



# FASANARA CAPITAL *Chartbook*

## THINGS TO WATCH

- › While the S&P hits record highs and pulls global equities, the commodity crack down is testing critical levels
- › China may be unable to provide support in the short term, as the credit impulse wanes
- › Disconnection from equity markets looks large, historically

Commodity Index (Reuters) at death cross levels (in April 50dd MA on 200dd MA, now also 100dd MA on 200dd MA)



Commodity Index (Bloomberg) testing important 1-year support (1/2)

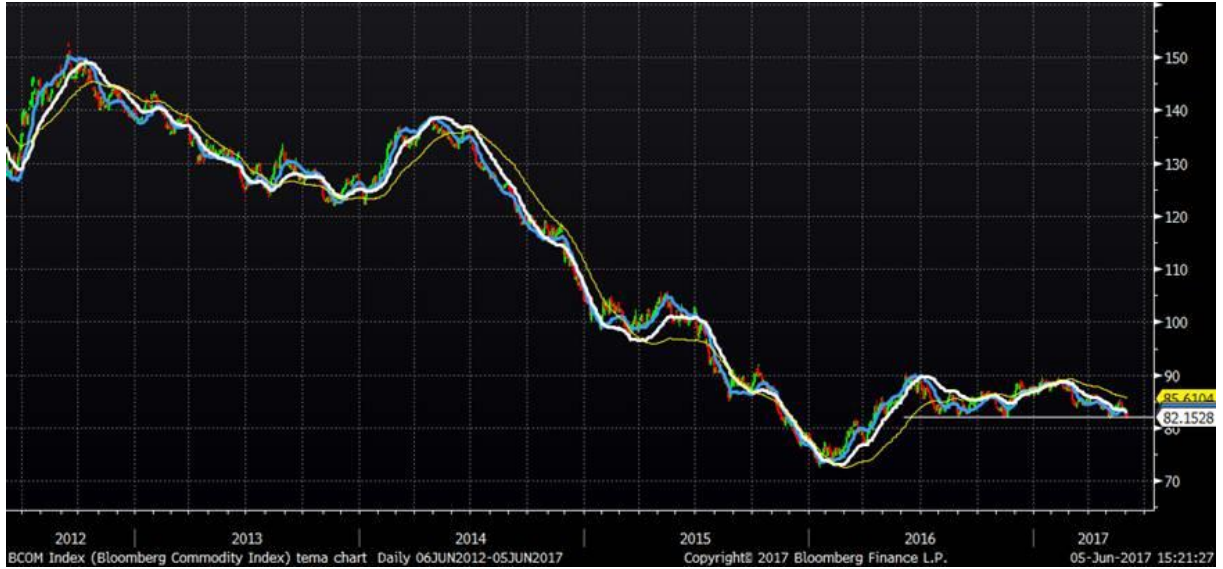




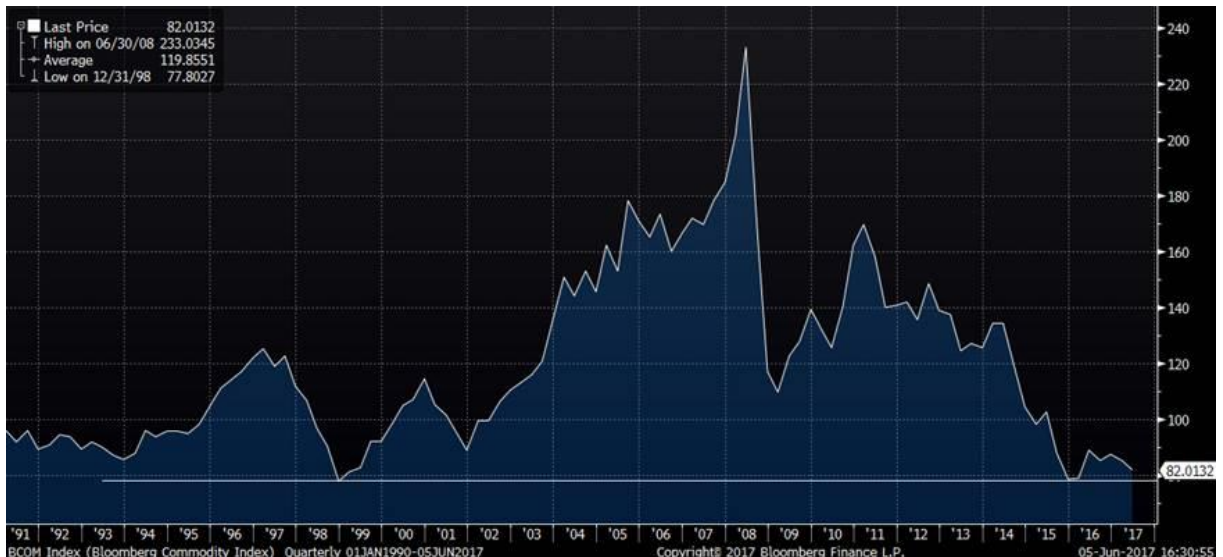
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### Commodity Index (Bloomberg) testing important 1-year support (2/2)



### ...which is also close to 30-years lows





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Oil (WTI) still below trend-line, despite draws on inventories and OPEC/non-OPEC production cuts...



..now also testing a Fibonacci 50% retracement







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**Russian Ruble (commodity-driven currency) still holding up, possibly in expectation of a rebound in Oil prices. But testing trend-line here.**





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Yield curves visibly flattening in the US and Europe. Historically correlates to weakness in aggregate demand (and recession risks). Therefore also correlates to commodity weakness.



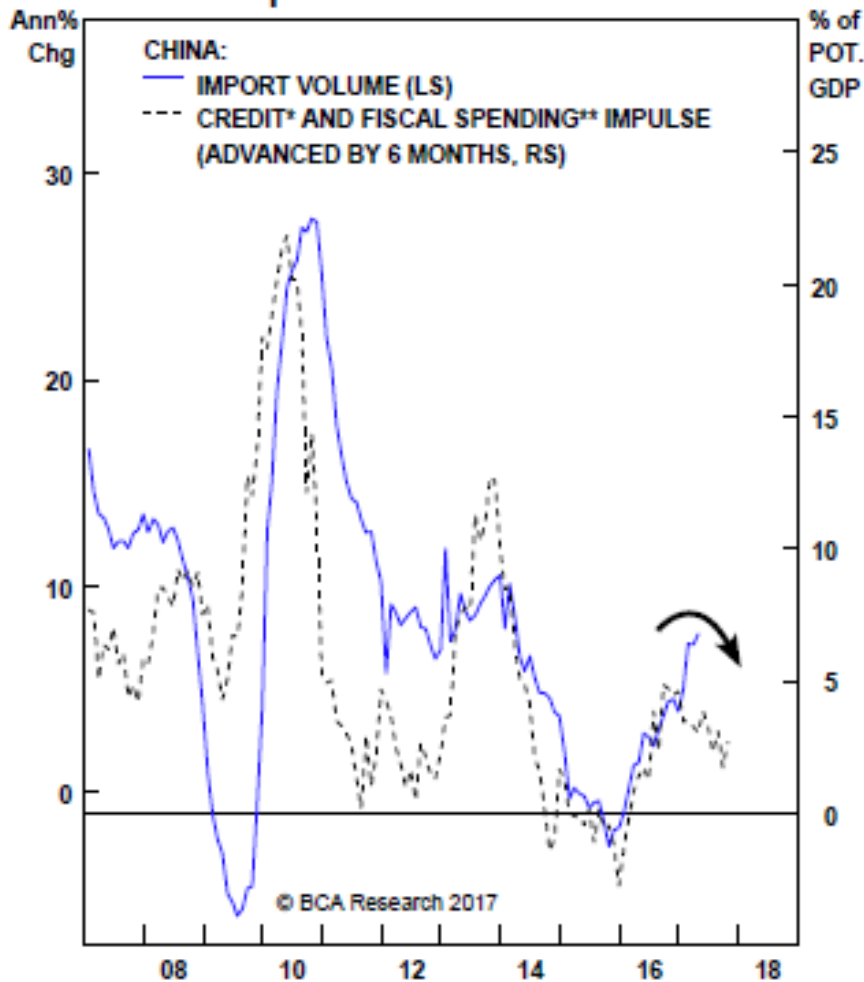


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Commodities may not get much help from China – their largest buyer globally – in the short term. Recent Caixin PMI fell below 50.

### Slowing Chinese Credit Will Hurt Chinese Imports...



Source: BCA Research Inc.: 'as credit flows dry up because of the increasing price of credit in a weakening and over-supplied economy, so will Chinese imports, which are so sensitive to the investment cycle and credit impulse'



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Historical perspective: global Equity can de-correlate from commodity's gyrations for long periods, but – if history is any guide – not forever so



Our latest market views [HERE](#).



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