



MONTHLY CROSS ASSET PUBLICATION

S&P500 relative to Commodities

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SYNOPSIS

- S&P500 relative to Commodity Index UNDERWEIGHT (d)
- S&P500 relative to Agriculture ETF (DBA) UNDERWEIGHT (d)
- S&P500 relative to Base Metals ETF (DBB) UNDERWEIGHT (d)
- S&P500 relative to Energy ETF (DBE) UNDERWEIGHT (d)
- S&P500 relative to Precious Metals ETF (DBP) UNDERWEIGHT (d)
- S&P500 relative to Gold UNDERWEIGHT
- S&P500 relative to Oil ETF (USO) UNDERWEIGHT (d)

(d) – DOWNGRADED

(u) – UPGRADED

(c) - Caution

S&P500 Relative to Commodities - Monthly

US Equities continue to weaken relative to the broad based Commodities Index. Downgrade to Underweight as momentum falls further.

The bear trend from March continues to extend, with prices now trading below the 21-month weighted MA and pressuring Fibonacci support. Downside risks are expected to continue into the coming months, as momentum studies break lower and global equity sentiment deteriorates post-Brexit, with longer term Fibonacci support at the (23.6%) retracement of the 2011-2016 rally to attract. Still lower is the August 2015 low. Resistance is lowered to the May high, and is expected to cap any immediate bounce as investors move to an underweight equities stance. If broken, not seen, a more stable pattern will be signalled, leading to a fresh upgrade to a neutral stance.

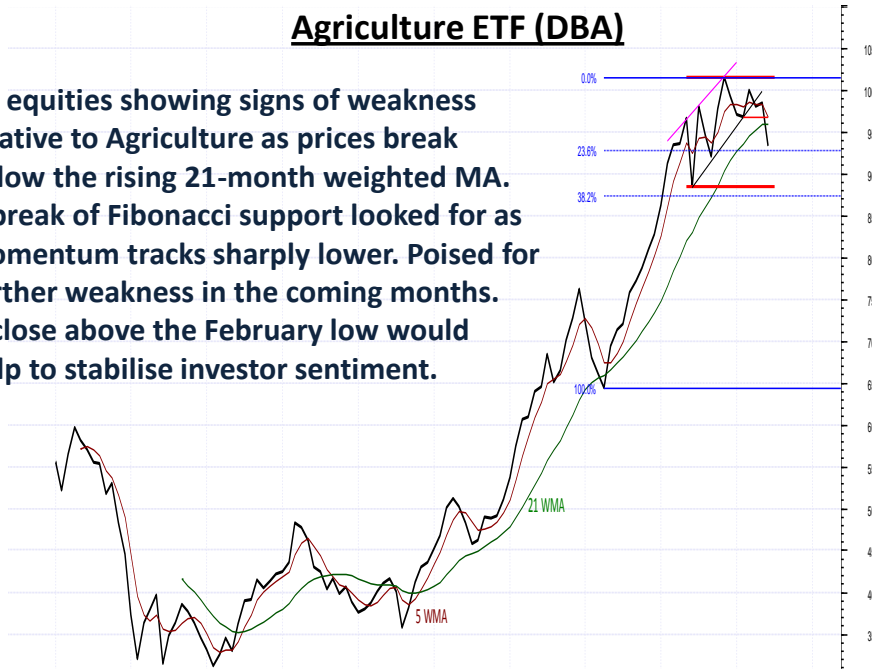
Downgrade to Underweight US Equities.



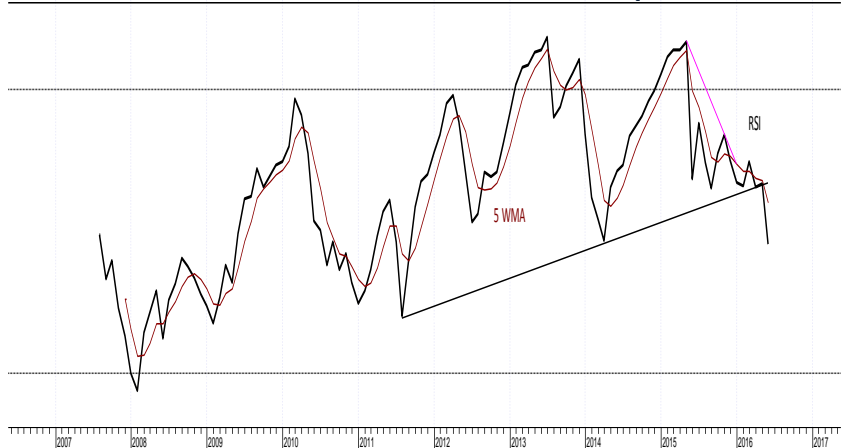
S&P500 Relative to Commodity Indexes - Monthly

Agriculture ETF (DBA)

US equities showing signs of weakness relative to Agriculture as prices break below the rising 21-month weighted MA. A break of Fibonacci support looked for as momentum tracks sharply lower. Poised for further weakness in the coming months. A close above the February low would help to stabilise investor sentiment.

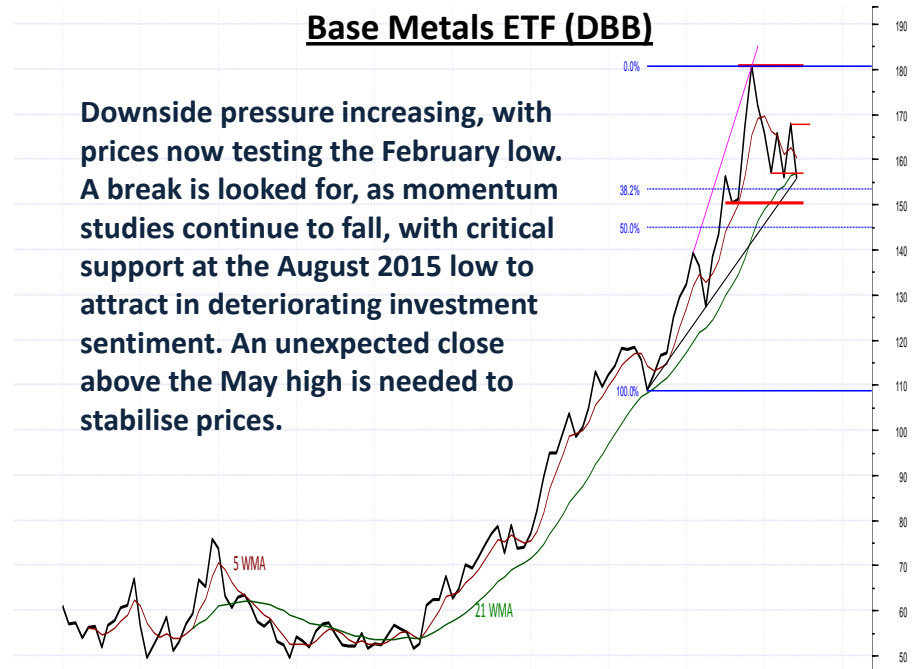


DOWNGRADE to UNDERWEIGHT US Equities.



Base Metals ETF (DBB)

Downside pressure increasing, with prices now testing the February low. A break is looked for, as momentum studies continue to fall, with critical support at the August 2015 low to attract in deteriorating investment sentiment. An unexpected close above the May high is needed to stabilise prices.



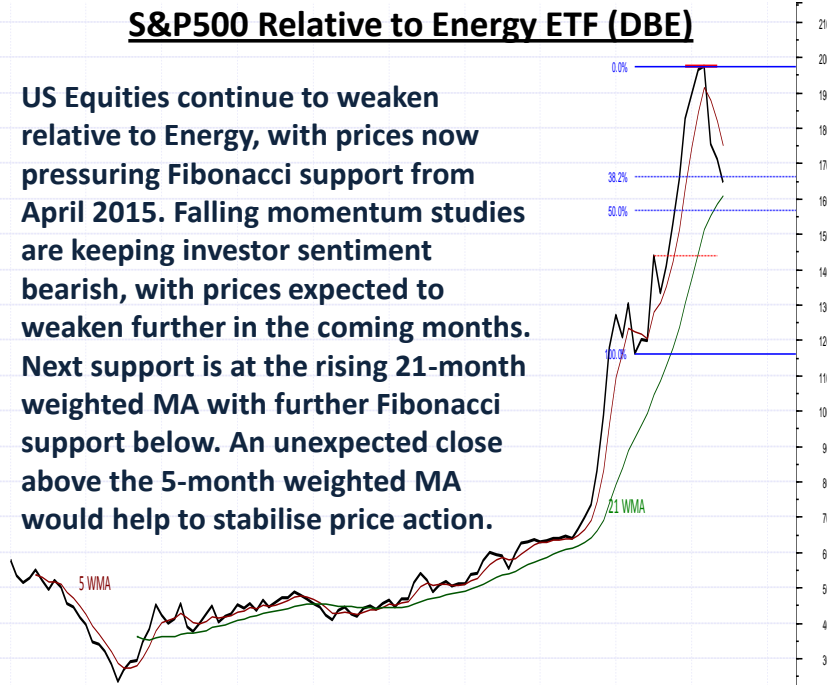
DOWNGRADE to UNDERWEIGHT US Equities.



S&P500 Relative to Commodity Indexes - Monthly

S&P500 Relative to Energy ETF (DBE)

US Equities continue to weaken relative to Energy, with prices now pressuring Fibonacci support from April 2015. Falling momentum studies are keeping investor sentiment bearish, with prices expected to weaken further in the coming months. Next support is at the rising 21-month weighted MA with further Fibonacci support below. An unexpected close above the 5-month weighted MA would help to stabilise price action.

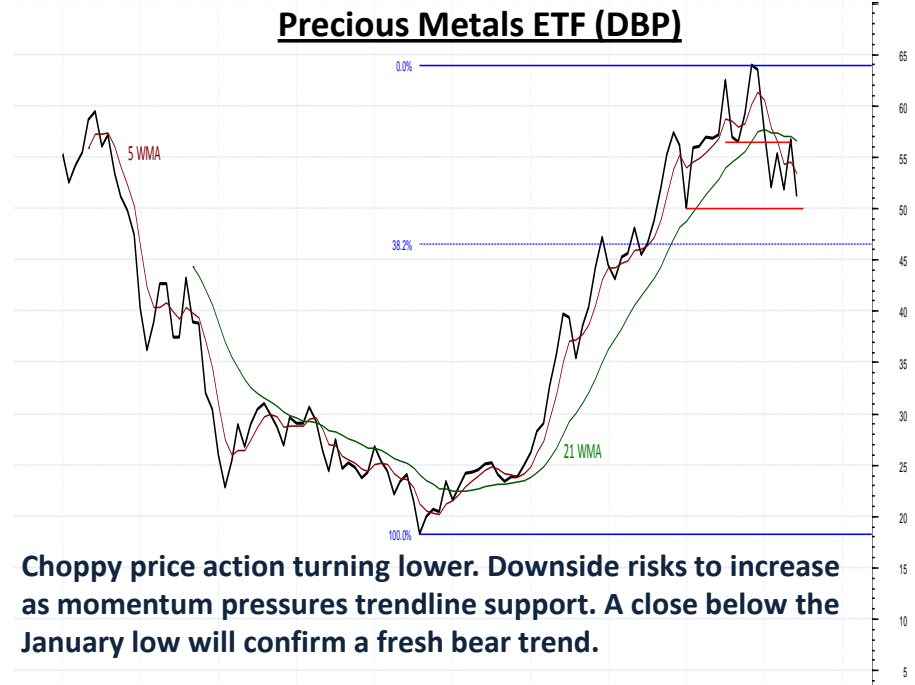


DOWNGRADE to UNDERWEIGHT US Equities.



Precious Metals ETF (DBP)

Choppy price action turning lower. Downside risks to increase as momentum pressures trendline support. A close below the January low will confirm a fresh bear trend.



DOWNGRADE to UNDERWEIGHT US Equities.



S&P500 Relative to Gold and Oil - Monthly

Gold

US equities turning away from the January 2015 year low, with January 2015 lows now coming into view. Falling momentum studies anticipate a break, with a deeper multi-month reaction then confirmed. An unexpected close above the September 2015 low would stabilise price action.



Maintain UNDERWEIGHT US Equities.



Oil ETF (USO)

US Equities continue to weaken against Oil prices, with falling momentum studies anticipating further downside risks into the coming months. Focus is on Fibonacci support, with a break opening up next significant reactions at the rising 21-month weighted MA. A close above the 5-month weighted MA would help to stabilise sentiment.



DOWNGRADE to UNDERWEIGHT US Equities.

