



SpreadEdge Capital

Commodity Market Outlook

April 11 – April 15, 2022

Overview

Below is a summary of the various indicators included in the Market Outlook section.

Weekly Closing Prices

Closing prices for the last trading day of the current week compared to the last trading day of the previous week. Expiration months are roll adjusted.

Seasonality

Seasonality data is generated by SeasonAlgo that looks at the various entry and exit dates and scores each expiration month combination based on the average historical profit compared to the average historical draw-down multiplied by the average win percent. Historical period are typically 15 years in length. Negative values indicate "sell", positive values indicate "buy". Blanks indicates that a seasonality trend above a pre-determined threshold does not exist for the week.

Technical (RSI)

RSI Points – The Relative Strength Index (RSI) is a momentum indicator used in technical analysis that measures the magnitude of recent price changes to evaluate overbought or oversold conditions in the price of a stock or other asset. The RSI is displayed as an oscillator (a line graph that moves between two extremes) and can have a reading from 0 to 100. Traditional interpretation and usage of the RSI are that values of >70 indicate that a security or market is becoming overbought or overvalued and may be primed for a trend reversal or corrective pullback in price. An RSI reading of <30 indicates an oversold or undervalued condition.

RSI Weekly Change - Current week score minus the previous weeks score.

CTA Positioning

Momentum Score – An accurate measure of current momentum and trend-following trader positioning (+10 / -10 scale). Momentum and trend following traders represent a large percentage of front-contract trading volume in commodity futures. These traders can move markets significantly higher or lower when they must buy or sell a large numbers of contracts to follow their systematic momentum strategies.

Momentum Change – Current week score minus the previous weeks score.

COT (Commitment of Traders)

Extended Long / Short – An accurate estimate of today's hedge fund investment positions with historical context across all markets. The CFTC publishes a Commitment of Traders (COT) report every week that shows position totals across different investor categories. Peak Trading Research takes the most recent report (always 3+ days old) and applies proprietary calculations of price and open interest to give an accurate estimate of net fund positioning.

Relative Positioning

Relative Positioning – Oversold versus Overbought on the horizontal axis. COT current net position compared to the COT data over the past 24 months.

Relative Price - Cheap versus Expensive on the vertical axis. A comparison of the front month current price compared to the front month price over the past 24 months.

- Natural Gas +9.8% and Kansas Wheat +9.3% were the strongest markets for the week.
- Gas Oil (6.9%) was the weakest by a wide margin.
- Grains were strong across the board gaining between +4.0% - +9.3%.

Symbol	Name	4/1/2022	4/8/2022	Change	% Change
CBM22	Crude Oil Brent	104.39	102.78	(1.61)	-1.5%
CLK22	Crude Oil WTI	99.27	98.26	(1.01)	-1.0%
HOK22	ULSD NY Harbor	3.424	3.3176	(0.1064)	-3.1%
NGK22	Natural Gas	5.72	6.278	0.558	9.8%
RBK22	Gasoline RBOB	3.1535	3.1316	(0.0219)	-0.7%
LFJ22	ICE Gas Oil LS	1091	1015.5	(75.50)	-6.9%
ZCK22	Corn	735	768.75	33.75	4.6%
ZSK22	Soybean	1582.75	1689	106.25	6.7%
ZLK22	Soybean Oil	71.2	75.12	3.92	5.5%
ZMK22	Soybean Meal	450	468.2	18.20	4.0%
KEK22	Hard Red Wheat	1013	1106.75	93.75	9.3%
ZWK22	Wheat	984.5	1051.5	67.00	6.8%
LEJ22	Live Cattle	138.65	137.825	(0.825)	-0.6%
HEJ22	Lean Hogs	101.3	99.025	(2.275)	-2.2%
GFJ22	Feeder Cattle	161.575	156.55	(5.025)	-3.1%
CCK22	Cocoa	2599	2620	21	0.8%
CTK22	Cotton #2	134.55	132.41	(2.14)	-1.6%
KCK22	Coffee	228.4	231.65	3.25	1.4%
RMK22	Robusta Coffee 10-T	2139	2091	(48)	-2.2%
SBK22	Sugar #11	19.37	20.41	1.04	5.4%
SWK22	White Sugar #5	538.5	560.4	21.90	4.1%
HGJ22	High Grade Copper	4.6825	4.72	0.0375	0.8%



Calendar Spread Seasonality (Agriculture)

Matching historical seasonality to the current market action, Lean Hogs appears to be a good candidates for a new "buy" trade; Corn, Feeder Cattle, Live Cattle, Cocoa, Coffee, and Robusta Coffee appear to be good candidates for new "sell" trades.

Grain and Meat	Week	Corn	KC Wheat	Soy Meal	Soy Oil	Soybeans	Wheat	Feeder	Lean Hogs	Live Cattle
	Apr 10 - Apr 16	-123	100	49	340	106	3	-87	51	-107
Apr 11 - Apr 23	-97		95	-77	-13	28		48	-2	
Apr 24 - Apr 30	-73	-52	-10	-96	-60	-32		52	-85	
May 1 - May 7	-66	-67	-7	-138	-2	-50		-49	-100	

* Based on Avg Profit / Draw-Down, and Win %; Negative = Sell, Positive = Buy

* Markets not listed and blank values indicate insignificant seasonal trend

Current Market Assessment	Looks Good	No	Out of Position	Out of Position	Out of Position	Wait for 4-24	Looks Good	Looks Good	Looks Good
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Softs	Week	Cocoa	Coffee	Cotton	Robusta	Sugar #11	Wt Sugar
	Apr 10 - Apr 16	-55	-108	-66	-107		
Apr 11 - Apr 23	-50		-64	48			
Apr 24 - Apr 30	-83	-50	-29		56	72	
May 1 - May 7	-67	-53	-51			59	

Current Market Assessment	Looks Good	Looks Good	Out of Position	Looks Good		
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Calendar Spread Seasonality (Energy and Metals)

Matching historical seasonality to the current market action, no market appears to be a good candidate for a new buy trade; Crude Oil and Natural Gas look to be good candidates for a new sell trades.

Energy and Metal	Week	Brent Crude	Copper	Crude Oil	Gas Oil	Gasoline	Gold	Heating Oil	Natural Gas	Palladium	Platinum	Silver
	Apr 10 - Apr 16	51	-20	-54		71	-344	74	20			
Apr 11 - Apr 23		-2	-45	83	111	-258	148	-42	-305		-303	
Apr 24 - Apr 30		-91	47	46	29	-153	167	-34		-69		
May 1 - May 7		-89	24	59	87	-189	90	-13				

* Based on Avg Profit / Draw-Down, and Win %; Negative = Sell, Positive = Buy

* Markets not listed and blank values indicate insignificant seasonal trend

Current Market Assessment	No	Wait for 4-21	Looks Good		Wait for 4-27	Out of Position	Wait for 4-20	Looks Good			
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Agriculture

Technical Analysis

- CTAs are max long Corn, Sugar, White Sugar, and Cocoa and near max long Soybean Oil, and Cotton.
- CTAs are max short Feeder Cattle and near max short Live Cattle and Robusta Coffee..
- Sugar and White Sugar have the highest RSI scores for the week at 64 points.
- Robusta Coffee has the lowest RSI score at 39 points.
- Grains gained 5 points, Meats lost (12) points, Softs lost (3) points.

CTA Ladder and RSI (Relative Strength Index)
(Based on the Thursday close)

	Market	Momentum	Mo CHg	RSI	RSI Chg
Grains	Corn	10	-	61	6
	Wheat	5	2	51	4
	KC Wheat	6	2	54	5
	Soybeans	5	2	51	7
	Soy Meal	3	(1)	47	(3)
	Soy Oil	8	5	54	11
Meats	Live Cattle	(9)	(3)	41	(10)
	Lean Hogs	-	(7)	41	(13)
	Feeder Cattle	(10)	(2)	35	(12)
Scale	Maximum	10	9	64	15
	Minimum	(10)	(9)	-	(15)

	Market	Momentum	Mo CHg	RSI	RSI Chg
Softs	Cotton	8	(1)	59	(6)
	Sugar #11	10	-	64	4
	Wt Sugar	10	2	64	6
	Coffee	(2)	(1)	50	(1)
	Robusta Coffee	(9)	(9)	39	(15)
	Cocoa	10	-	50	(6)
Summary	Grains	6	2	53	5
	Meats	(6)	(4)	39	(12)
	Softs	5	(2)	54	(3)

Momentum is estimate of CTA Positioning
RSI is a momentum strength indicator reading from 0 to 100



Energy and Metals

Technical Analysis

- CTAs are max long Natural Gas and not near max long any other market.
- CTAs are max short Platinum.
- Every Energy and Metal market lost RSI points last week except for Natural Gas which gained 10. Natural Gas now leads all markets with 77 RSI points and is firmly in reversal territory.
- Platinum continues to have the lowest RSI score at 36 points.
- Total Energy decreased (2) points while Total Metals decreased (2) points.

CTA Ladder and RSI (Relative Strength Index)
(Based on the Thursday close)

	Market	Momentum	Mo CHg	RSI	RSI Chg
Energy	Brent Crude	3	(1)	44	(5)
	Crude Oil	1	(2)	43	(4)
	Heating Oil	4	(3)	48	(6)
	Gasoline	3	(1)	44	(6)
	Natural Gas	10	-	77	10
	TOTAL ENERGY	4	(1)	51	(2)
Scale	Maximum	10	5	77	10
	Minimum	(10)	(5)	-	(10)

	Market	Momentum	Mo CHg	RSI	RSI Chg
Metals	Gold	6	(3)	50	(1)
	Silver	4	(1)	47	(2)
	Platinum	(10)	(1)	36	(6)
	Palladium	(3)	(2)	44	(1)
	Copper	5	(5)	52	(2)
	TOTAL METAL	0	(2)	46	(2)

Momentum is estimate of CTA Positioning
RSI is a momentum strength indicator reading from 0 to 100



Agriculture

COT (Commitment of Traders)

- Soybean Meal continues to have the most extended long positions.
- Feeder Cattle continues to have the most extended short positions.
- Friday's COT report showed a net longs increase of 39k contracts for Non-Commercial traders. Managed money increased 26k net long contracts.
- Funds added longs especially in Soybean Oil and Soybeans but also Chicago Wheat, Soybean Meal, Sugar, and Coffee.
- Funds reduced longs especially in Corn but also Feeder Cattle, Live Cattle, and Cotton.

Market	Non-Commercial	Managed Money
Corn	280,929	375,444
Chicago Wheat	(42,523)	20,918
Kansas Wheat	18,090	48,572
Soybeans	92,507	156,109
Soybean Meal	62,834	98,227
Soybean Oil	50,312	81,297
Cattle	16,026	47,708
Hogs	34,048	65,907
Feeder Cattle	(4,051)	(1,913)
Cotton	57,821	73,082
Sugar No. 11	65,820	158,932
Arabica Coffee	19,152	28,217
NY Cocoa	12,178	29,088

Green = funds extended **short**. Red = extended **long**.

Source: Peak Research

Energy and Metals

COT (Commitment of Traders)

- Silver continues to be the most extended long market.
- Brent Crude and Crude Oil have the most extended short positions.
- Funds added a small number of longs in Heating Oil, Natural Gas, and Copper.
- Funds decreased longs mainly in Gold and Platinum but also Brent Crude, Crude Oil, Silver, and Gasoline.
- Total Energy contracts decreased (8k) for the week.
- Total Metal contracts decreased (24k) for the week.

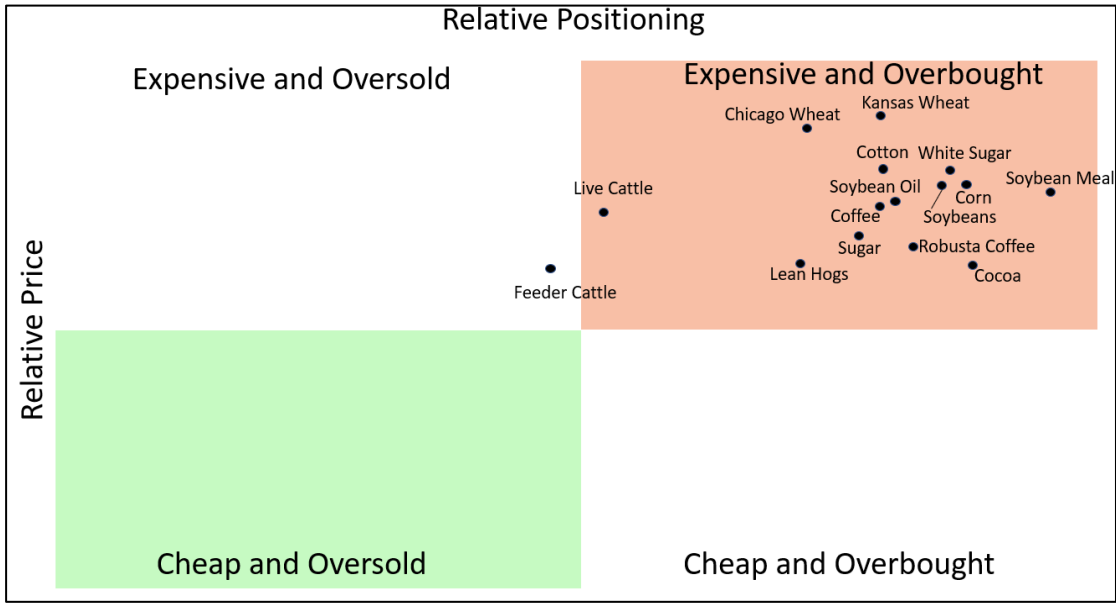
Market	Managed Money
Brent Crude Oil	137,847
WTI Crude Oil	240,367
Heating Oil	7,687
RBOB Gasoline	54,482
Nat Gas	6,597
Ethanol	3,438
Gold	138,840
Silver	42,510
Copper	40,136
Platinum	6,299
Palladium	(385)

Green = funds extended **short**. Red = extended **long**.

Source: Peak Research

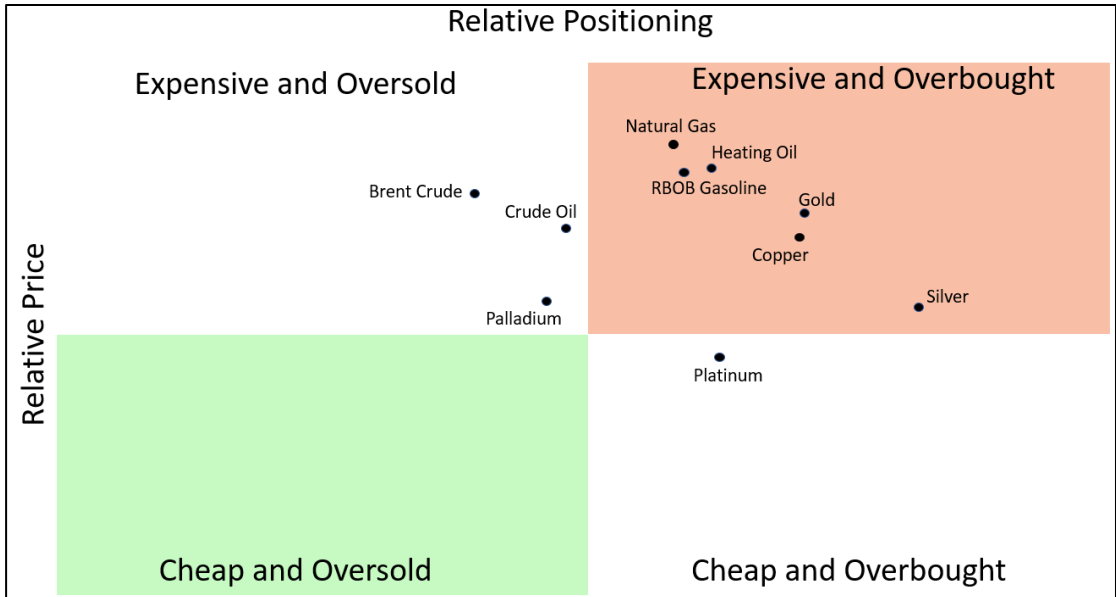
Relative Positioning (Agriculture)

- Soybean Meal is the most "Overbought" market comparing the front month versus prices over the past 24 months.
- Chicago and Kansas Wheat are the most "Expensive" markets
- Every Grain and Soft market is firmly in the "Expensive and Overbought" quadrant.
- Feeder Cattle is the only market in the "Expensive and Oversold" quadrant.



Relative Positioning (Energy and Metals)

- Natural Gas, Heating Oil, and RBOB Gasoline are the most "Expensive" markets.
- Silver continues to be the most "Overbought" market comparing the front month versus prices over the past 24 months.
- Brent Crude, Crude Oil and Palladium are the most "Oversold" markets.



Agriculture

	Market	C.O.T	Relative Positioning		CTA Positioning		Technical (RSI)		Seasonality
		Long / Short	Relative Positioning	Relative Price	Momentum Score	Momentum Change	RSI Points	RSI Weekly Change	Current Week
Grains	Corn	(2)	12	10	10	-	61	6	(123)
	Wheat	(2)	7	13	5	2	51	4	
	KC Wheat	(2)	10	14	6	2	54	5	100
	Soybeans	(1)	12	9	5	2	51	7	106
	Soy Meal	(3)	15	8	3	(1)	47	(3)	114
	Soy Oil	(1)	10	8	8	5	54	11	340
	TOTAL GRAINS	(1.8)	11	10	6	2	53	5	107
Meats	Live Cattle	1	1	4	(9)	(3)	41	(10)	(92)
	Lean Hogs	(1)	7	2	-	(7)	41	(13)	51
	Feeder	2	(1)	2	(10)	(2)	35	(12)	(87)
	TOTAL MEATS	0.7	2	3	(6)	(4)	39	(12)	(43)
Softs	Cotton	(1)	10	10	8	(1)	59	(6)	(66)
	Sugar #11	-	9	6	10	-	64	4	
	Wt Sugar		12	10	10	2	64	6	
	Coffee	-	10	8	(2)	(1)	50	(1)	(108)
	Robusta Coffee		11	5	(9)	(9)	39	(15)	
	Cocoa	(3)	12	4	10	-	50	(6)	(55)
	TOTAL SOFTS	(1.0)	10	7	5	(2)	54	(3)	(76)
	<i>Maximum</i>	4	16	16	10	9	64	15	340
	<i>Minimum</i>	(4)	(16)	(16)	(10)	(9)	-	(15)	(340)

Energy and Metals

	Market	C.O.T	Relative Positioning		CTA Positioning		Technical (RSI)		Seasonality
		Long / Short	Relative Positioning	Relative Price	Momentum Score	Momentum Change	RSI Points	RSI Weekly Change	Current Week
Energy	Brent Crude	4	(3)	9	3	(1)	44	(5)	51
	Crude Oil	4	(1)	7	1	(2)	43	(4)	(54)
	Heating Oil	1	4	10	4	(3)	48	(6)	74
	Gasoline	-	3	10	3	(1)	44	(6)	71
	Natural Gas	2	3	12	10	-	77	10	20
	TOTAL ENERGY	2	1	10	4	(1)	51	(2)	32
Metals	Gold	(2)	7	8	6	(3)	50	(1)	(344)
	Silver	(3)	10	2	4	(1)	47	(2)	
	Platinum	1	4	(1)	(10)	(1)	36	(6)	
	Palladium	2	(1)	2	(3)	(2)	44	(1)	
	Copper	-	7	6	5	(5)	52	(2)	(20)
	TOTAL METAL	(0)	5	3	0	(2)	46	(2)	(182)
	<i>Maximum</i>	4	16	16	10	5	77	10	344
	<i>Minimum</i>	(4)	(16)	(16)	(10)	(5)	-	(10)	(344)