



MONTHLY CROSS ASSET PUBLICATION

# S&P500 relative to Commodities

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# SYNOPSIS

- S&P500 relative to Commodity Index (DBC) OUTPERFORM (u)
- S&P500 relative to Agriculture ETF (DBA) OUTPERFORM
- S&P500 relative to Base Metals ETF (DBB) NEUTRAL (u)
- S&P500 relative to Energy ETF (DBE) OUTPERFORM
- S&P500 relative to Precious Metals ETF (DBP) OUTPERFORM (d?)
- S&P500 relative to Gold OUTPERFORM (d?)
- S&P500 relative to Oil OUTPERFORM (u)

(d) – Downgrade    (u) – Upgrade    (d?) – Downgrade Pending    (u?) – Upgrade Pending

# S&P500 Relative to Commodities - Monthly



**US Equities breaking above the 2016 highs.  
Pullback in commodities driving price action.  
Cautious upgrade.**

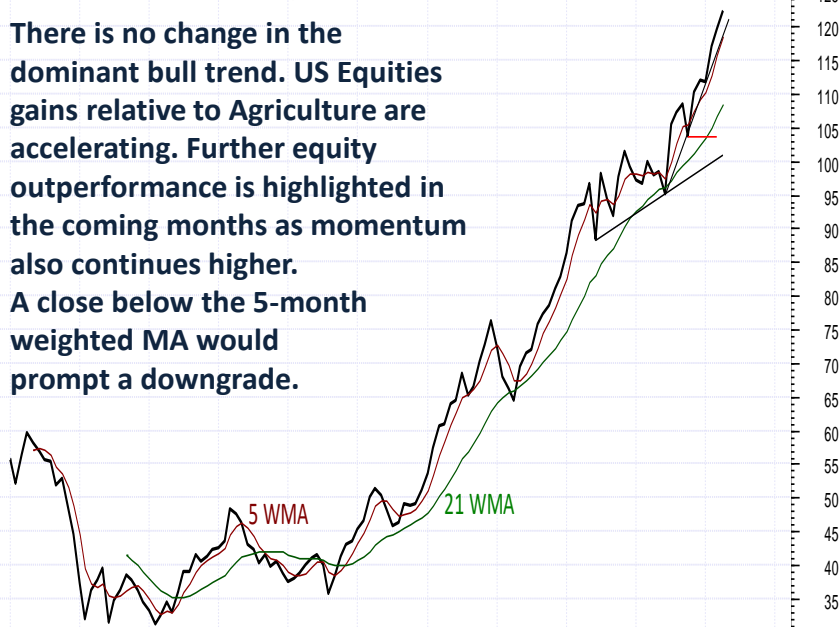
US Equities are extending the bounce from the December 2016 lows. Prices have now closed above critical resistance at the March 2016 year highs and are continuing higher. Investors have moved to a cautiously overweight US Equities stance, as the multi-year rally from 2008 gains traction. However, US Equities currently lack broad based outperformance relative to the major commodities classes. This suggests current equity gains are being driven by movement in commodities, rather than an impulsive rally in equities. A close below the 5-month weighted MA would add downside pressure to price action and turn investor sentiment neutral once again. A further close below the June 2016 year low, however, would confirm a more significant period of US Equities underperformance. Investors would subsequently adopt an outright underweight stance.

**US Equities Overweight relative to Commodities.**

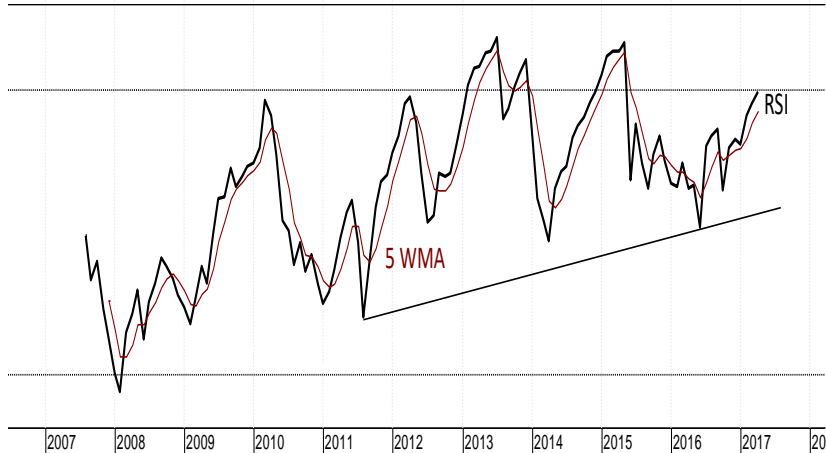
# S&P500 Relative to Commodity Indexes - Monthly

## Agriculture ETF (DBA)

There is no change in the dominant bull trend. US Equities gains relative to Agriculture are accelerating. Further equity outperformance is highlighted in the coming months as momentum also continues higher. A close below the 5-month weighted MA would prompt a downgrade.



**US Equities OUTPERFORM**

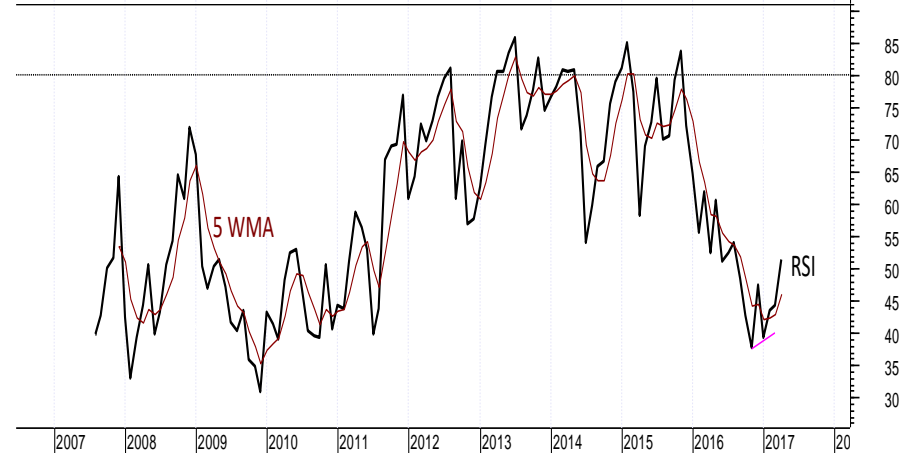


## Base Metals ETF (DBB)

US Equities stabilising as positive divergence unwinds on the rising RSI. The close above the 5-month weighted MA has prompted a cautious Upgrade. A further close above the 2015-2016 pivot is needed to confirm a change in investor sentiment.



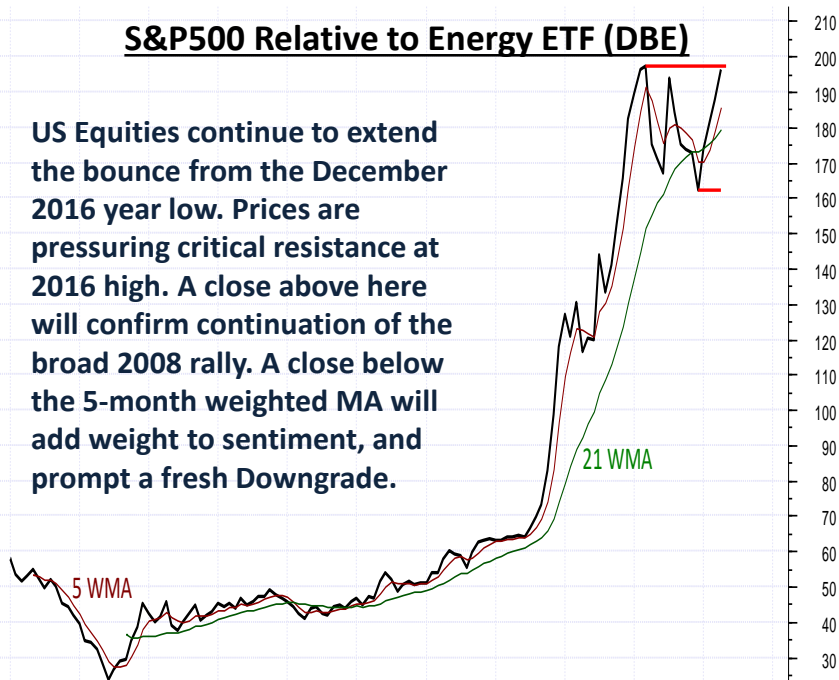
**UPGRADE US Equities NEUTRAL**



# S&P500 Relative to Commodity Indexes - Monthly

## S&P500 Relative to Energy ETF (DBE)

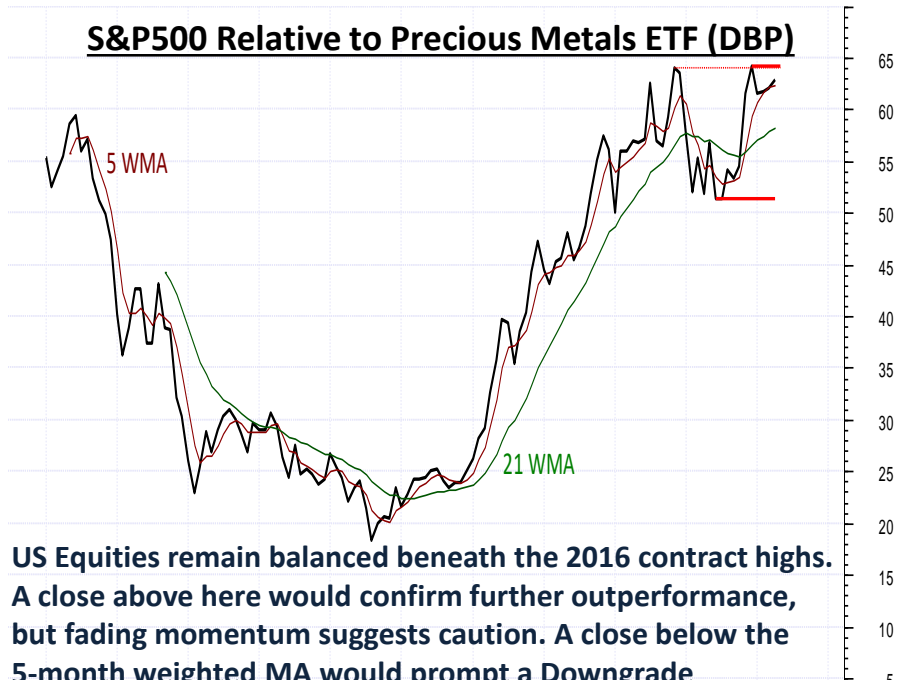
US Equities continue to extend the bounce from the December 2016 year low. Prices are pressuring critical resistance at 2016 high. A close above here will confirm continuation of the broad 2008 rally. A close below the 5-month weighted MA will add weight to sentiment, and prompt a fresh Downgrade.



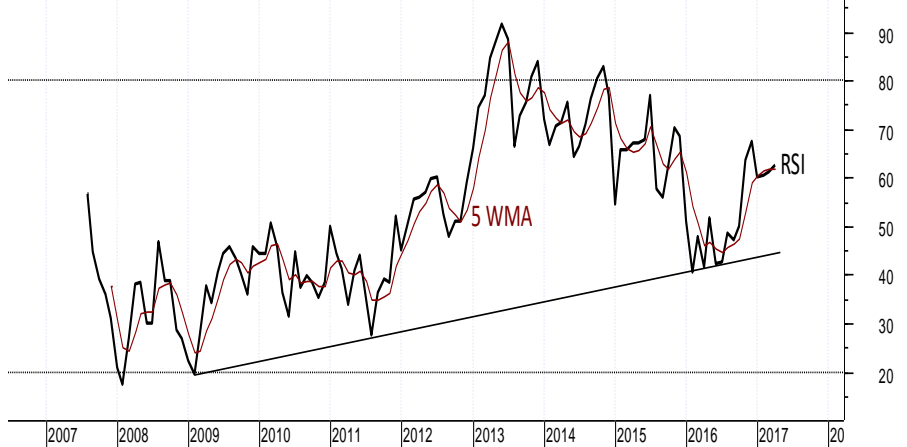
US Equities OUTPERFORM

## S&P500 Relative to Precious Metals ETF (DBP)

US Equities remain balanced beneath the 2016 contract highs. A close above here would confirm further outperformance, but fading momentum suggests caution. A close below the 5-month weighted MA would prompt a Downgrade



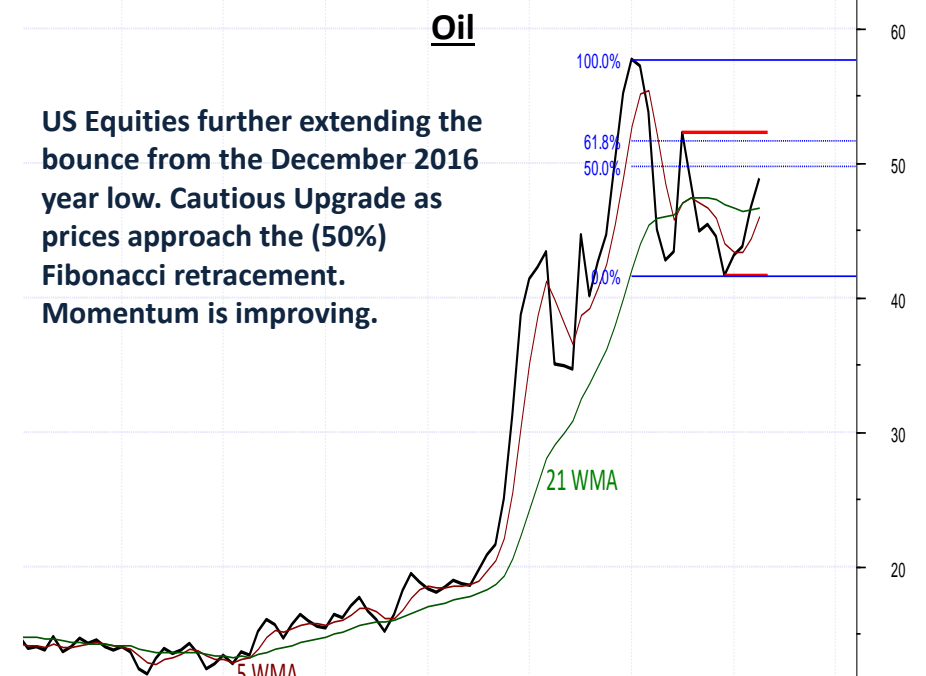
US Equities OUTPERFORM (d?)



# S&P500 Relative to Gold and Oil - Monthly



**US Equities OUTPERFORM (d?)**



**UPGRADE US Equities OUTPERFORM**

