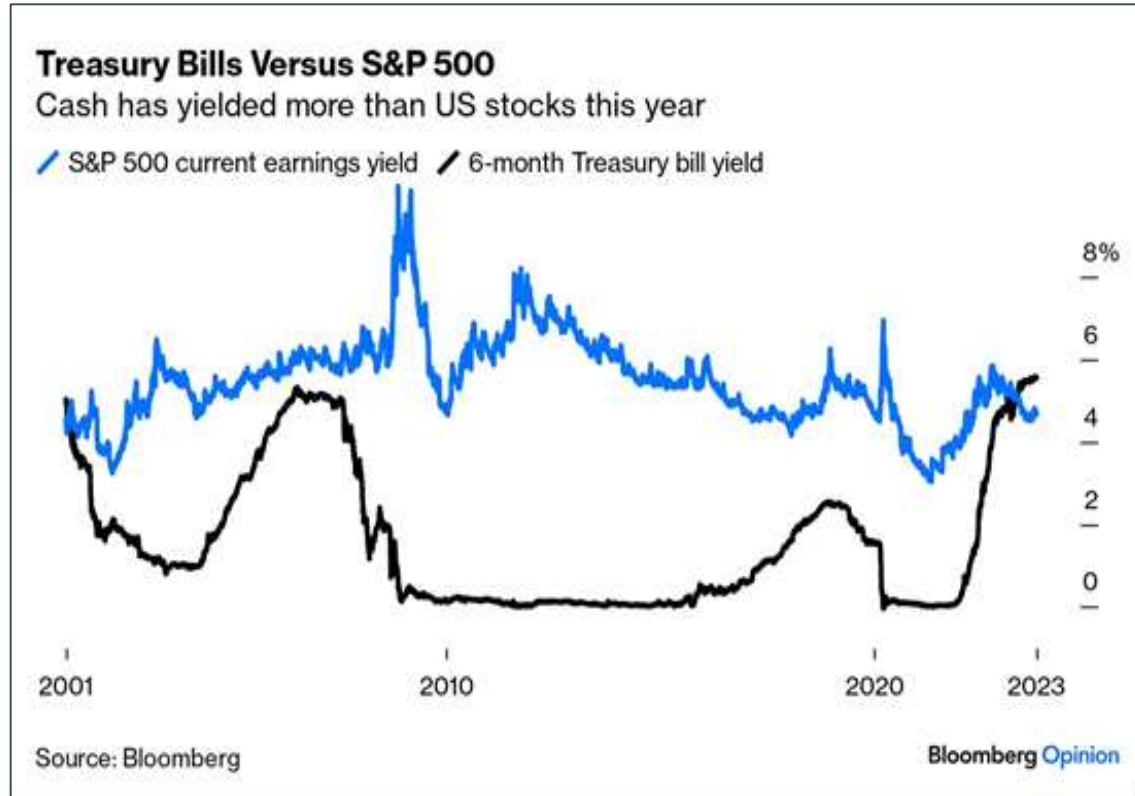
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Financials_Bonds_G7 yields

- **US T/Bills yield**
 - TINA makes way for TIAA



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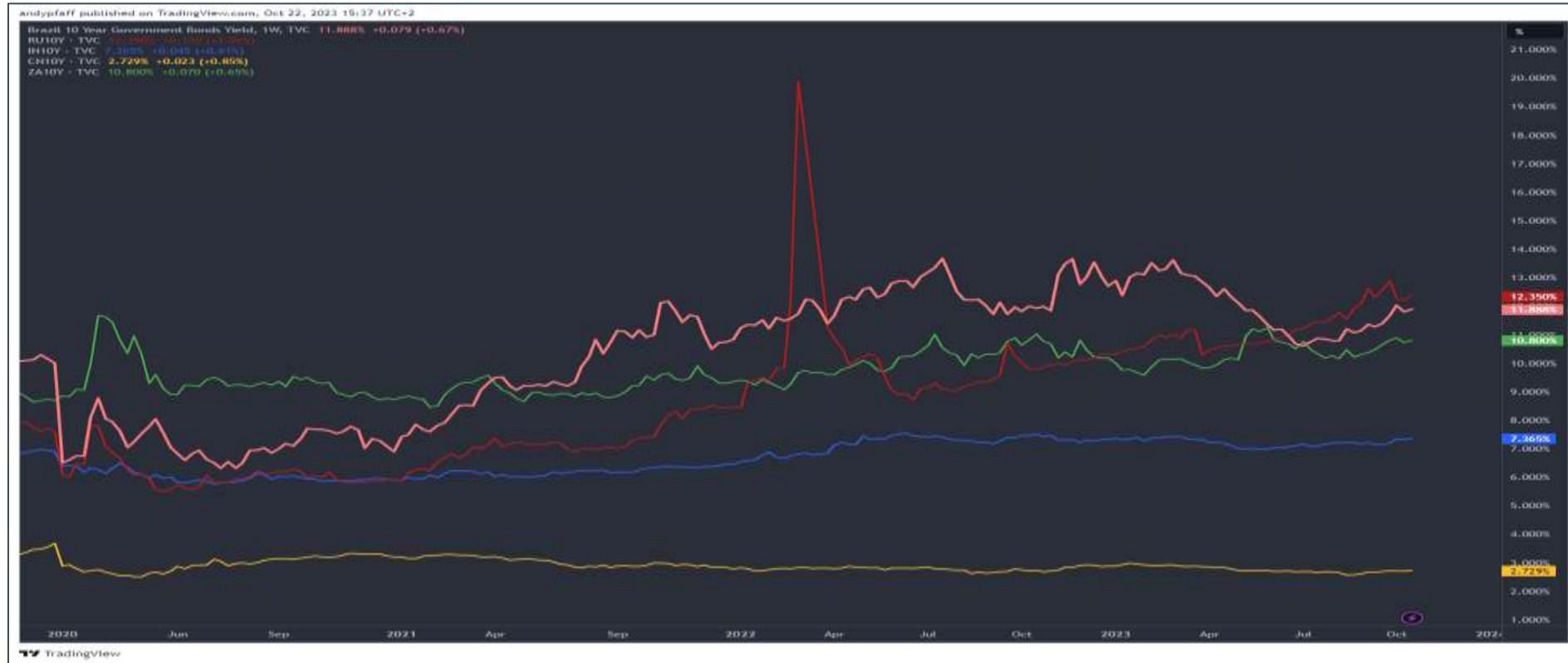
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Financials_Bonds_BRICS

- **BRICS**_Government bond 10yr yields (local currency)
 - The heat is dialed down for a week



Financials_Bonds_BRICS

- **SA 10 Year Government Bond** (yield) (ZAR)(weekly)
 - SA yields back in no-man's-land



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Financials_Bonds_BRICS

- **SA 10 Year Government Bond (price) (US \$)**(monthly)
 - 5-year high (2018) → low (2023) = (50%)
 - Testing support



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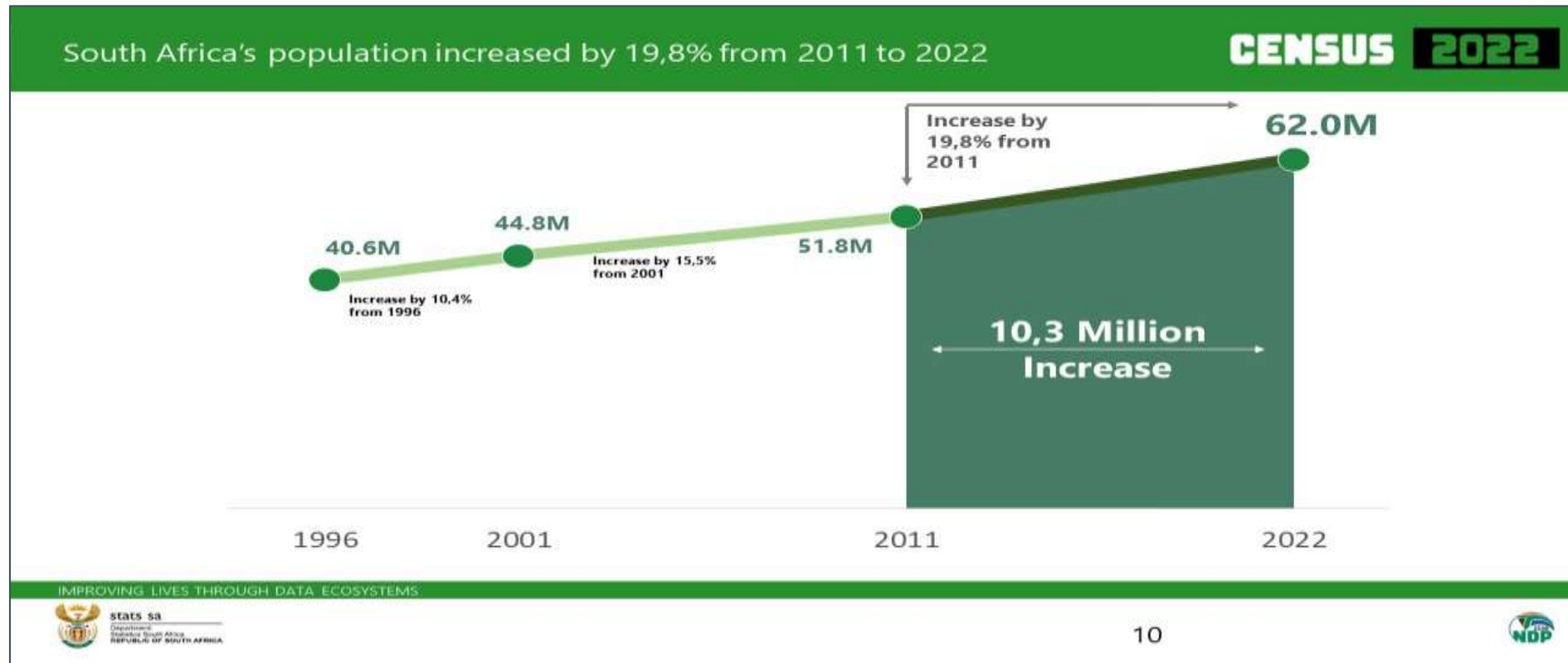
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Financials_Bonds_BRICS

- **SA 10 Year Government Bond**

- +50% since New SA
- +20% population growth with negligible economic growth comes with its' own hazards



Financials_Bonds_BRICS

- SA Real vs USA Real differential (3m)



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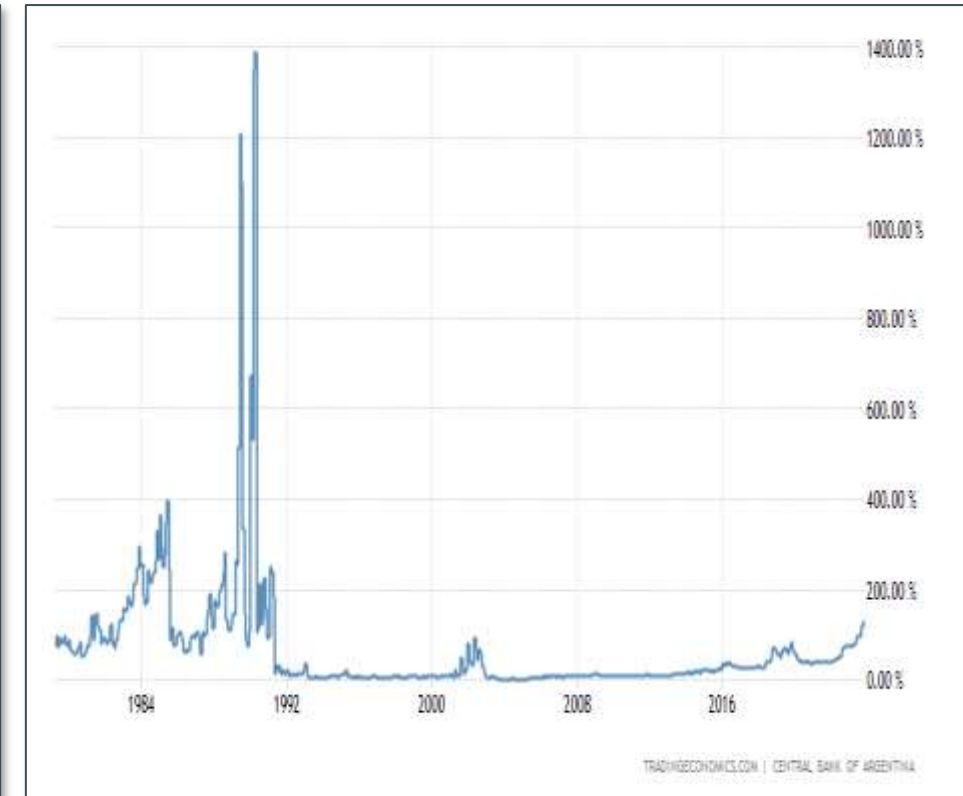
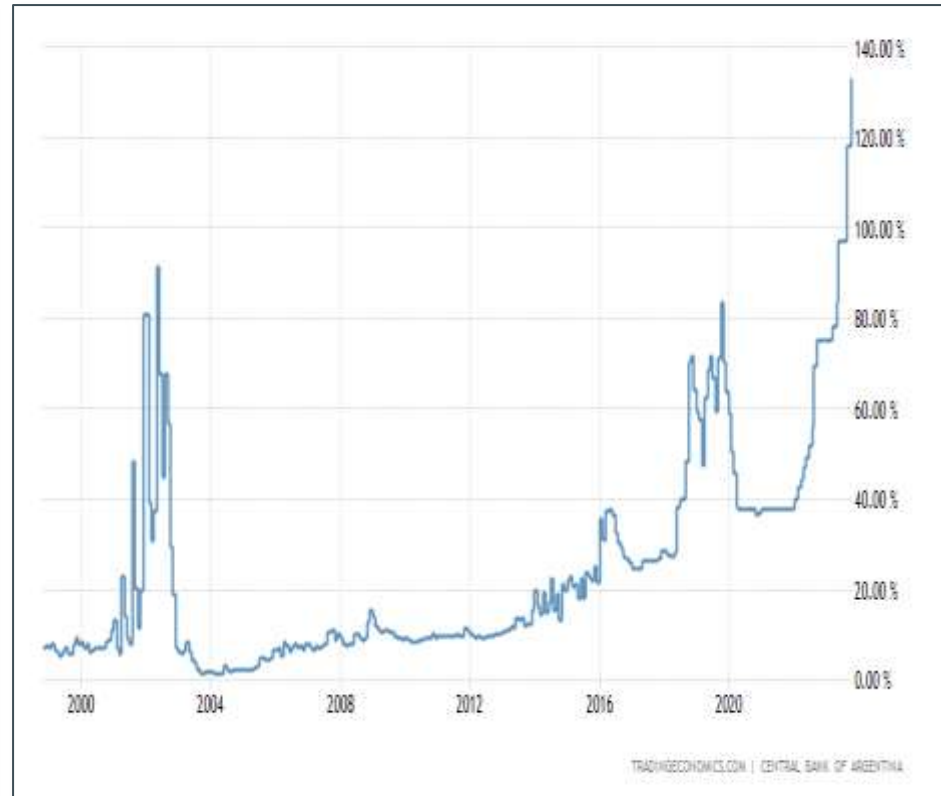
Financials_Bonds_G7 yields

- **Cry for Argentina**

- Currently high, but has been higher

Global Central Bank Policy Rates							
Country	Rate	Central Bank Rate (Today)	CPI YoY	Real Central Bank Rate	YoY CPI Trend vs. Prior Reading	Last Move	Last Move Month
Japan	Policy Rate Bal	-0.10%	3.2%	-3.3%	Lower	Cur	Jan-16
Switzerland	Target Rate	1.75%	1.7%	0.1%	Higher	Hi	Jun-23
Taiwan	Discount Rate	1.88%	2.9%	-1.1%	Higher	Hi	Mar-23
Thailand	Policy Rate	2.50%	0.3%	2.2%	Lower	Hi	Sep-23
Malaysia	Policy Rate	3.00%	2.0%	1.0%	Unchanged	Hi	May-23
China	Loan Prime Rate	3.45%	0.0%	-3.5%	Lower	Cur	Aug-23
South Korea	Repo Rate	3.50%	3.7%	-0.2%	Higher	Hi	Jan-23
Denmark	Deposit Rate	3.60%	0.9%	2.7%	Lower	Hi	Sep-23
Sweden	Repo Rate	4.00%	6.5%	-2.5%	Lower	Hi	Sep-23
Eurozone	Deposit Rate	4.00%	4.3%	-0.3%	Lower	Hi	Sep-23
Australia	Cash Rate	4.10%	5.2%	-1.1%	Higher	Hi	Jun-23
Norway	Deposit Rate	4.25%	3.3%	1.0%	Lower	Hi	Sep-23
Canada	Overnight	5.00%	4.0%	1.0%	Higher	Hi	Jul-23
UK	Bank Rate	5.25%	6.7%	-1.5%	Lower	Hi	Aug-23
US	Fed Funds	5.38%	3.7%	1.7%	Higher	Hi	Jul-23
New Zealand	Cash Rate	5.50%	6.0%	-0.5%	Lower	Hi	May-23
Hong Kong	Base Rate	5.75%	1.8%	4.0%	Unchanged	Hi	Jul-23
Indonesia	Repo Rate	5.75%	2.3%	3.5%	Lower	Hi	Jan-23
Poland	Repo Rate	5.75%	8.2%	-2.5%	Lower	Cur	Oct-23
Saudi Arabia	Repo Rate	6.00%	2.0%	4.0%	Lower	Hi	Jul-23
Philippines	Key Policy Rate	6.25%	6.1%	0.2%	Higher	Hi	Mar-23
India	Repo Rate	6.50%	5.0%	1.5%	Lower	Hi	Feb-23
Czech Republic	Repo Rate	7.00%	6.9%	0.1%	Lower	Hi	Jun-22
Peru	Policy Rate	7.25%	5.0%	2.3%	Lower	Cur	Oct-23
South Africa	Repo Rate	8.25%	4.8%	3.5%	Lower	Hi	May-23
Chile	Base Rate	9.50%	5.1%	4.4%	Lower	Cur	Sep-23
Mexico	Overnight Rate	11.25%	4.5%	6.8%	Lower	Hi	Mar-23
Brazil	Target Rate	12.75%	5.2%	7.6%	Higher	Cur	Sep-23
Russia	Key Policy Rate	13.00%	6.0%	7.0%	Higher	Hi	Sep-23
Colombia	Repo Rate	13.25%	11.0%	2.3%	Lower	Hi	Apr-23
Turkey	Repo Rate	30.00%	61.5%	-31.5%	Higher	Hi	Sep-23
Argentina	Benchmark Rate	133.00%	133.3%	-0.3%	Higher	Hi	Oct-23

CREATIVE PLANNING @CharlieBilello Data as of 10/13/23



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Financials_Fx

- Ferdinand the \$ Bull powers on



Financials_Fx

- **US \$ index (DXY)** (50-year monthly chart)
 - A major bullish break, followed by
 - a correction to test the bullish breakout level, and then
 - a resumption of the bull trend, but ...



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Financials_Fx

- **US \$ index (DXY)** (weekly chart)

...short-term doji pattern indicates high probability of short-term reversal

So much for the short-term reversal !



Financials_Fx

- **USD / JPY** (monthly)
 - Through overhead resistance, but rate of change slowing



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Financials_Fx

- **EUR / JPY** (monthly)
 - JPY consolidates vs EUR



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Financials_Fx

- **EUR / USD** (monthly)
 - Commodity (oil) importer vs commodity exporter



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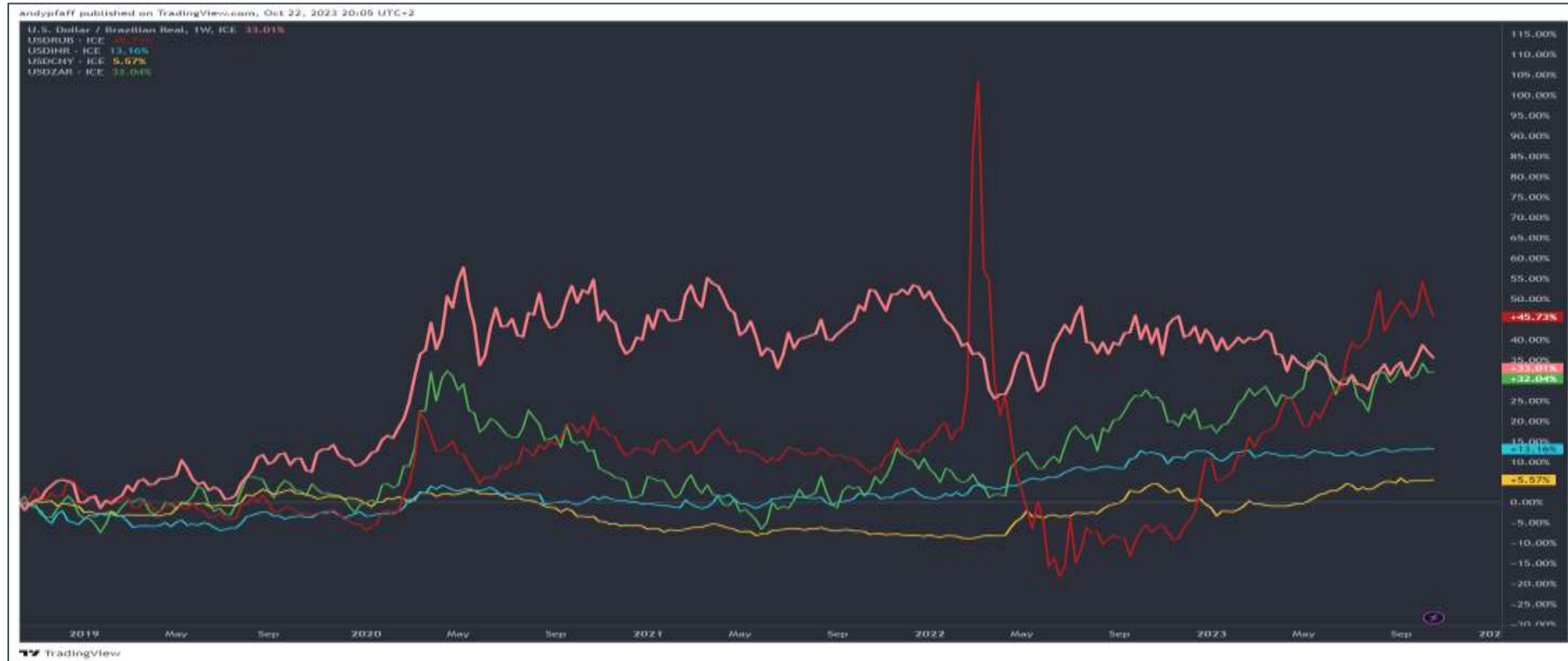
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Financials_Fx_BRICS

- **BRICS fx** vs US \$ (5yr) (% change)
 - It looks like the ***commodity producers are being hurt***, not the commodity consumers?



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Financials_Fx_BRICS

- **BRICS fx_ZAR** (weekly chart)
 - The recent ZAR 'recovery' doesn't change anything
 - Still above (red horizontal) resistance at ≈ 18.50 and in the (rising orange) bearish channel



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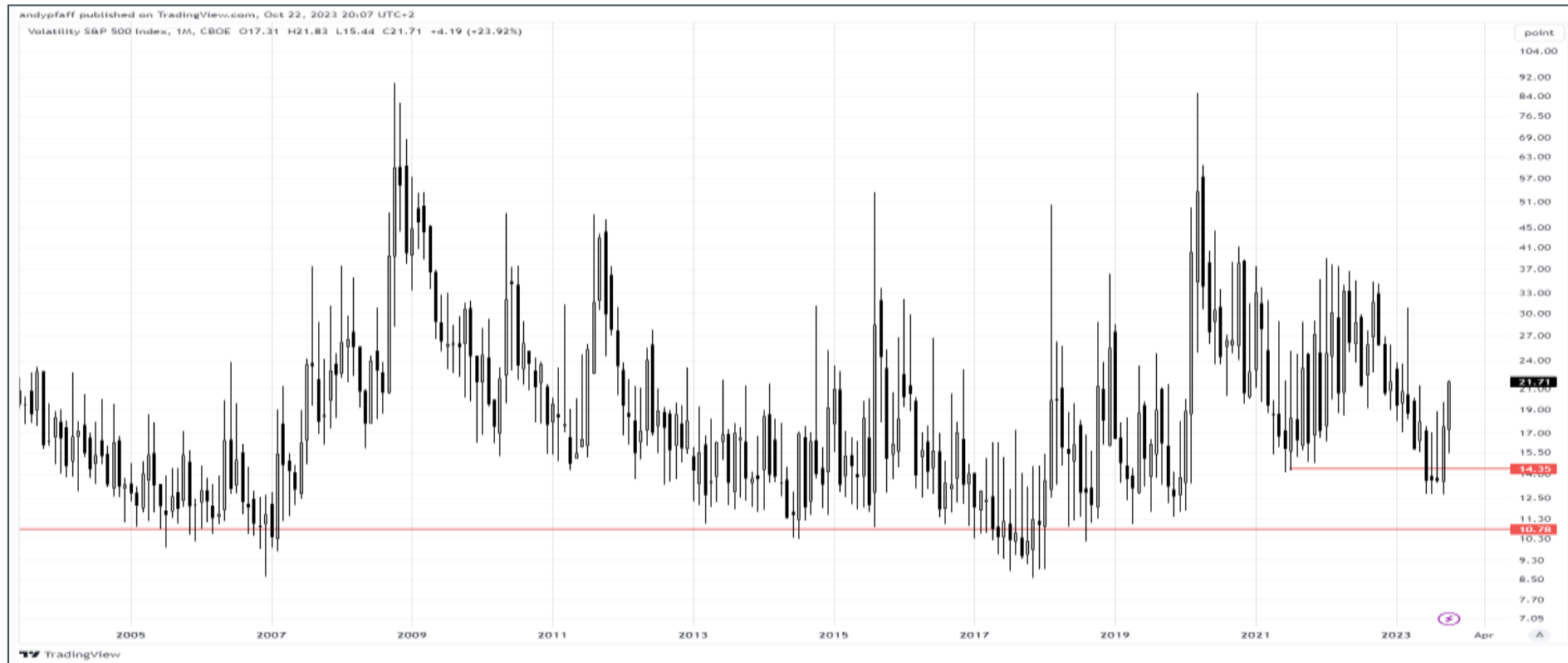
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Financials_Equity Indices_Vix (weekly)

- VIX
 - In tandem with bond volatility rise – that makes more sense



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Financials_Equity Indices_Radarscreen

- Buy the invasion ? ... Not so much

Tickers	n	Technicals	Setup			Entry			Exits		
			Trend / Correction	Exceed prior	Reject prior	Risk Reduction	Trailing Stops				
				Hi/Low	H/Hi or L/Low	KAMA (6hr)	Market risk	Capital Risk	TrendRider		
Exchange	IB	TradingView				BBR	SDTS				
3 Financials_Equity Indices_Australasia											
1	Nikkei	NKD /NS/	NK225M1! / NU1!	(2)	32,200	33,000	(3)	27,855.000	32,345	29,640.00	
2	Taiwan	STW	TWN1!	(2)	1,434	1,490	(3)	1,470.000	1,451	1,360.00	
3	China A50 (CN1!)	CN	CN1! (FT51! Data ?	(2)	13,274	12,207	(3)	12,735.000	12,403	13,403.00	
4	Hang Seng mini	HS1c1	HS1!	(2)	18,388	20,183	(2)	18,545.000	17,914	19,752.00	
5	Singapore MSCI Free	SGP	SGP1!	(2)	286	309	(1)	289.000	286	308.22	
6	India Nifty 50	MIN	NIFTY1! / MIN1/ FM	2	18,781	18,218	(3)	971.000	19,481	18,639.00	
7	Australia (ASX 200)	APU3	AS71! / XJO	(2)	4,744	4,900	(2)	4,800.000	4,780	5,111.00	
8	Malaysia (FKLI1!)		FKLI1!	(1)	1,455	1,430	0	1,427.000	1,449	1,378.00	
9	Indonesia	FID	FID1! / LQ45	(2)	3,683	3,750	(3)	3,760.000	3,639	3,739.00	
10	South Korea (Kospi)	K200M	FBK21!	(2)	333	350	(2)	333.000	334	321.54	
Financials_Equity Indices_EMEA											
1	EuroStoxx 50 micro	FESXc1	FESX1!	(2)	4,252	4,362	(3)	4,328.000	4,256	4,058.00	
2	Russia (MX/MM1!)	RTSI	MM1!	2	2,193	2,297	3	2,155.000	3,151	2,921.00	
3	Turkey (BIST)	TUR (?)	XUO30D1!	2	6,261	5,293	(3)	5,766.000	8,562	7,325.00	
4	Sweden (OMXS30)	OMXS30	FMSD1! / OMXS30	(2)	27,865	29,500	0	26,850.000	27,350	28,453.00	
5	Italy (FTSE MIB)	MINIH3	FMIT1!	(2)	147	152	0	149.560	147	140.79	
6	Dax mini/micro	FDXM/DA	FDXM1! / FDAX1!	(2)	15,732	16,400	(3)	16,000.000	15,684	15,125.00	
7	Swiss 20	FSMI/FSM	FSM1!	(2)	11,187	11,600	(3)	11,200.000	11,115	10,751.00	
8	Netherlands	EOE	MFA1!	(2)	751	785	(3)	773.000	745	727.63	
9	France (MFC1!)	CAC40	FCE1!	(2)	7,100	7,425	(3)	7,205.000	7,191	6,900.00	
10	Spain	IBEX35	FMSP1! / IBC	(2)	224	230	(2)	228.000	228	217.32	
11	FTSE 100 (Z1! / FTUK1 Z		FT11! / FTUK1!	0	7,695	7,500	(3)	7,547.000		7,902.00	
12	South Africa (J200)	1323.T	J200	(2)	70,324	72,857	(3)	71,271.000	68,602	72,879.00	
13	Portugal (PSI201!)	PSI20	PSI1!	0	6,000	6,200	3	5,985.000		5,900.00	
Financials_Equity Indices_Americas											
1	Canada (TSX)	TSE60M	MCL1! / TSX	(2)	2,060	2,106	0	2,051.000	1,689	2,131.00	
2	DJ 30 (micro e-mini)	MYM	MYM1!	(2)	34,071	35,400	(3)	34,100.000	34,154	33,249.00	
3	SP500 (micro e-mini)	MES	MES1!	(2)	4,371	4,600	(3)	4,475.000	4,430	4,238.00	
4	Russell 2000 micro e	M2K	M2K1!	(2)	1,850	1,970	(3)	1,875.000	1,802	1,776.00	
5	Nasdaq micro-mini	MNQ/NQ	MNQ1!	(2)	14,892	15,600	(3)	15,460.000	15,469	14,157.00	
6	Mexico (FMMX1!)		FMMX1	(3)	710	750	(3)	715.000	665	738.62	
7	Brazil (IND1!)	IBV	IND1!	(1)	116,000	122,150	(1)	119,955.000	117,695	110,226.00	
8	Argentina (IMV1!)		IMV1!	2	95,721	83,500	3	9,200.000	550,000	432,937.00	
9	MSCI World	MXWO	MWL1!	(2)	2,912	2,985	3	2,985.000	2,923	2,866.00	
10	MSCI EM	MXEF	MME1!	(2)	955	1,034	(3)	975.000	975	929.55	



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Financials_Equity Indices_G7

- **MSCI World** (Eurex futures)(DM; free-float weighted)(weekly)
 - Lower Highs & Lower Lows in place; Trendline support also gives way at quarter-end
 - Previous horizontal support is now overhead resistance



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Financials_Equity Indices_G7

- **MSCI World** (Eurex futures)(DM; free-float weighted)(daily)
 - Lower Highs & Lower Lows in place; Trendline support also gives way at quarter-end
 - Previous horizontal support is now overhead resistance



Financials_Equity Indices_G7

- **Japan/ Nikkei** (weekly)
 - “A falling yen has padded Japanese exports, fattened corporate profits for export-oriented industries, and helped spur capital investment”



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Financials_Equity Indices_G7

- **EU/ Euro Stoxx 600 index futures** (weekly)
 - *The Ides of October – support gives way*



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Financials_Equity Indices_G7

- **UK/ FTSE 100** (5yr weekly)
 - Consolidation deteriorating



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Financials_Equity Indices_G7

- **Canada/ S&P Toronto 60**
 - Clinging to support
 - Support gives way



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Financials_Equity Indices_G7

- **USA/ Dow Jones Industrial Average index** (weekly, 5yrs)
 - ~~No damage done to the bullish structure ...~~ yet Broken down, recovery attempt fails



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Financials_Equity Indices_G7

- **USA/ DJ Transportation Average index** (weekly)
 - ~~No damage done to the bullish structure ...~~ yet Broken down; recovery attempt fails



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Financials_Equity Indices_G7

- **USA/ Dow Jones Utilities Average index** (monthly, 30yrs)
 - ~~No damage done to the bullish structure ... yet Broken down; recovery attempt failing~~



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Financials_Equity Indices_G7

- **USA/ Nasdaq Composite index** (weekly)
 - Lower highs, threatening horizontal support



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Financials_Equity Indices_G7

- **USA/ SP 500 index (daily)**
 - Lower lows & lower highs
 - Threatening support



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Financials_Equity Indices_G7

- USA/ Russell 2000 index
 - Breaking horizontal support



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Financials_Equity Indices_G7

- USA/ Russell 1000 Value index
 - Rising trendline broken; targeting (red) horizontal support



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Financials_Equity Indices_G7

- **USA/ Nasdaq Composite index** (weekly)
 - Lower highs, threatening horizontal support



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Financials_Equity Indices_EM

- MSCI EM index future (\$) (weekly)
 - “Ten Lessons for the Twenty-first Century Investor:”
 - **11. More Alpha will come from risk management than risk taking (or buy & hold) this season** (yours truly)



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Financials_Equity Indices_BRICS (local crncy)

- (% change since 2018)
- No winners recently



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Financials_Equity Indices_BRICS (US \$)

- (% change since 2018)
- Carnage building here



Financials_Equity Indices_BRICS (local currency)

- **Brazil_Bovespa**

- Inexorably rolling: lower lows & lower highs



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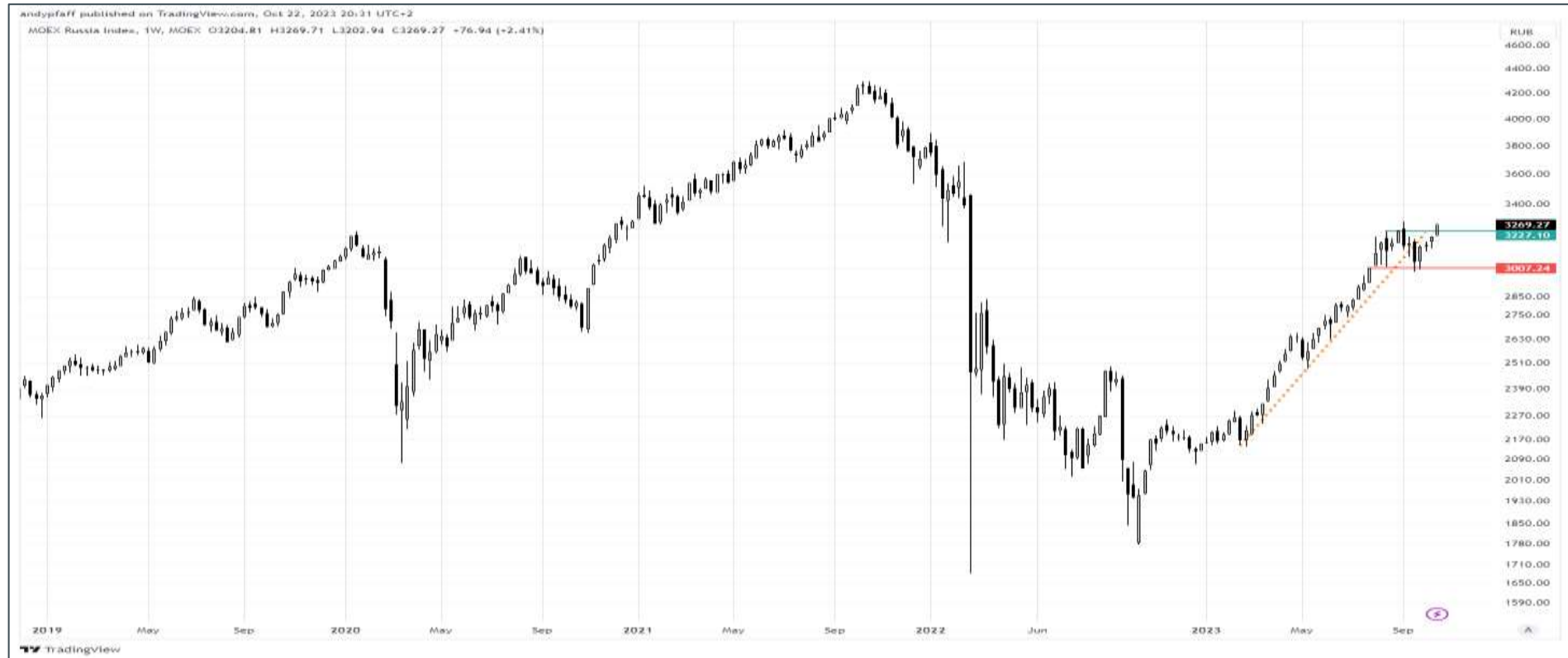
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Financials_Equity Indices_BRICS (local currency)

- **Russia_MOEX25**
 - Convincing recovery in progress



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Financials_Equity Indices_BRICS (local currency)

- **India_Nifty 50**

- Below 19 245 and this stalwart will be in trouble



Financials_Equity Indices_BRICS (local currency)

- **China_Shanghai Shenzen** CSI 300 (SHSZ300)
 - “Worry about the long-term, not the short-term.
 - “The Chinese economy is healthier now than it has been anytime in the past three years.
 - “But it’s also probably healthier now than it will be anytime in the next three years (and beyond). Smart money should be more bullish cyclically (no collapse!), but much more bearish structurally. (China Beige Book)



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Financials_Equity Indices_BRICS (weekly) (local currency)

- **South Africa_Top 40**
 - Crucial support breaks



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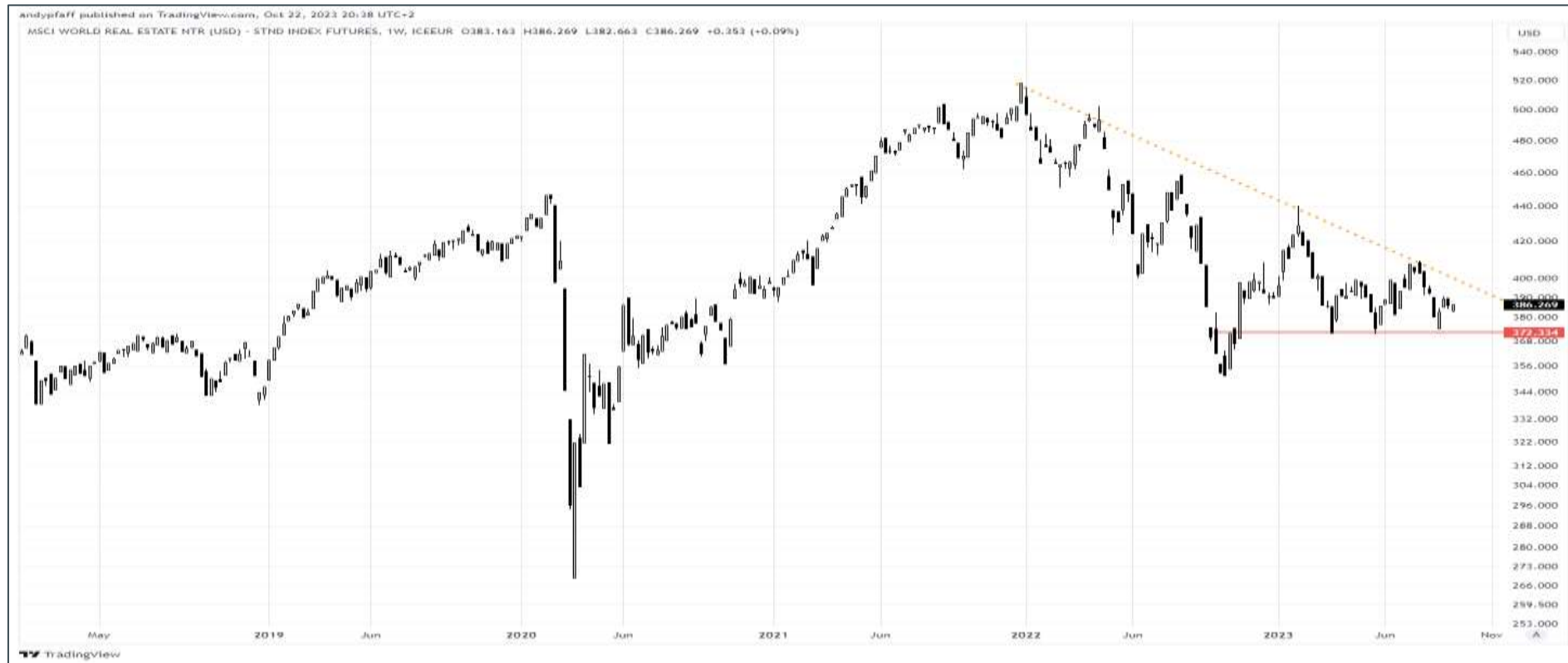
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Financials_Property

- MSCI Global Real Estate Index futures (\$)



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Financials_Property

- **SATRIX Property ETF (SA)**
 - Not the last-man-standing



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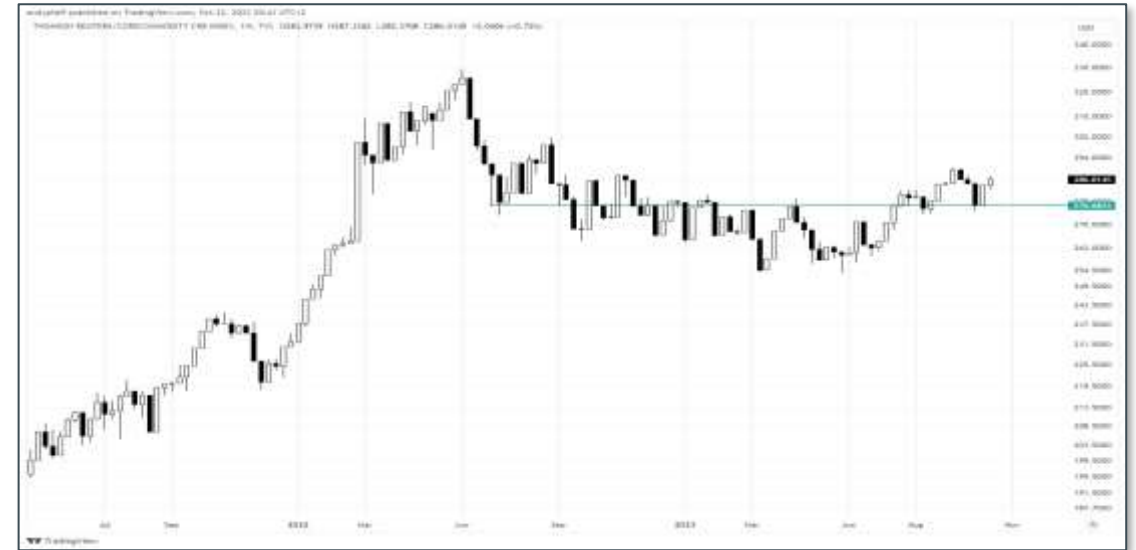
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Commodities indices_\$ (GSCI, CRB, BCOM)

- Energy-biased indices
 - remain strongest
 - sell off hardest
 - recover fastest 🧐



Commodities indices_\$

- **CRB / MSCI World Equity Index** (2014 - 2022)(commodity index/equity index ratio)
 - Risk-off everywhere



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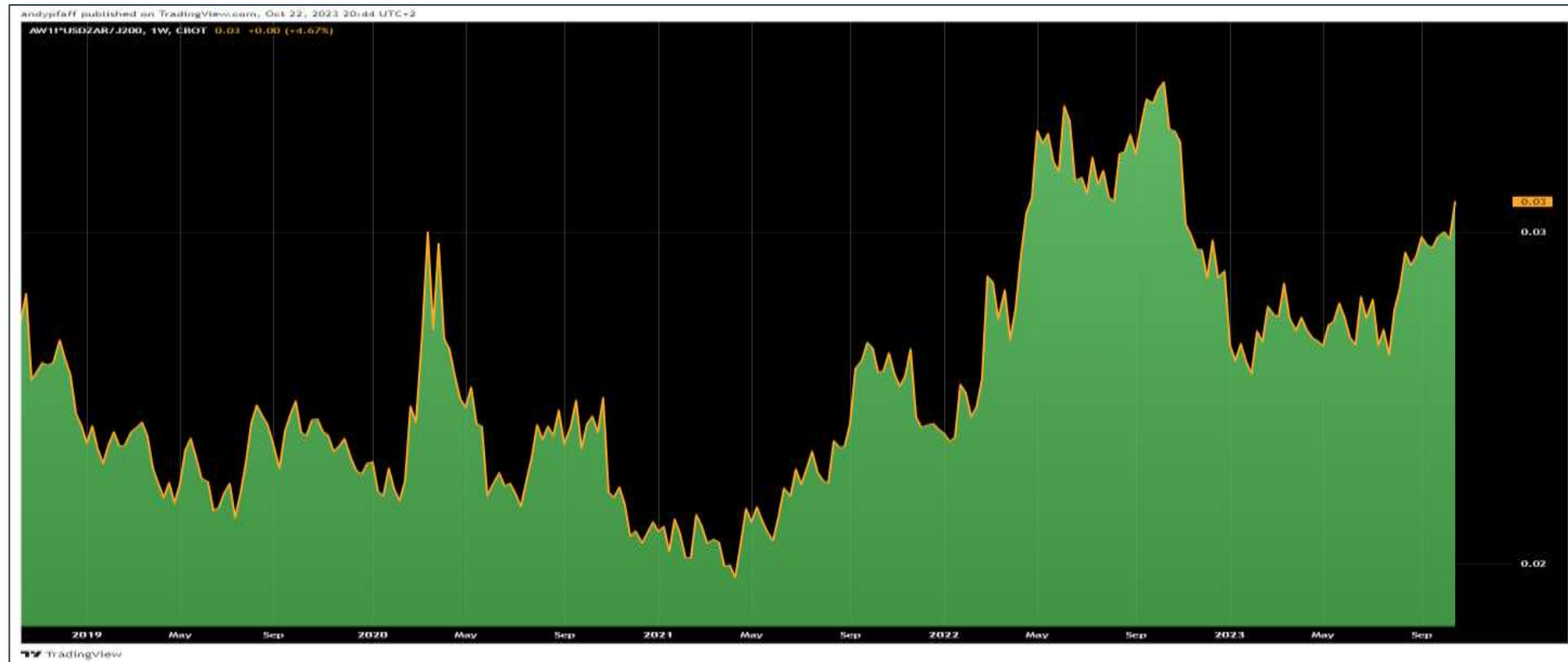
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Commodities indices_\$

- **BCom (zar) / JSE Top40 Equity Index** (2014 - 2022)(commodity index/equity index ratio)
 - **Commodities \approx Top 40 insurance**



Commodities indices_\$

- **BCom_Agriculture** sub-index (monthly)
 - Recovery back into the range



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Commodities indices_\$

- **BCom_Energy** sub-index (monthly)
 - Market consensus: crude oil risk premium ≈\$10 and unlikely to narrow soon



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Commodities indices_\$

- **BCom_Energy** sub-index (monthly)
 - Energy transition: Power Play 2021/09
 - Blackrock supports activist shareholder to pressure Exxon to reduce its carbon footprint



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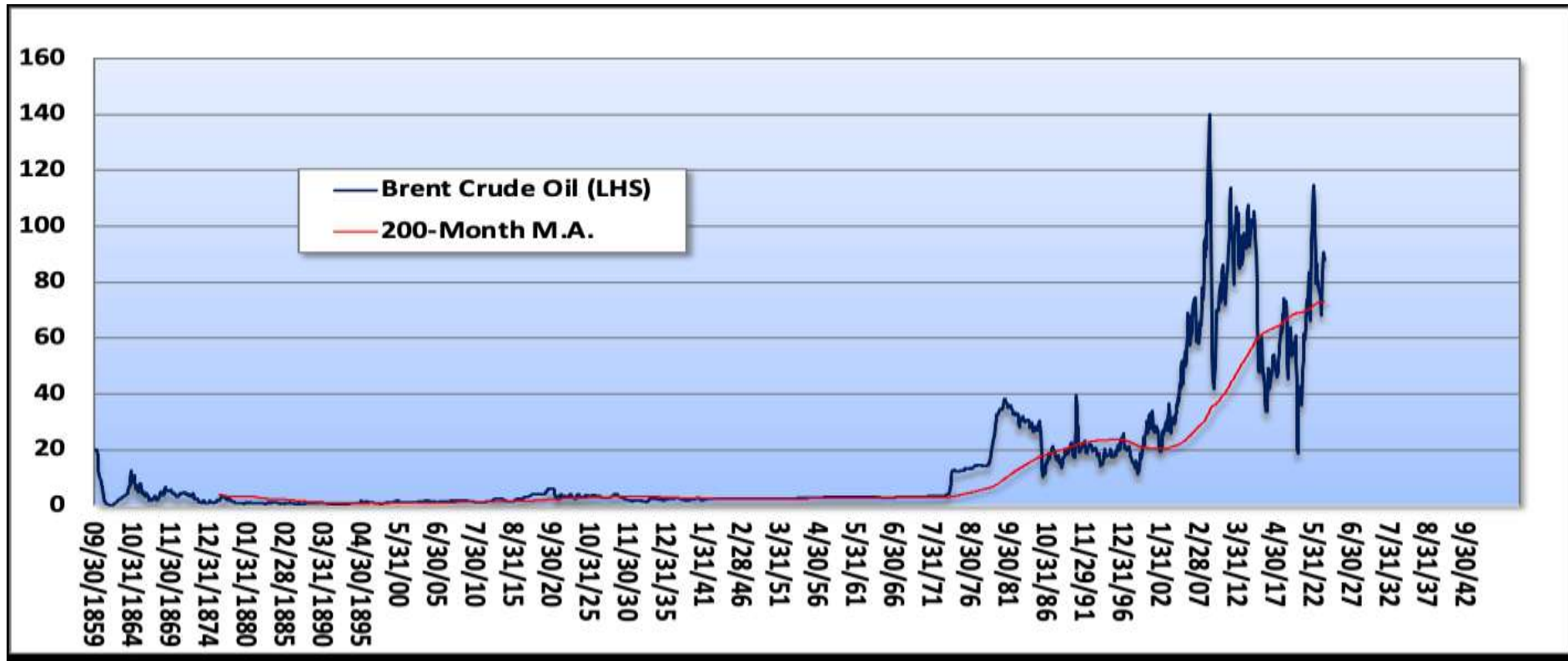
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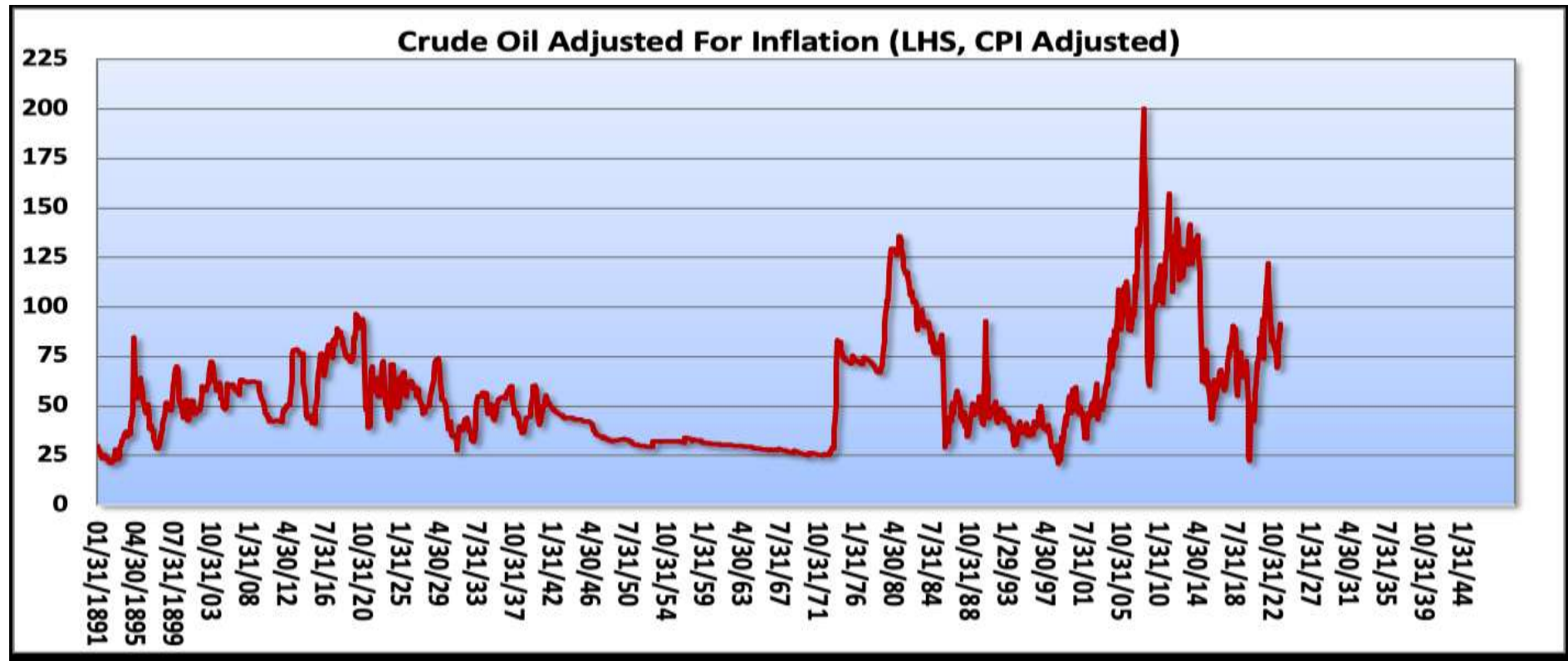
Commodities indices_ \$

- **BCom_Energy** sub-index_Crude oil (Brent) (weekly)
 - US has still not replenished SPR;
 - Saudi unlikely to increase supply sub \$110 Brent



Commodities indices_\$

- **BCom_Energy** sub-index_Crude oil (Brent) (weekly)
 - US has still not replenished SPR;
 - Saudi unlikely to increase supply sub \$110 Brent



Commodities indices_\$

- **BCom_Energy** sub-index_Crude oil (Brent) (weekly)
 - Brent about to break up



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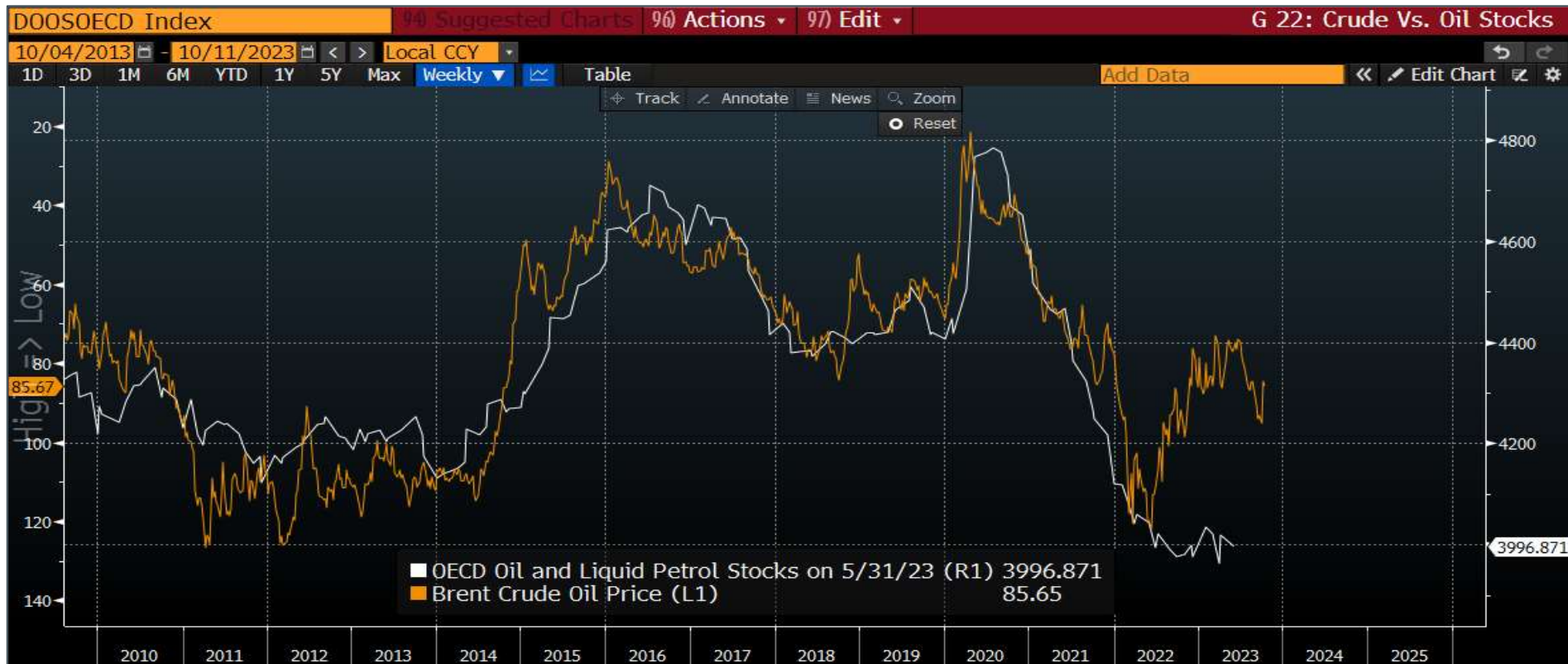
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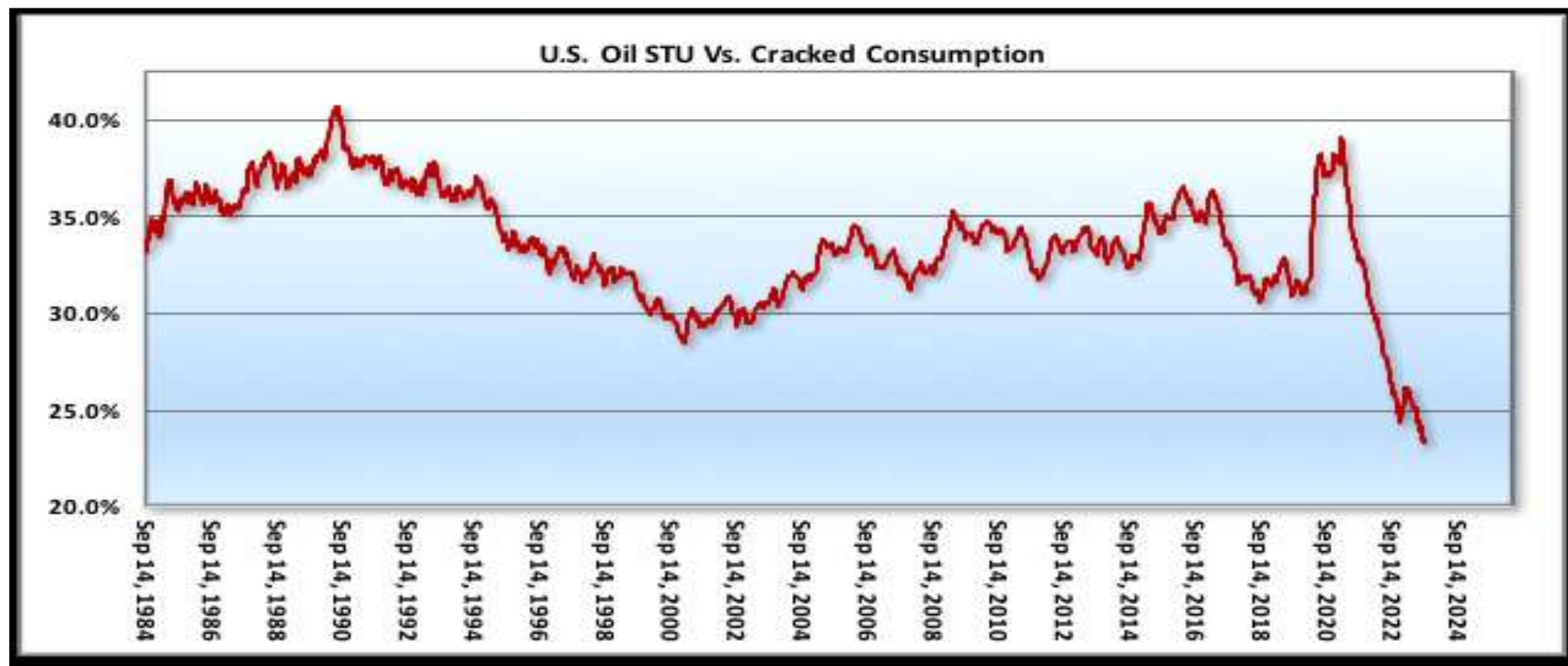
Commodities indices_\$

- **BCom_Energy** sub-index_Crude oil (Brent) (weekly)
 - US has still not replenished SPR; Saudi unlikely to increase supply sub \$110 Brent"
 - **OECD inventories lowest in 20 years** (*refilling inventories acts as an 'additional' demand*)



Commodities indices_\$

- **BCom_Energy** sub-index_Crude oil (Brent) (weekly)
 - US has still not replenished SPR; Saudi unlikely to increase supply sub \$110 Brent”
 - **US inventories vs consumption lowest ever**



Commodities indices_\$

- **BCom_Energy** sub-index_Crude oil (Brent) (daily)
 - So why did prices drop?



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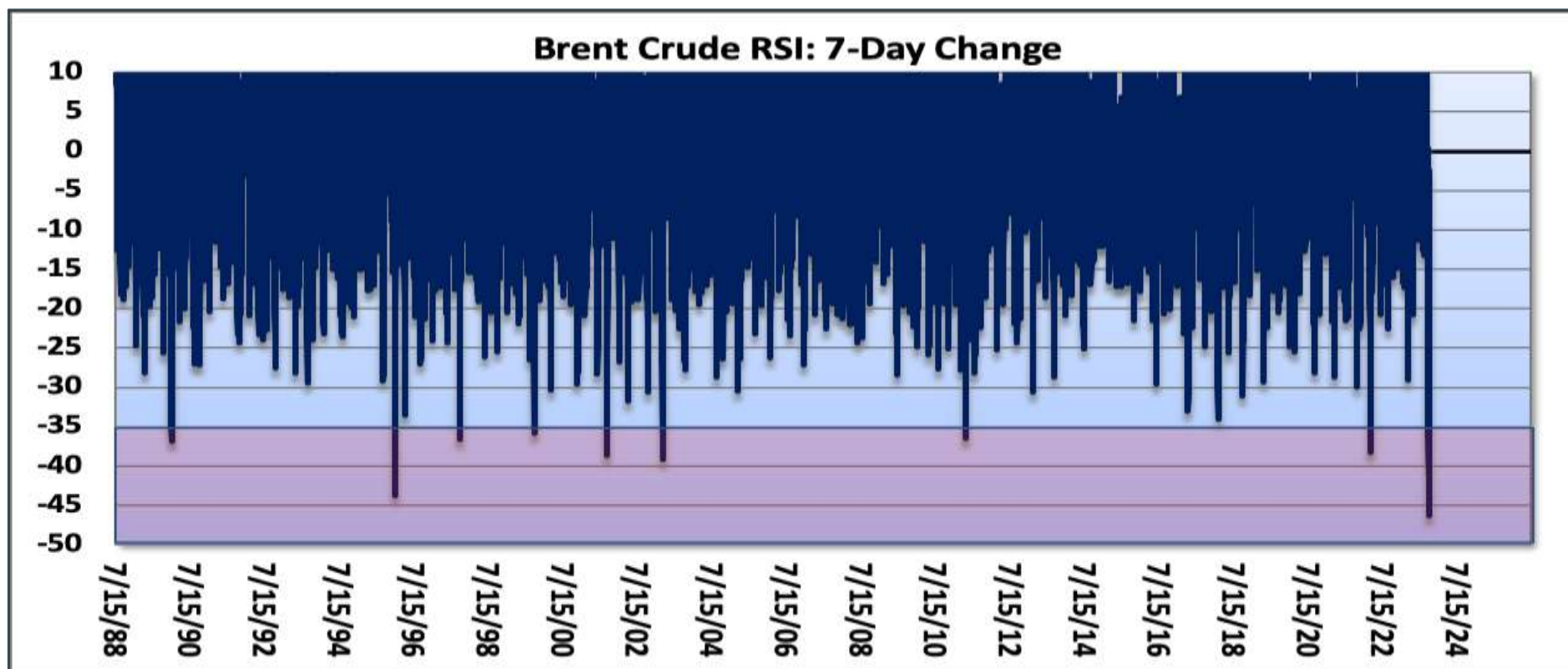
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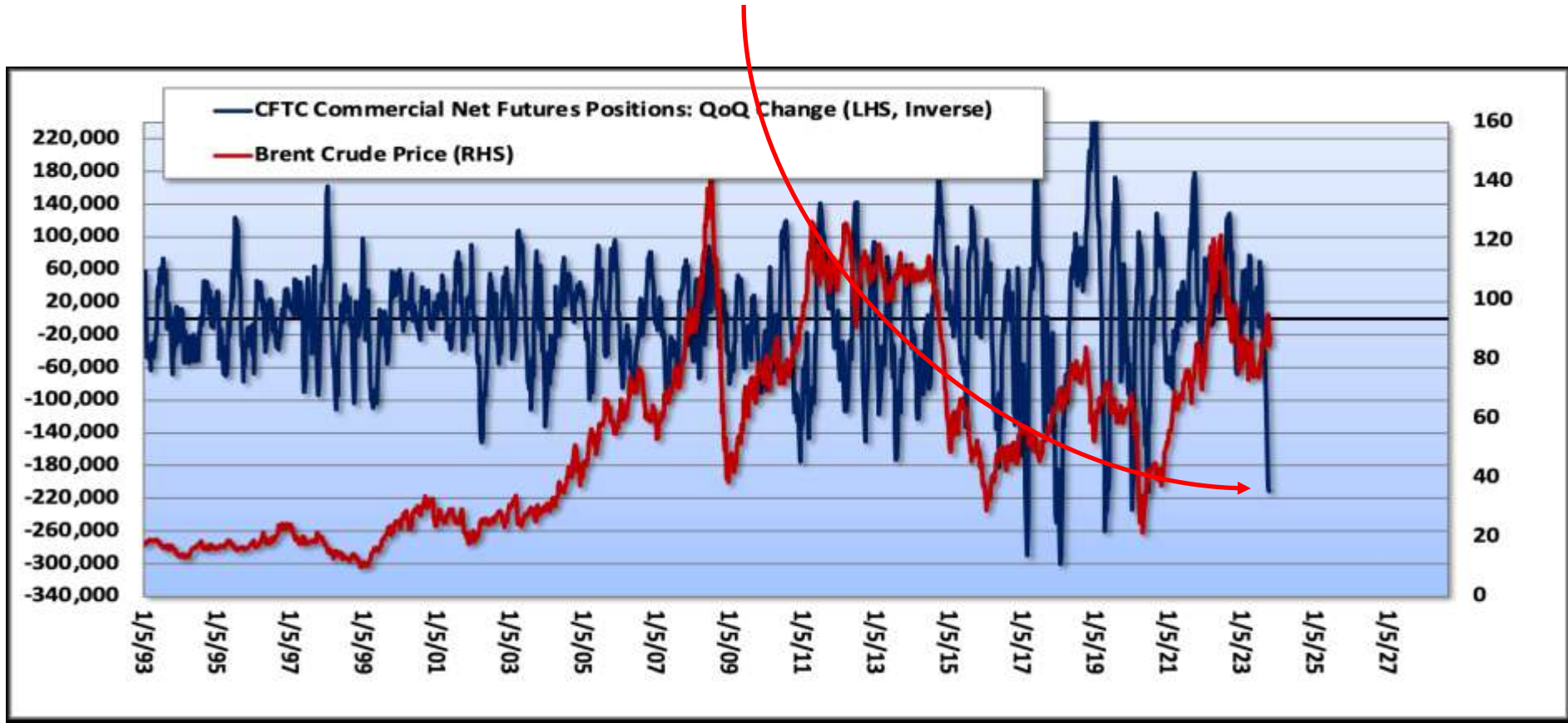
Commodities indices_\$

- **BCom_Energy** sub-index_Crude oil (Brent) (daily)
 - Over-bought to over-sold in a week ... **fastest/ biggest drop in weekly RSI ever**



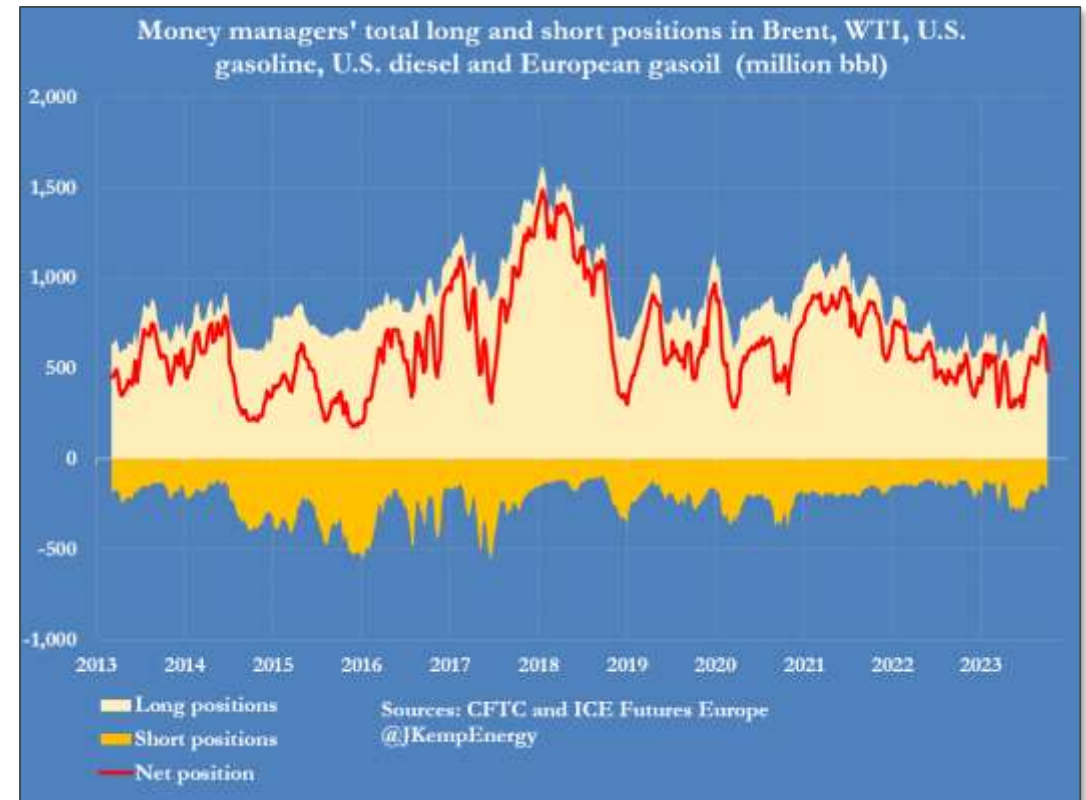
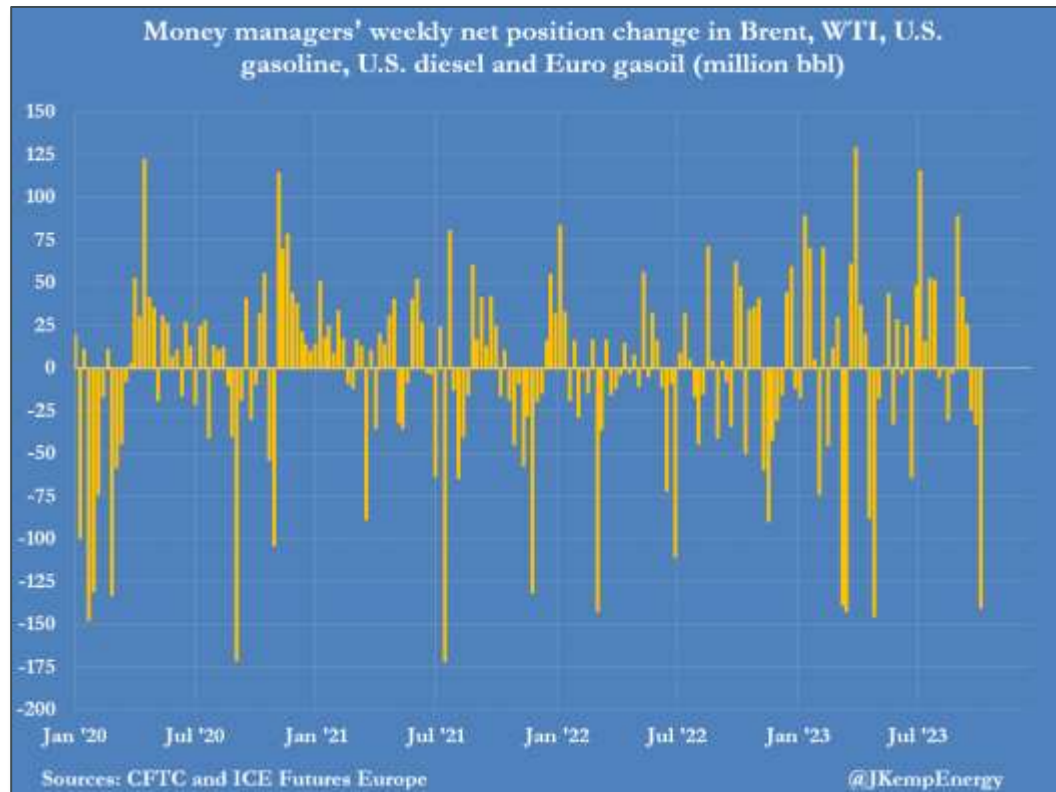
Commodities indices_\$

- **BCom_Energy** sub-index_Crude oil (Brent) (weekly)
 - So why did prices drop?
 - Prices were high enough for producers to hedge – most aggressive hedging since Covid lockdown



Commodities indices_\$

- **BCom_Energy** sub-index_Crude oil
 - Money managers' long positions closed aggressively as they try to read the S&D (supply & demand)
 - However, residual longs still substantially outweigh short positions



Commodities indices_\$

- **BCom_Energy** sub-index_Crude oil (Brent)
 - Brent / Urals spread falling steadily: Russian oil is being bought in volume



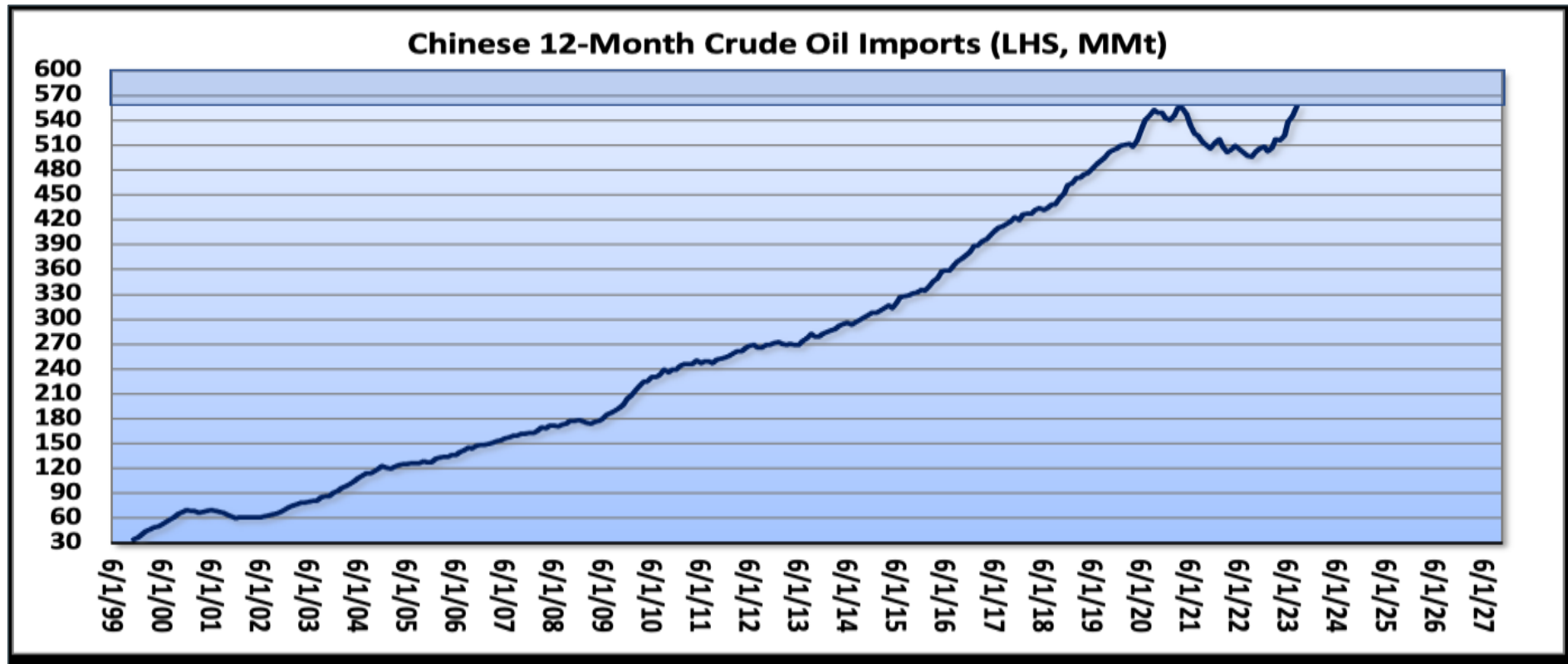
Commodities indices_\$

- **BCom_Energy** sub-index_Crude oil (Brent)
 - Brent / Urals spread falling steadily: Russian oil is being bought in volume
 - By who ?



Commodities indices_\$

- **BCom_Energy** sub-index_Crude oil (Brent)
 - By who ? Guess who!
 - Economic demand or stockpiling ?



Commodities indices_\$

- **BCom_Industrial Metals sub-index**
 - Breaking Bad



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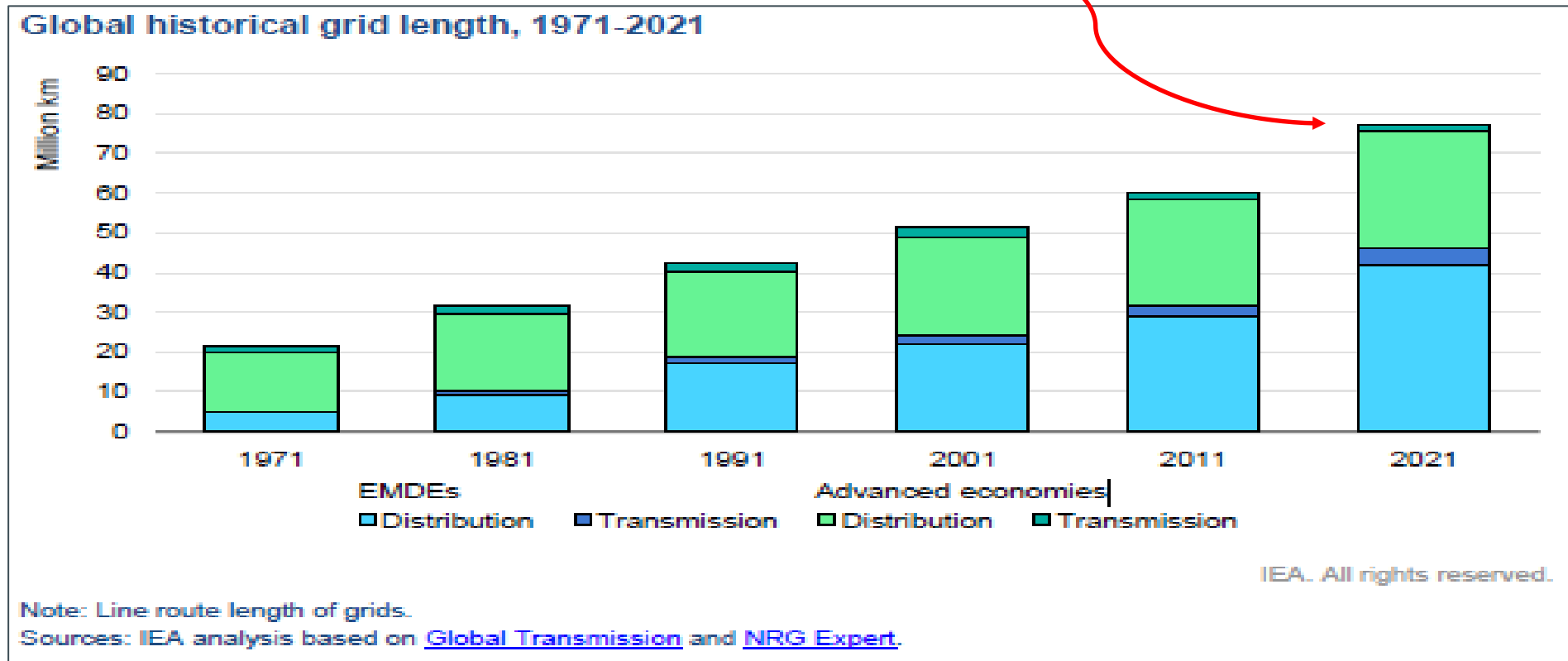
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Commodities indices_\$

- **BCom_Industrial Metals sub-index_IEA Report: Electricity Grids and Secure Energy Transitions**

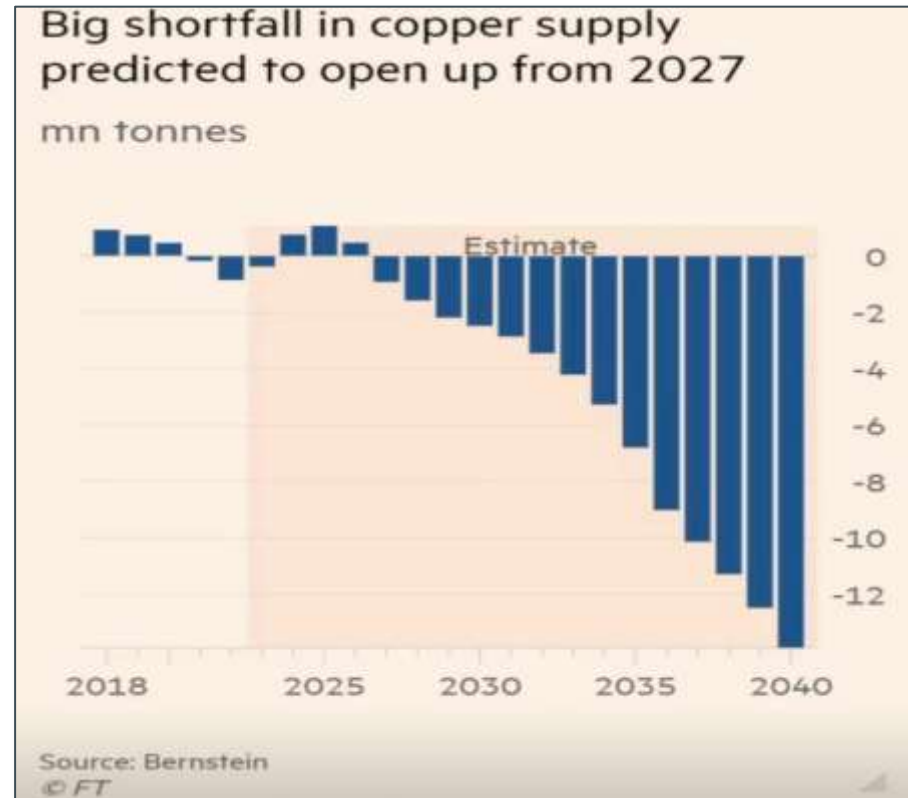
- “The backbone of today’s electricity systems, grids are set to become increasingly important as clean energy transitions progress, but they currently receive too little attention
- “Reaching national goals also means *adding or refurbishing a total of over 80 million km of grids by 2040*, the equivalent of the entire existing global grid



Commodities indices_\$

- **BCom_Industrial Metals sub-index_Copper**

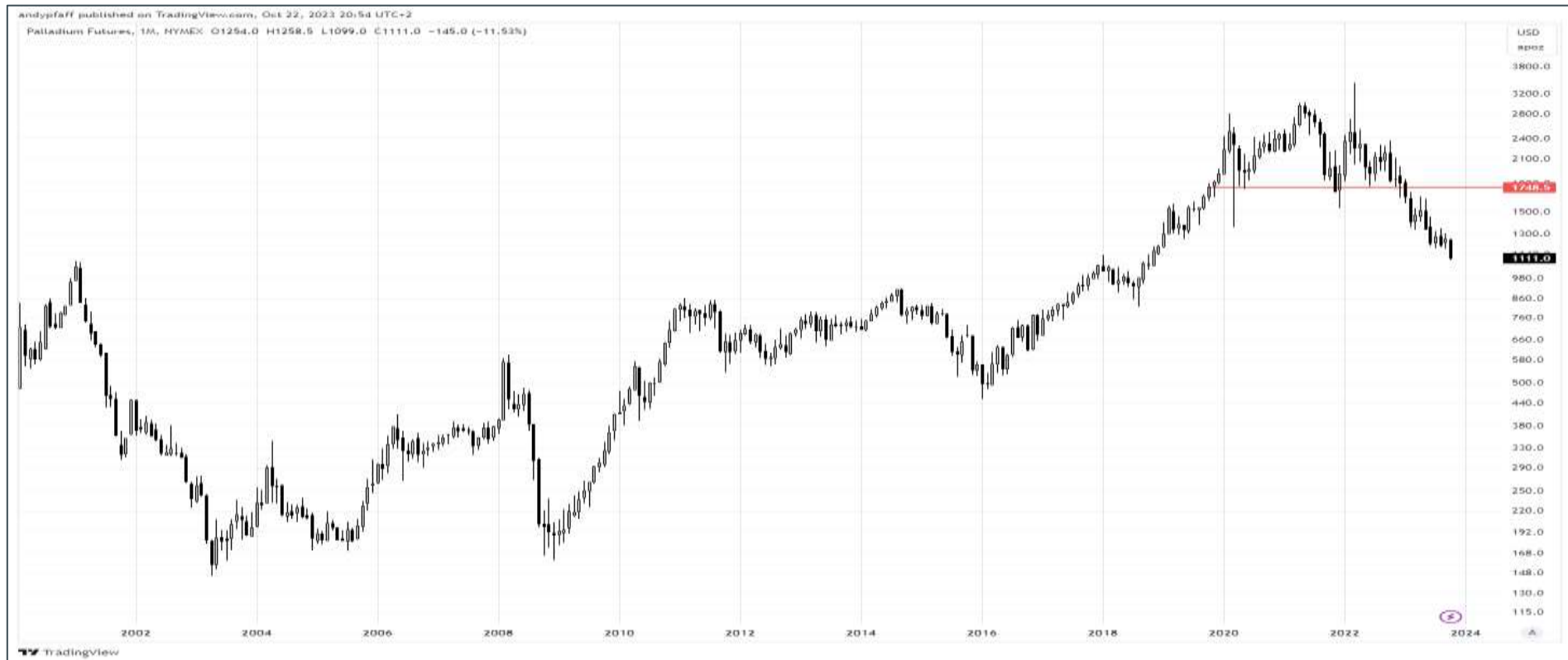
- Still wrestling with support and bearish macro narrative; looking ominous, but
- Future S&D structure skewed to the bullish side?



Commodities indices_ \$

- **PGM – Palladium** (monthly)

- 3



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Commodities indices_ \$

- **PGM - Platinum**

- Mid-range basing? Perhaps No



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Commodities indices_ \$

- **BCom_Precious Metals sub-index_Gold (\$)** (monthly)
 - Huge bullish formation still intact



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Commodities indices_\$

- **BCom_Precious Metals sub-index_Gold (\$)** (weekly)
 - Huge bullish formation still intact
 - Never let a good crisis go to waste



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Commodities indices_\$

- **BCom_Precious Metals sub-index_Silver (\$)** (monthly)
 - Bullish Inverse H&S formation aborting ... or is it? back in play



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Commodities indices_\$

- **BitCoin**
 - Digital safe haven ?



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Executive Overview

Ultimately, gold and oil prices are the most sensitive expressions of the (Gaza) conflict's risks

- **Bonds 10yr**
 - **G7** TINA → TIAA
 - **BRICS** no peace for the profligate
- **Fx**
 - **G7** DXY momentum fading but still bullish
 - **BRICS** commodity producers sell off more than commodity consumers
- **Equity indices**
 - **G7** buy the invasion? Support giving way everywhere
 - **BRICS** trend & breadth indicators continue to deteriorate
- **Property**
 - **Global** technically very vulnerable
 - **SA** support giving way
- **Commodities** commodity-equity ratios continue to favour commodities
 - **Agri** back into the range ... just
 - **Energy** oil approaching recent producer hedging levels
 - **Metals**
 - Ind. metals: broken bad despite IEA grid requirement estimates
 - PGM: remain technically bearish
 - Prec. metals: never waste a good crisis



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