



Is the bloodbath in Commodities coming to an end?

September 12, 2008

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The bears are out of hibernation as we saw all asset classes including commodities have been hit hard in the last few months. The CCI index which is comprised of 17 different commodities (*cocoa, coffee, sugar, cotton, copper, platinum, silver, crude oil, corn, natural gas, wheat, soybeans, live cattle, lean hogs, heating oil, gold, and orange juice*) is down 25% from its record high back in the first week of July. This is staggering; because of the leverage in commodities this move translates to a much broader move. To me this has been a blessing, not in the short term because it has been painful for many commodity investors including some of my clients, but what this correction has allowed is an entry to get long in a secular bull market. The way I look at it is prices overshot on the upside and have now overshot on the downside. I don't know where the bottom will be, but we have started to test the waters again on the long side. What I do know is that it's against the tide and that is reassuring because when everyone felt commodities could only go higher look at what happened. Please view accompanied chart and notice that the 90 week moving average has served as solid support since the run higher in commodities began almost 7 years ago.



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