Hot Commodities:

3 Assets To Buy In 2014!

Retail Value $49.00

The 2013 'Lull' Is Creating A Spectacular Buying Opportunity In Specific Commodities…

Ask any commodity investor and they'll tell you the same thing…

… 2013 was a rough year for hard assets.

With a few rare exceptions, most major commodities took a beating.

Gold, silver, corn, coffee, wheat, sugar- they all turned in hefty losses.

In gold and silver's case, the downturn was rather severe…

At one point silver traded below $20 an ounce, a whopping 36% discount to where it started the year. As for gold, it fell 28% from its January 1st price near $1,675 an ounce.

As a whole, hard asset performance was so poor in 2013 that a few analysts went so far as to say the commodity supercycle is coming to an end.

What is the commodity supercycle you ask?

Let me explain…

Nobel Prize Winning Economist Simon Kuznets coined the term supercycle to describe a multi-decade trend of rising commodity prices. According to Mr. Kuznets, these cycles occur due to infrastructure expansion in developing economies.

The current commodity supercycle, which most agree started in the early 2000s, is attributed to the phenomenal rise of Brazil, India, and most importantly- China.

As these countries developed their economies over the past 13 years, demand for essential commodities skyrocketed. As a result, hard assets like silver, copper, and palladium have surged in price.

Of course, those three metals are just the tip of the iceberg…

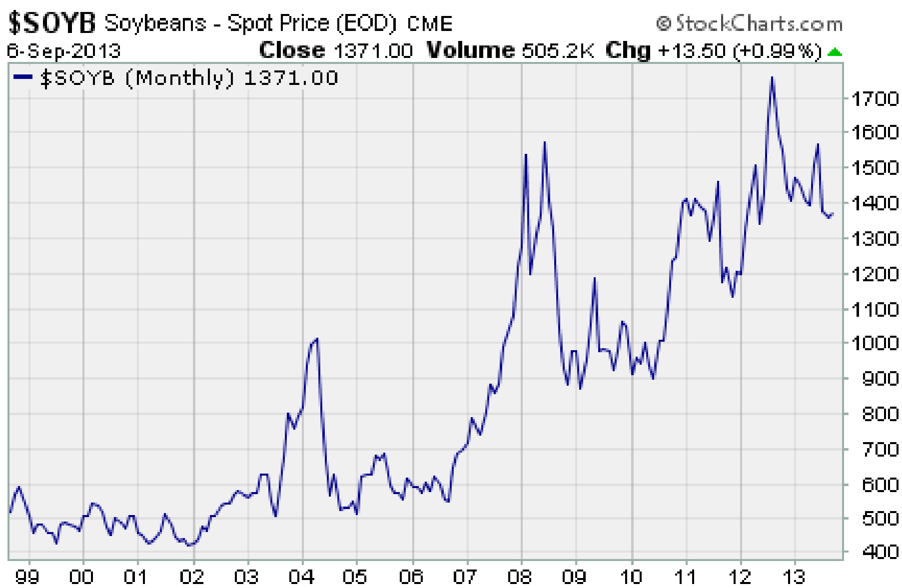
Grains and soft commodities have soared as well. But the advancement of Ag commodities doesn't have so much to do with infrastructure build out as it does with population growth.

It's a simple fact folks…

There are 1 billion more mouths to feed on this planet than there was 13 years ago!

As a result, demand for corn, wheat, and soybeans is shooting through the roof. Of course, along with rising demand come higher prices.

Let me show you what I mean…



As you can see, soybeans started a spectacular trend of rising prices in 2001. Back then, soybeans cost about $5 a bushel.

As of today, beans go for around $14 a bushel...

This is a prime example of a commodity supercycle at work. When long-term demand rises, so do prices. Look at charts of copper, gold, silver, wheat, oil, etc… they all look the same. Around 2001 they all started trending higher.

Ok, now that you know what it is, let's get back to that misleading theory about the supercycle coming to an end…

A Bump In The Road…

While commodity price performance has been exceptional over the past decade, 2013 was lackluster to say the least. A temporary Chinese economic slowdown turned the broad commodity market on its head.

But here's the deal…

2013's commodity weakness is nothing but a bump in the road.

As long as global population keeps growing (which it will) and people keep striving for higher standards of living (which they always do), commodity demand has nowhere to go but up.

As a result, prices for most commodities are highly likely to keep rising for years to come.

But don't just take my word for it…

Analysts at world-renowned investment bank JP Morgan are also confident commodity prices have enormous upside remaining.

As a matter of fact, the highly respected firm insists emerging world economies (China and India) still have 15 years of commodity intensive growth ahead.

JP Morgan estimates urbanization in India (people's movement from rural areas to cities) will double by 2030. That means approximately 800 million square meters of residential and commercial space will need to be developed in that timeframe.

It also means 300 km of railway transportation will need to be built every single year.

Of course, India’s growth will hinge on vital commodities…

And the more they consume, the higher prices will go.

Folks, it’s simple. The 2013 pullback has created a phenomenal long-term buying opportunity in specific commodities.

How do you capitalize on this high profit potential situation?

Take a look…

Commodity Investing Made Easy…

If you’ve researched commodities trading you’ve likely discovered it can be extremely complicated. You basically need to learn a whole new investing language!

Furthermore, futures contracts can be extremely risky unless you really know what you’re doing. Every trade you make risks not only what you invest but also much, much more.

Make one misstep and you could lose your house, your car, even your life savings.

But there’s a solution…

ETFs (Exchange Traded Funds) make commodity investing simple and straightforward. These revolutionary investment products can hold either the commodity itself, or futures contracts based on the commodity. When you buy the ETF you purchase a small piece of the fund holdings.

And the best part is, ETFs trade just like stocks.

In other words, you can buy and sell them intraday, without having to worry about the need for a margin account. What’s more, you don’t have to stress over keeping track of delivery dates and contract expirations like you do with futures.

So, what kinds of commodities can you trade with ETFs?

Well, you actually have many options. You could easily invest in an entire broad based commodity index like the **iPath Dow Jones–UBS Commodity Index Total Return ETN** (DJP).

Or you can focus on specific commodity groups. For example, the **iPath Dow Jones–AIG Industrial Metals Total Return ETF** (JJM), holds industrial metals including aluminum, zinc, nickel, and copper.

Further, you can drill down to individual commodities. For example, the **US Oil Fund** (USO) tracks the price of West Texas Intermediate crude oil. And the **US Natural Gas Fund** (UNG) tracks the price of natural gas.

Being able to pinpoint moves in specific commodities- and easily trade in and out of them- can produce remarkable profits.

So keeping in mind what you learned above, what are the best commodity markets to watch in 2014?

Let's take a look…

Three Best Commodities For 2014

Commodity #1 – Soybeans

As you saw earlier in today's report, soybeans went on an amazing run over the past ten years- rising over 200%.

But the crazy thing is, this remarkable run up is likely to continue…

You see, soybeans are an essential global food stock. And with population growth continuing on an upward trajectory, demand for soybeans certainly isn't going to weaken any time soon.

As a result, soybean prices will likely retain their upward trajectory in 2014. Of course, this market will have its seasonal ups and downs. But all things considered, the soybean market has the highest long-term price performance potential of all Ag commodities.

Action Recommendation:

Buy the Teucrium Soybean Fund (SOYB)

Commodity #2 – Palladium

Thanks to palladium's unique composition, the metal is not only a sought after investment asset, but a widely used industrial metal. In fact, 50% of global palladium demand comes from the automobile industry.

And due to a recent resurgence in the global economy, the automobile sector is the strongest it has been in years. In fact, **Ford Motor** (F) CEO Alan Mulally expects US auto sales to surge to 17 million within the next few years.

What's more, Europe's economy is on the mend after years of crippling recession. That means car demand is set to rebound strongly in the Eurozone region.

But there's a problem…

There may not be enough palladium supply to meet this growing demand. The largest palladium producing country in the world, South Africa, is having severe problems with their mining industry.

I won't go into all the gory details about South Africa here.

All you need to know is this…

The price of palladium needs to be much higher for troubled mining companies to make a profit. As long as they are on the ropes financially, they'll curtail palladium production to control costs- and that makes supply shortages all the more likely!

Action Recommendation:

Buy the ETFS Physical Palladium Shares (PALL)

Commodity #3 –Wheat

Wheat is another Ag commodity that will likely do very well in 2014…

As you may know, the essential grain spent most of 2013 stuck in a brutal downtrend. Abundant harvests in many parts of the world increased global supplies, putting pressure on prices.

But all it takes is uncooperative weather somewhere in the world to change that...

You see, wheat is such an essential staple of our food chain that demand for it is relatively inelastic. In other words, no matter the cost people are going to demand and consume it.

So when unfavorable weather conditions decrease wheat yields, it sends bullish investors stampeding into the market. Even though wheat is already lofty by historical standards, prices can shoot much higher once yield and supply worries arrive.

Action Recommendation:

Buy the Teucrium Wheat Fund (WEAT)

What Commodity To Avoid In 2013…

Now that you've seen the three commodities with remarkable profit potential for 2014, let's take a look at one commodity you should avoid.

After all, just because commodities are a great place to be, you still have to tread carefully.

In other words, you can't blindly throw your money at any commodity, expecting profitable results.

So what commodity should you steer clear of?

…Coffee

Quite simply, there's more coffee than the market knows what to do with right now.

In fact, global coffee production will exceed demand by 4.46 million bags in the 2013-14 crop season. What's more, inventories are estimated to reach a 5-year high of 30.5 million bags.

While investors may see short periods of stronger prices due to weather worries, the long range forecast for coffee is rather gloomy.

A Final Word

Friends, there's no question that commodities took a breather in 2013.

But don't be fooled into thinking commodity prices are doomed to keep falling. Emerging market growth in China and India will keep the commodity demand on the upswing for years to come.

And with prices relatively low, right now is one of the best times to invest in specific commodities.

Make sure you don't miss the boat. Once the global commodity supercycle kicks back into high gear, commodities may never be this cheap again!

Sincerely,

Justin Bennett, Editor
Commodity Trading Research.com

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P.S. You can find a wealth of information concerning commodity ETF investing on *CommodityTradingResearch.com*. This website is a must for anybody wanting to discover often complicated world of hard asset investing.

Not only do I discuss the ins and outs of commodity ETF investing, but I reveal which commodities are most likely to rally at any given moment!

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