



# Kuemmerle. Research

Published October 16th, 2022

*our portfolio, commodity setups we're watching right now & our most important datasets visualized*

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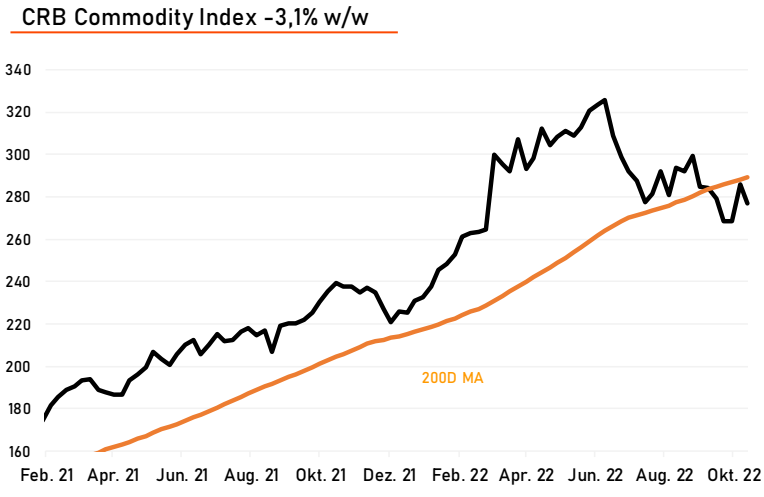
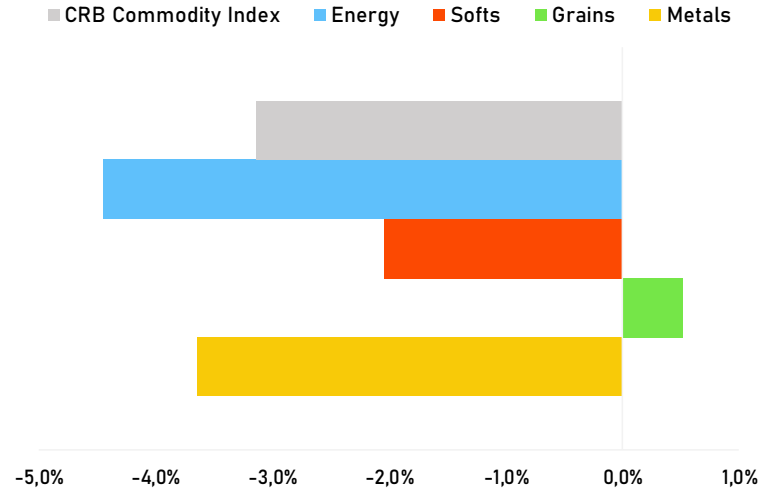
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All external data sources are named directly in the charts.

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# Last Weeks Commodity Performance

## Weekly Performance Update by **Kuemerle Research**



### Next week's top news events in the US:

- Empire State Manufacturing Index on Monday
- The latest Chinese GDP, Sales, and Industrial Production data on Monday, as well
- Philly Fed Manufacturing Index on Thursday
- Any further news from the Chinese Communist Party Day

Energy	
Heating Oil	-2,0%
Natural Gas	-3,0%
Crude Oil	-8,4%
Gasoline	-4,4%

Metals	
Gold	-3,2%
Silver	-10,5%
Platinum	-2,2%
Copper	1,2%

Grains	
Soybean Oil	-2,0%
Soybeans	1,3%
Soybean Meal	2,5%
Wheat	-3,9%
Oats	4,3%
Corn	0,9%

Softs	
Coffee	-9,3%
Orange Juice	0,8%
Cocoa	-0,8%
Sugar	0,9%
Cotton	-1,8%
Live Cattle	1,0%

Crypto	
Bitcoin	-1,8%
Ethereum	-2,6%
Market Cap	-2,8%

US Dollar Index	
113,20	0,65%

10Y Treasury Yield	
3,97%	0,14%

10Y Break. Inflation	
2,41%	0,24%

10Y Realyield	
1,56%	0,00%

Sources: CME, ICE, Stooq, Kuemerle Research

(be aware that we use small SL but often make many re-entries in order to achieve the best timing and risk management. I always use the most liquid contracts to trade and roll contracts accordingly.)

## Closed/Stopped-Out:

- Long Wheat opened @840USX (29.08) closed at 888USX (13.10)
- 50% Short Coffee @199,9USX

## Still Active:

- **50% Short Coffee (12.10) DEC22 @209,90USX, SL @219USX**
- Long Sugar (07.10) @18,38 , SL @17,88
- 50% Long Corn (16.08)

Last week's agenda	
Crude Oil	buy higher highs
Gasoline	neutral
Natural Gas	buy higher highs
Corn	buy higher highs
Soybeans	buy higher highs
Soybean Oil	buy higher highs
Soybean Meal	sell lower lows
Wheat	buy higher highs
Oat	neutral
Coffee	sell lower lows
Orange Juice	buy higher highs
Cotton	buy higher highs
Sugar	buy higher highs
Copper	neutral
Gold	neutral
Bitcoin	neutral
S&P 500	neutral
10Y Treasuries	buy higher highs
US Dollar Index	buy higher highs

My current agenda	
Crude Oil	buy higher highs
Gasoline	neutral
Natural Gas	buy higher highs
Corn	buy higher highs
Soybeans	buy higher highs
Soybean Oil	buy higher highs
Soybean Meal	sell lower lows
Wheat	buy higher highs
Oat	neutral
Coffee	sell lower lows
Orange Juice	buy higher highs
Cotton	buy higher highs
Sugar	buy higher highs
Copper	neutral
Gold	neutral
Bitcoin	neutral
S&P 500	neutral
10Y Treasuries	buy higher highs
US Dollar Index	buy higher highs

## Short Coffee

On Friday we immediately closed 50% of the position in the profit @199,9 USX and put the SL to break-even.



## Long Wheat

We took strategic profits and closed our long wheat position. The price closed two consecutive days below the MA18 which showed us that momentum is turning, the RSI is signaling the same story.



## Long Sugar Nr.11



## Long Corn

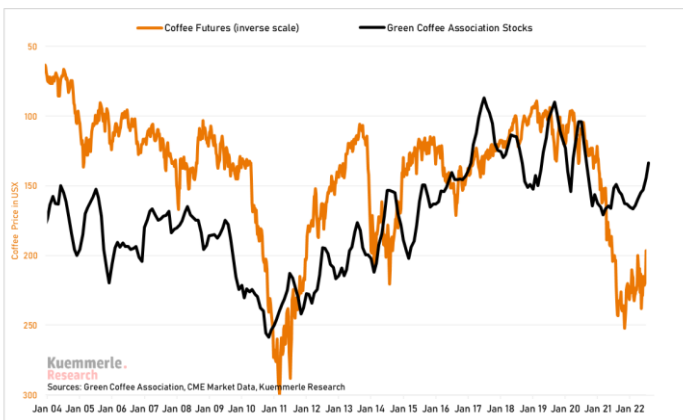


# Kuemmerle's Observations

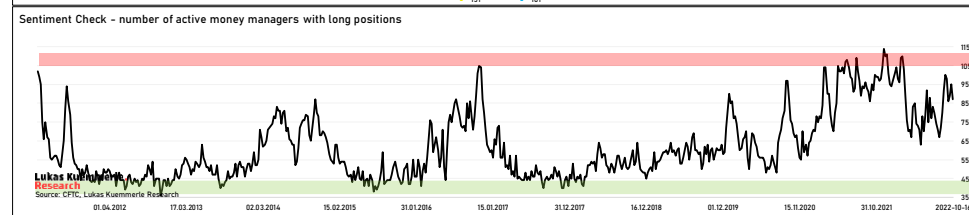
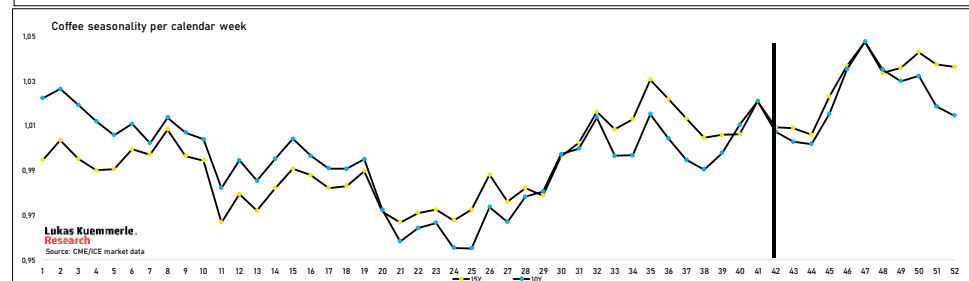
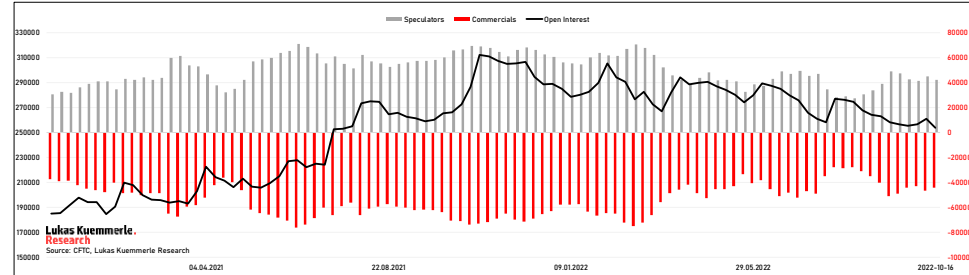
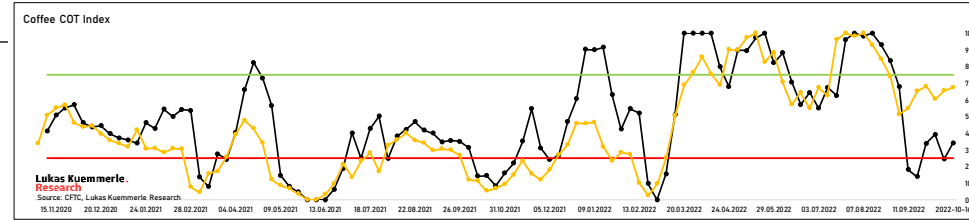
## Short Coffee Setup

- We only trade against the trade when the CoT data and spreads as well the fundamental and macro picture confirm the same direction. This was in this particular market now the case
- Our CoT Index confirmed a “look out for selling opportunities” signal for over a month by now
- Last week we saw the 1Y Spread finally breaking lower and the price of coffee making a 12 day lower low as well. At the opening of the next , we place our entry order and got filled
- Meanwhile we already closed 50% of the position and took profits as the S/L was still quite large
- From a fundamental perspective weather/drought conditions are improving in Brazil which is good for the crop. Moreover, coffee is a “luxury” good that is also affected by slowing economic growth. Such bad sentiment is strongly pulling the price to the downside as well.
- Storage data by the Green House Coffee Association is confirming lower prices as well with ending stocks rising.

Conclusion: We're waiting for another opportunity to increase our short position again once we get a significant pullback to the upside with perhaps a better S/L placement.



15.10.2022 KW41



## WASDE Report Highlights & Conclusion

The U.S. Department of Agriculture released its WASDE report for October on Wednesday, and soybeans definitely received the bulk of the market reaction. Although corn and wheat yield projections were relatively in-line with analyst expectations, it was the soybean yield that made the market go hmm.

In a simple one liner the report showed lower soy and corn yields (drought and lack of fertilizer), but wheat supply down, but higher than last year. Nevertheless, the market reaction to the report was pretty much muted. Slowing economic growth continues to provide headwinds for all commodity sectors.

[\(see readings on page 27\)](#)

## Orange Crisis in the US

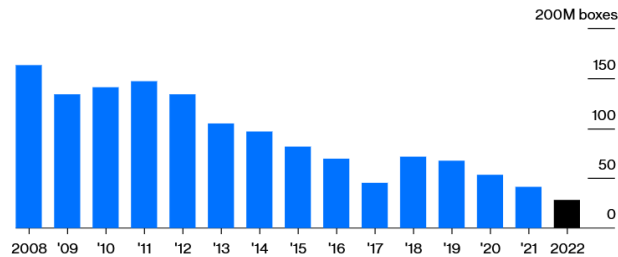
With the WASDE report the USDA also published their latest orange crop projection. It will be the smallest crop since 1943.

After Hurricane Ian destroyed plenty of fruit and market participants already priced that in, we believe that the further upside for orange juice futures is currently limited. Therefore, the market is currently not that interesting for us. (Source: Bloomberg)

### Orange Squash

Florida is set to have the smallest crop in almost eight decades

■ Florida orange production ■ Forecast

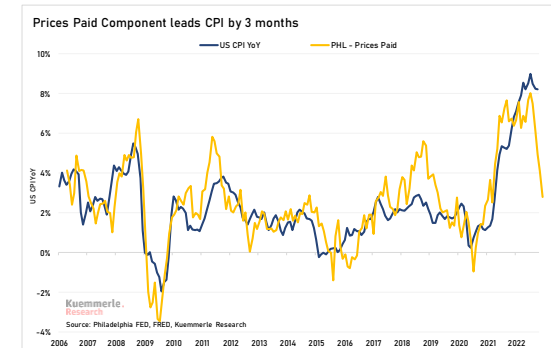


## Another La Nina Weather Update

The National Weather services updated it La Nina forecast during the last week. There is now a 75% chance of La Niña during the Northern Hemisphere winter (December-February) 2022-23, with a 54% chance for ENSO-neutral in February-April 2023. La Nina weather conditions will stay around for some time to come.

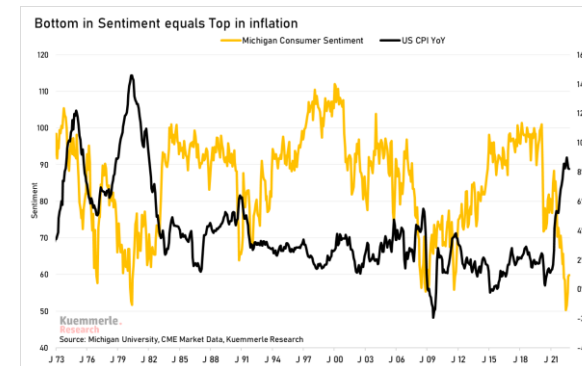
## CPI & PPI

Respect the trend - inflation continues to trend down but also continues to surprise on the upside in terms of analysts' expectations. Getting inflation back into the target corridor will be a slow and painful process as inflation is broadly driven by the components of shelter, transportation services, medical services, and not only food and energy, which get the most headlines in the newspaper. On the other hand, we're on the right track, as the YoY comparisons have declined since July. **We expect inflation to continue to decline on a YoY basis but to reach the FEDs target corridor of about 2,5% at its earliest towards the end of Q3 2023.**



## Prelim UoM Consumer Sentiment

The latest numbers in consumer expectations just saw a little uptick while last months readings were even revised to the downside. Sentiment stays at historic lows.





## Warmer European Winter than usual

Europeans and people living on the US East Coast are more likely to experience mild temperatures than a deep freeze this winter, easing any potential heating-fuel constraints at a time when energy costs are soaring.

Scientists at the Copernicus Climate Change Service, which updated its seasonal outlook Thursday, said temperatures probably will be significantly above normal during the peak heating season between December and February. The scientists said there's a 50%-60% probability that the UK, much of the Mediterranean coast and parts of central Europe will see well-above-average temperatures. The rest of the continent has a 40%-50% chance of significantly exceeding historical averages.

Nevertheless, the Copernicus forecast is only one weather institute and the views about the next winter differ strongly. As nearer the winter comes as better the forecast will be at the end. **We think that two-week forecasts are best to judge as everything longer than that tends to be less accurate to use the data for fundamental analysis in our evaluation process.**

## EIA with a direct message to OPEC+

"The massive cut in OPEC+ oil supply increases energy security risks worldwide," with "resulting higher price levels exacerbating market volatility," the IEA said in its monthly report. "Oil prices may prove the tipping point for a global economy already on the brink of recession."

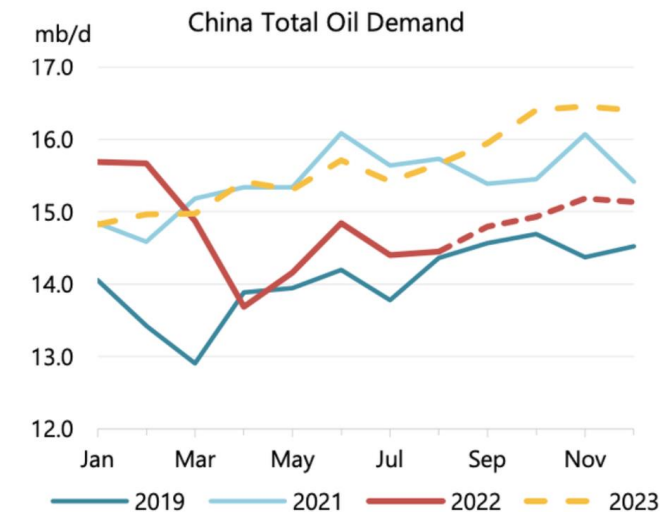
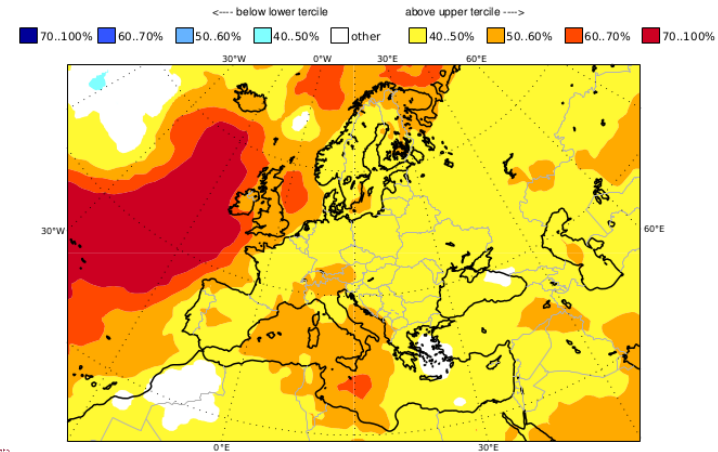
It's an unusually strong rebuke from the Paris-based agency, which advises most major economies on energy policy. It slashed forecasts for global oil demand growth for next year by 470,000 barrels a day -- or roughly 20% -- because of "stronger economic headwinds" ranging from inflation to higher interest rates.

**We believe in lower prices or a sideways market in oil till roughly the end of Q1 2023, when we expect economic momentum to improve again**

## Important Week in China for Global Commodity Demand

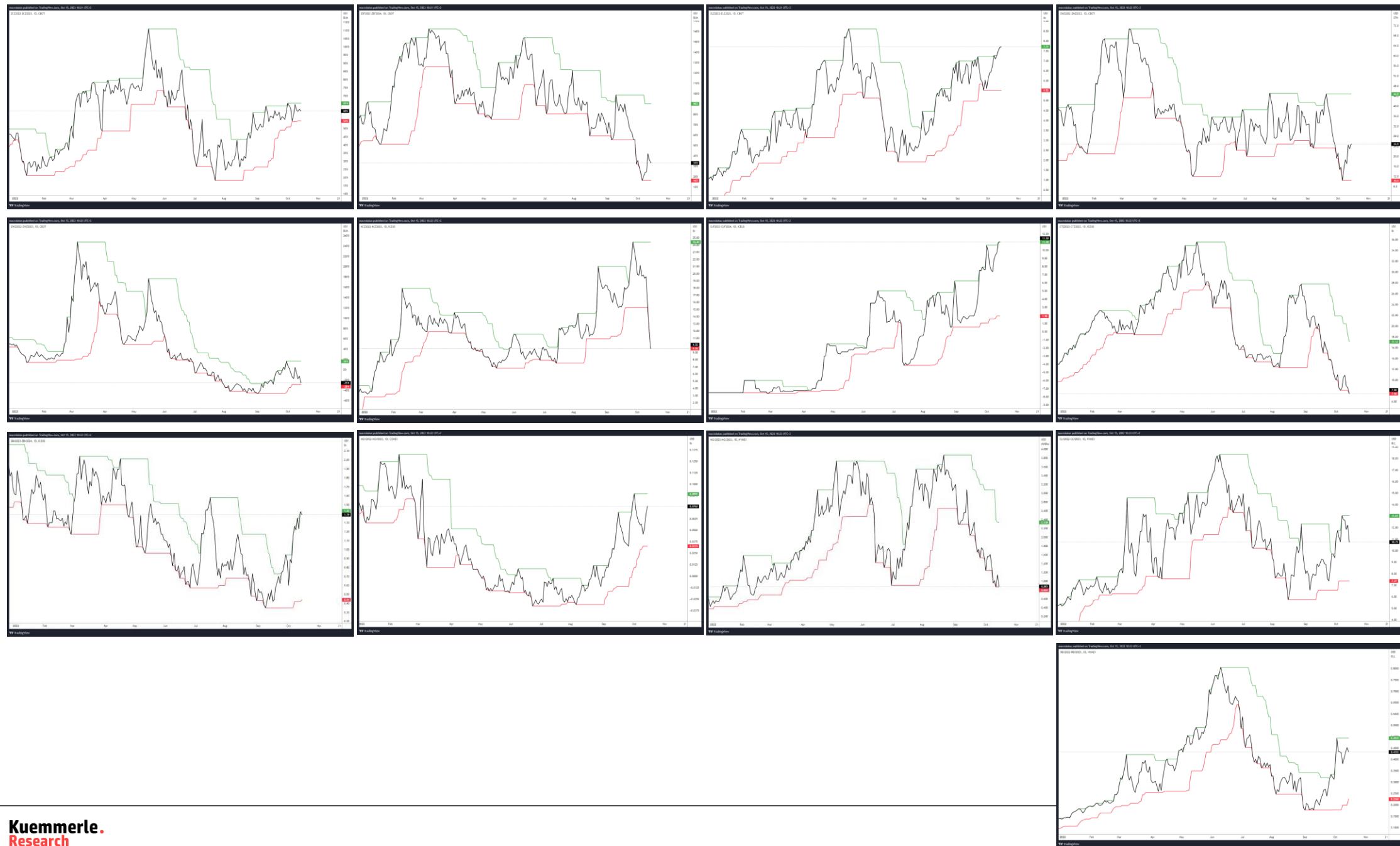
China's Communist Party congress opens Sunday with a speech by President Xi Jinping that should describe -- in very broad terms -- his thoughts on where the world's no.2 economy is headed. Any allusions to Covid Zero, debt deleveraging or balancing development with security could steer prices for Monday's open. A fresh batch of Chinese economic numbers also land next week to underscore what's at stake.

C3S multi-system seasonal forecast ECMWF/Met Office/Météo-France/CMCC/DWD/NCEP/JMA/ECCC  
Prob(most likely category of 2m temperature)  
Nominal forecast start: 01/10/22  
Unweighted mean  
DJF 2022/23

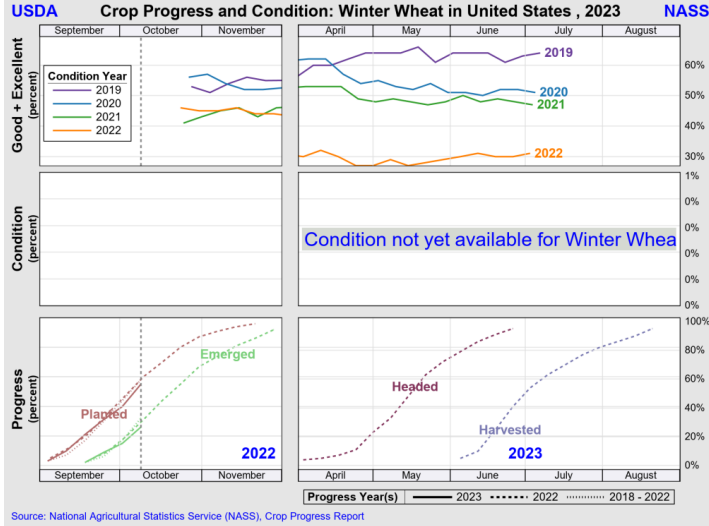
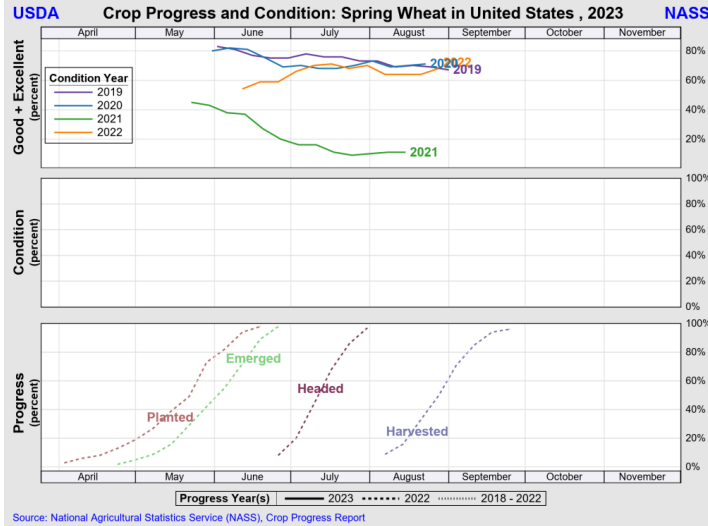
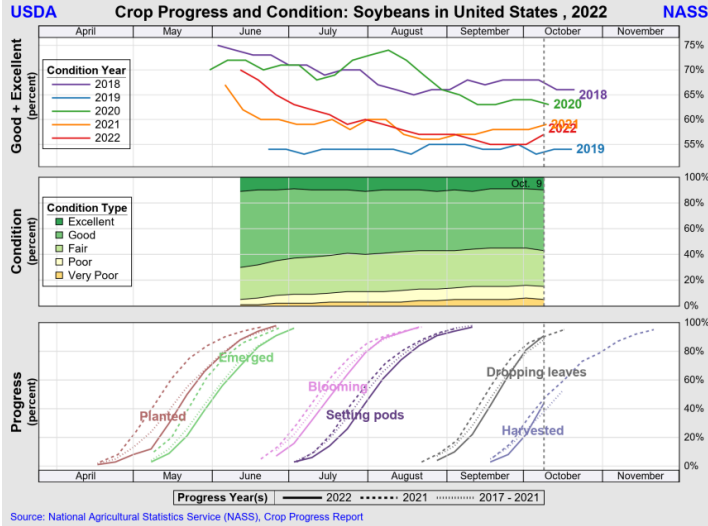
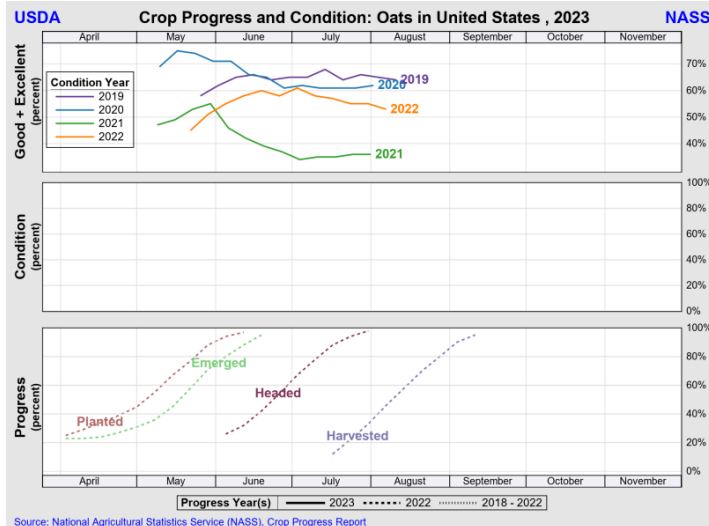
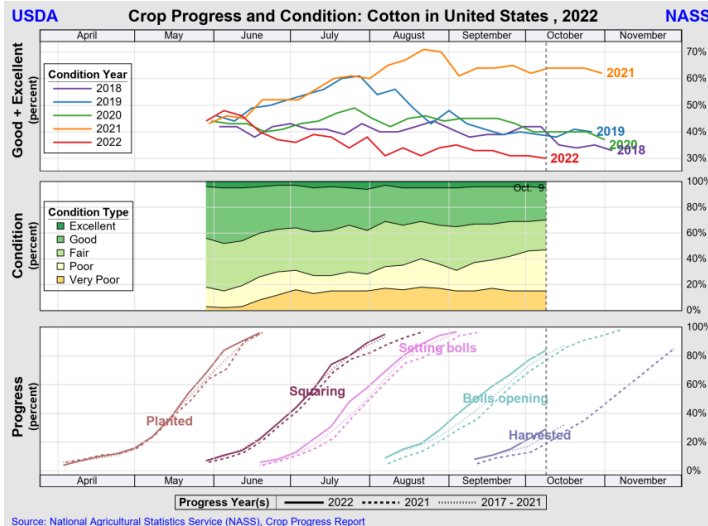
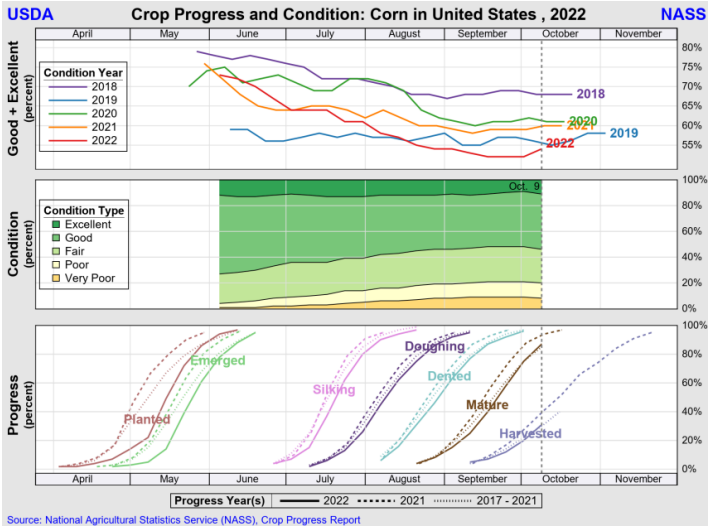


IEA

# Futures Spreads - 1 Year (confirm breakouts and highlight divergences)

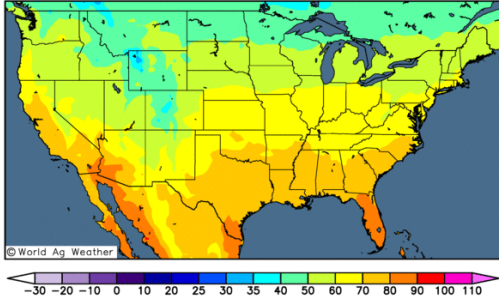


# US Crop Progress and Conditions

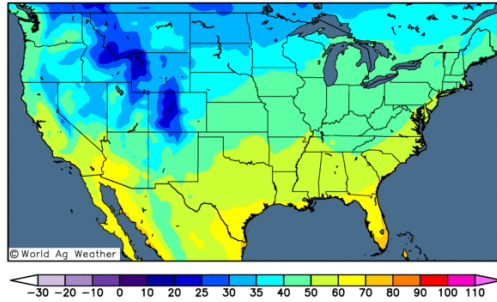


## Temperature & Precipitation

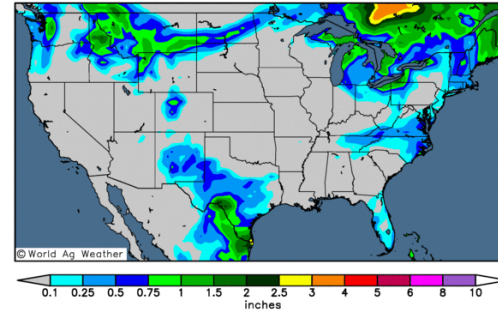
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24 Oct 2022 – 30 Oct 2022  
Model Initialized 00UTC 16 Oct 2022



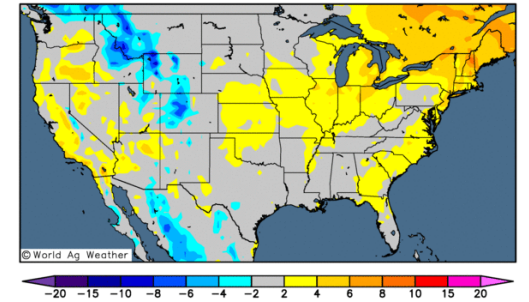
GEFS Ensemble Mean 7-Day Average Min Temp (°F)  
24 Oct 2022 – 30 Oct 2022  
Model Initialized 00UTC 16 Oct 2022



GFS High-Resolution Precipitation Forecast  
Days 1-7: 00UTC 17 Oct 2022 – 00UTC 24 Oct 2022  
Model Initialized 00UTC 16 Oct 2022

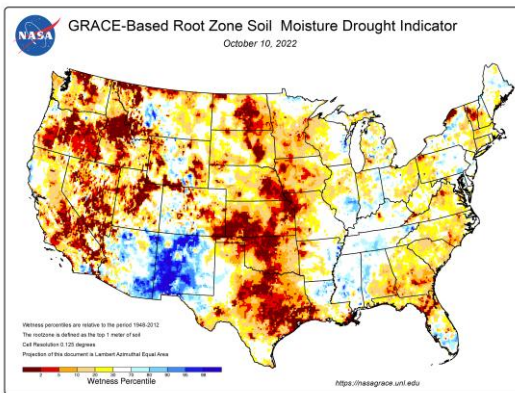


GEFS Ensemble Mean Temperature Anomaly (°F)  
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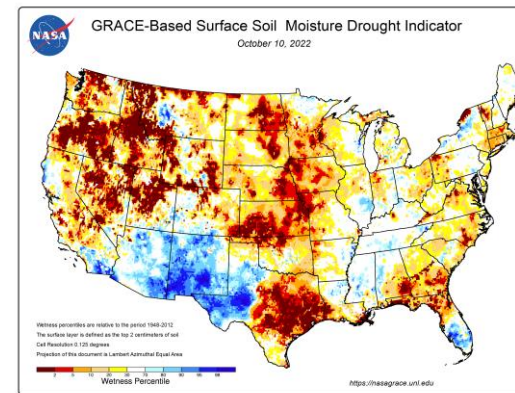


Drought problems in the US will remain probably over the winter. The colder season of the year is starting in the US now as well. Heating season will begin shortly which will lead to additional volatility in energy prices.

## Drought Conditions Root Zone

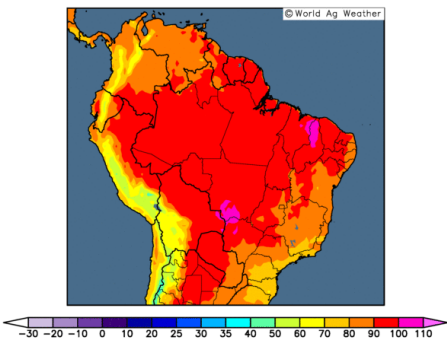


## Drought Conditions Surface Soil

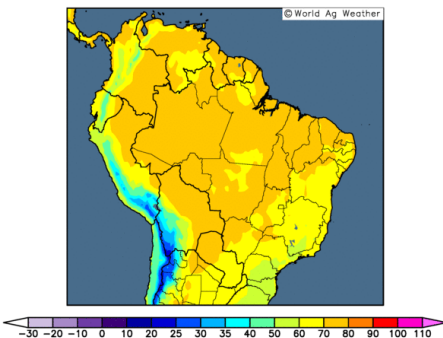


## Temperature & Precipitation

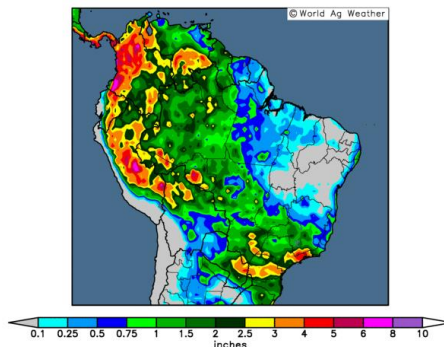
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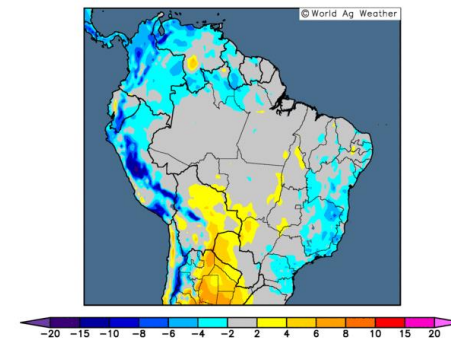
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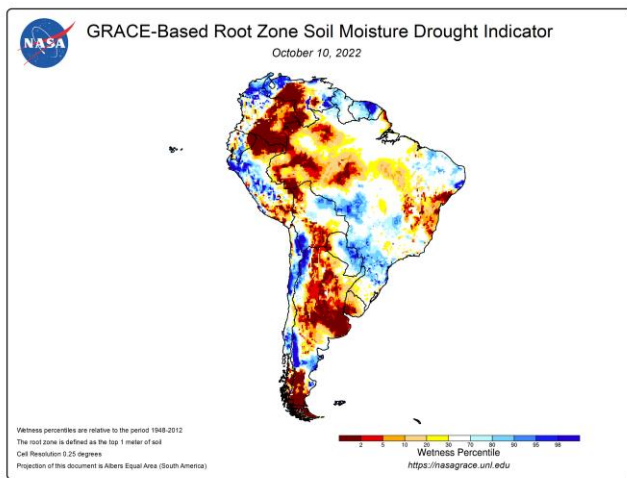


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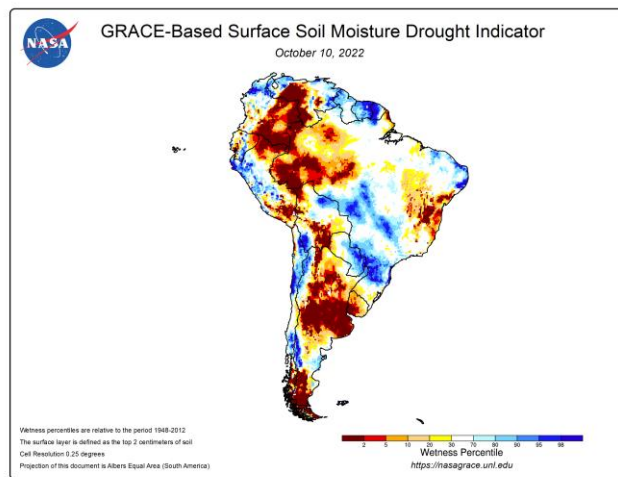


Temperatures are high and slightly above average for this time of the year. Going forward especially Brazil should see more rainfalls which should help to ease the drought pain.

## Drought Conditions Root Zone

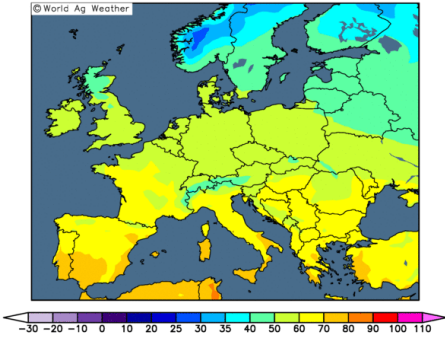


## Drought Conditions Surface Soil

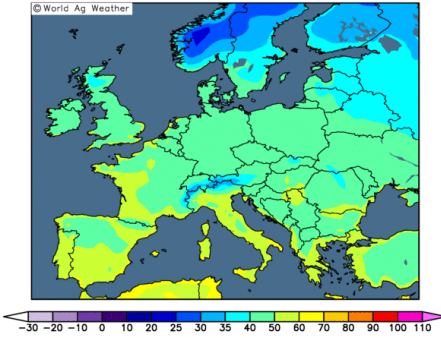


## Temperature & Precipitation

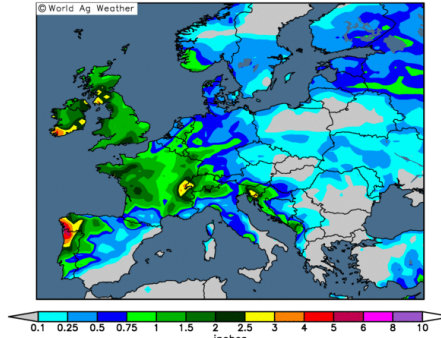
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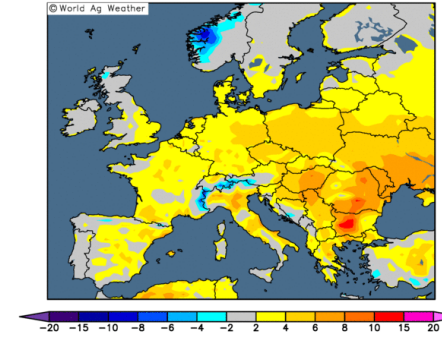
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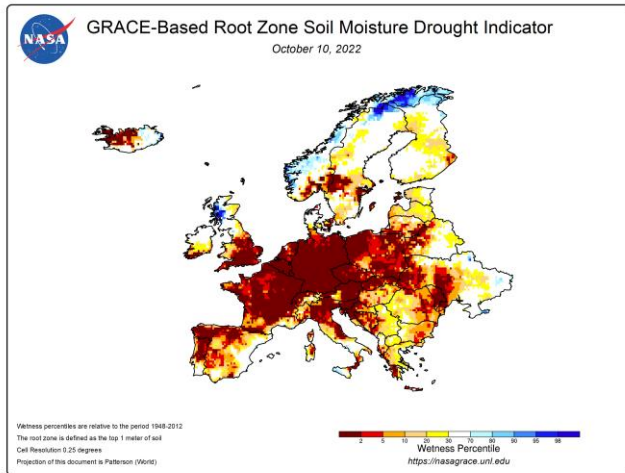


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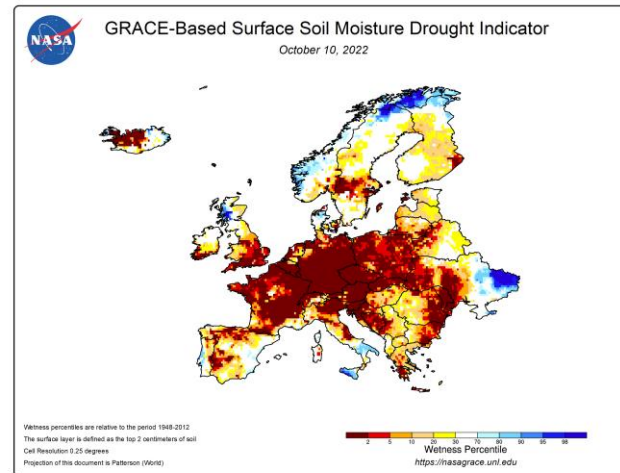


Temperatures continue to cool down in Europe and we see above average rainfalls. This will help to ease the drought conditions going forward. Nevertheless the soil moisture conditions remain worrisome.

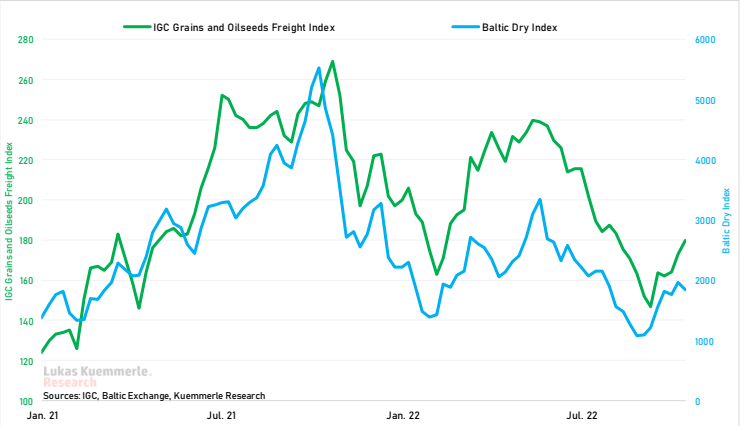
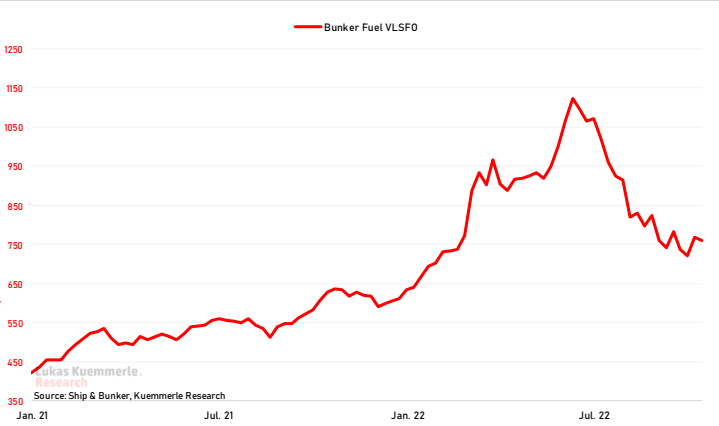
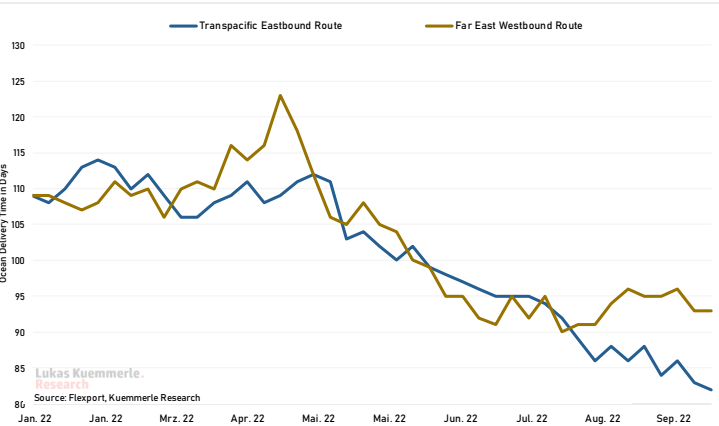
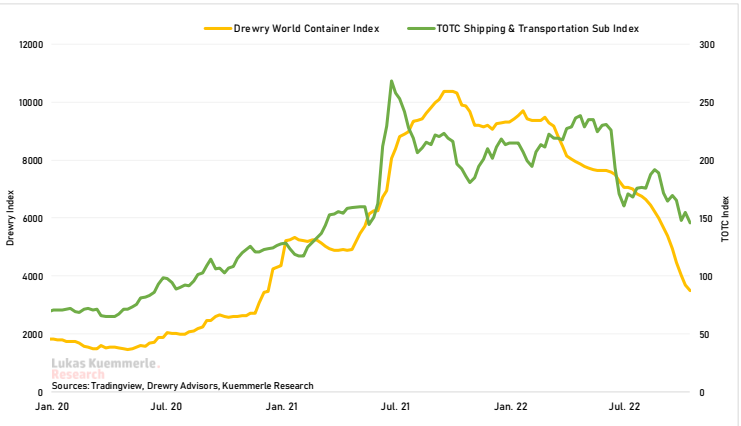
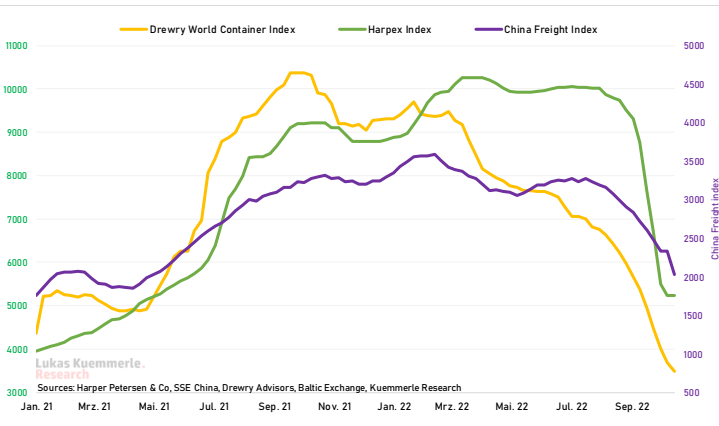
## Drought Conditions Root Zone



## Drought Conditions Surface Soil

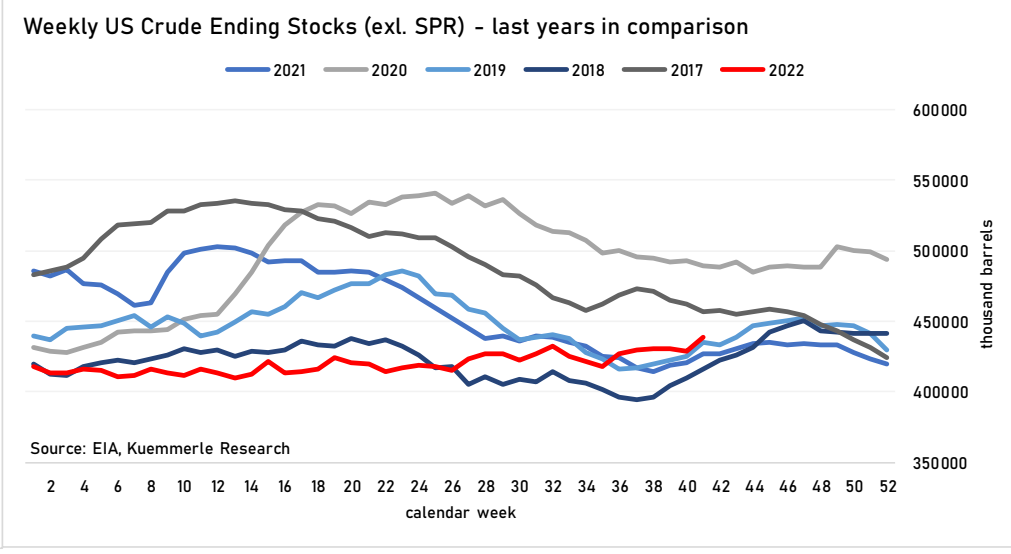
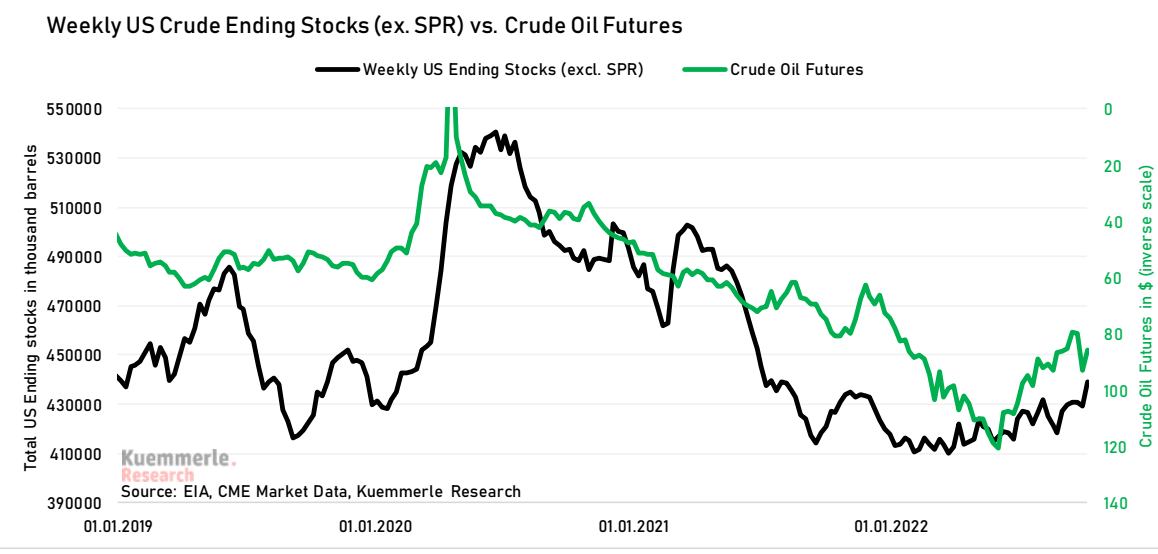
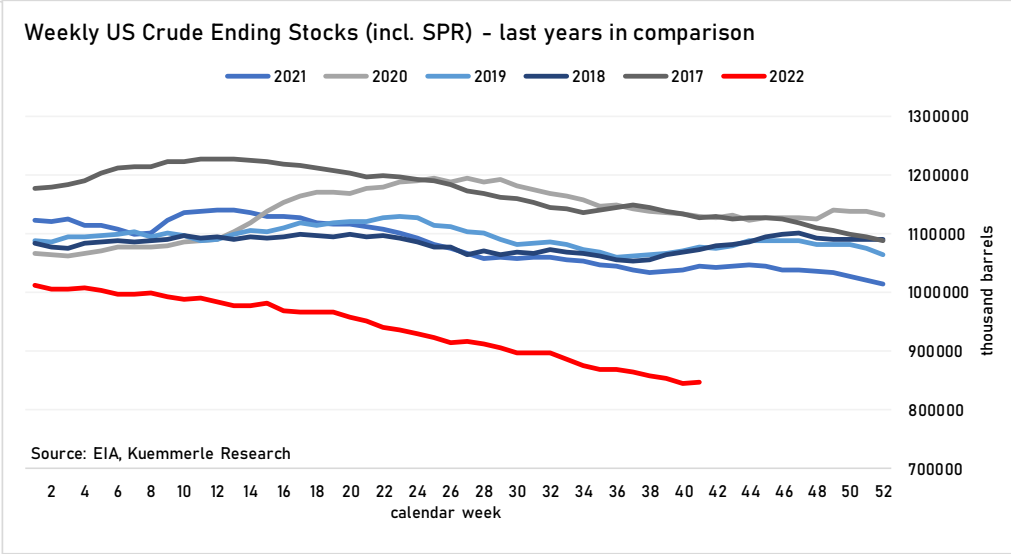
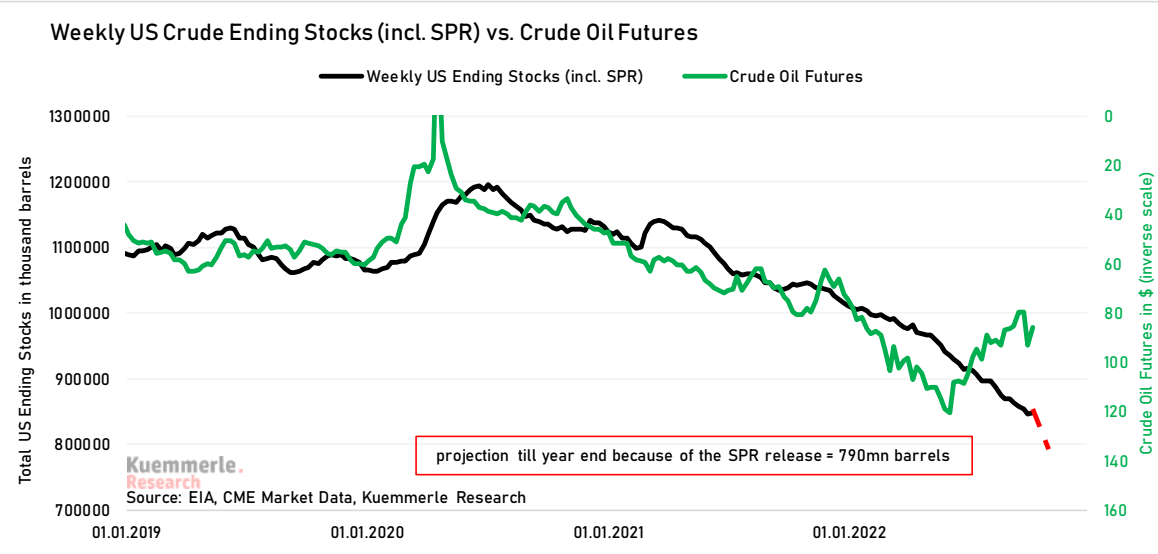


# Shipping Conditions



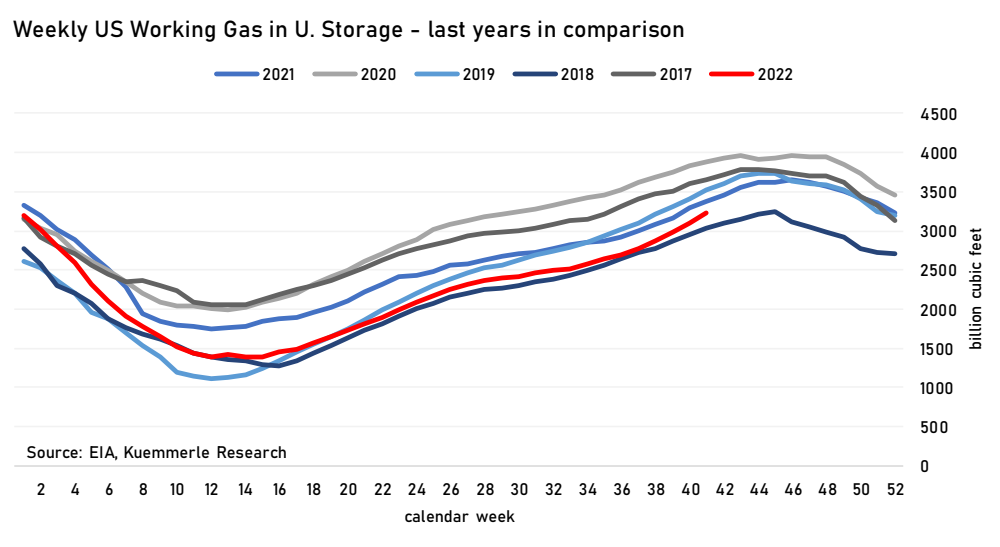
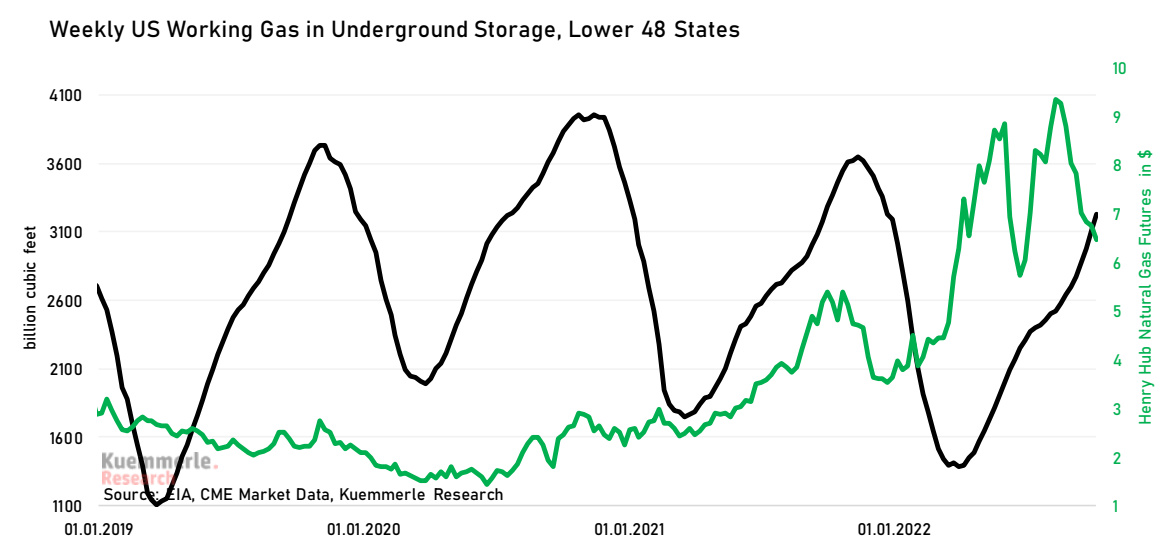
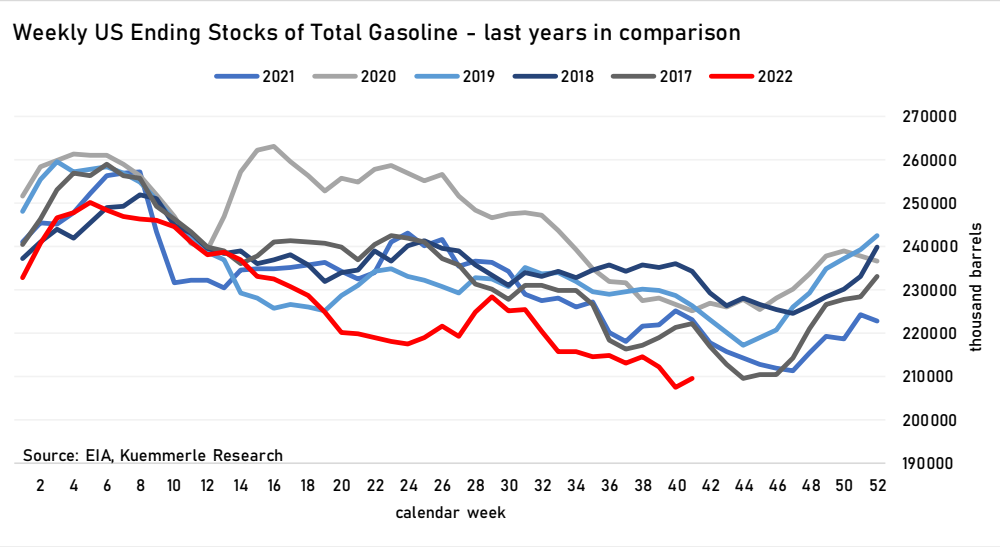
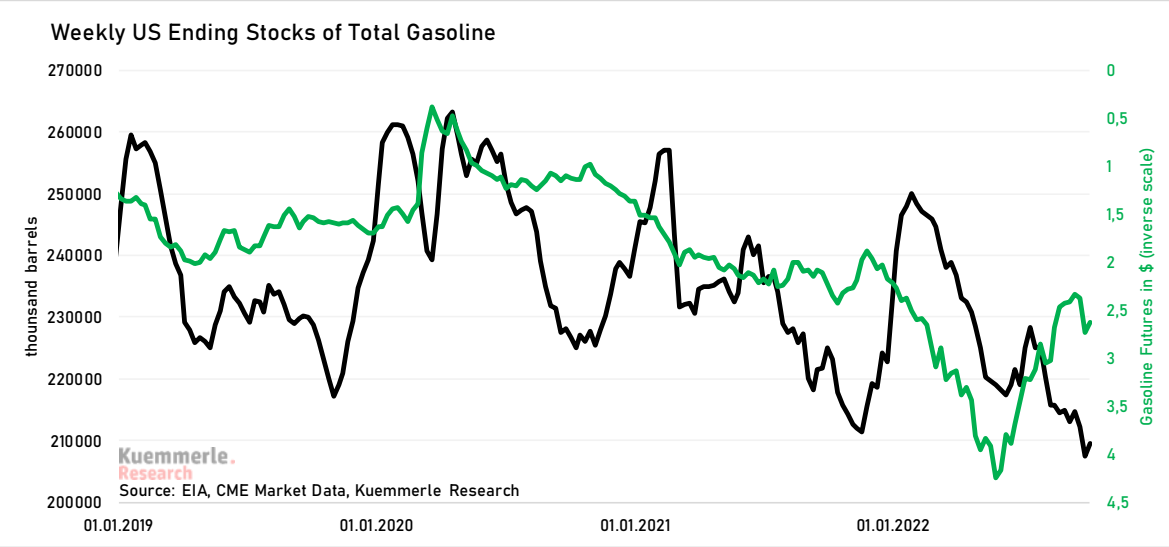
**HARPEX** (reflects the worldwide price development on the charter market for container ships), **Drewry** (reports actual spot container freight rates for major East-West trade routes for a 40ft container), **China Freight** (Price index for the container transport market for worldwide container transport from and to China), **Baltic Dry** (important price index for the worldwide shipping of major cargoes (mainly coal, iron ore and grain) on standard routes), **IGC** (important price index for the worldwide shipping of grains and oilseeds on standard routes), **VLSFO** (Bunker Fuel Oil, Global 20 Ports Average Price), **TPEB** (Transpacific Eastbound, e.g. China-to-US), **FEWB** (Far East Westbound, e.g. China-to-Europe)

# Energy Inventories

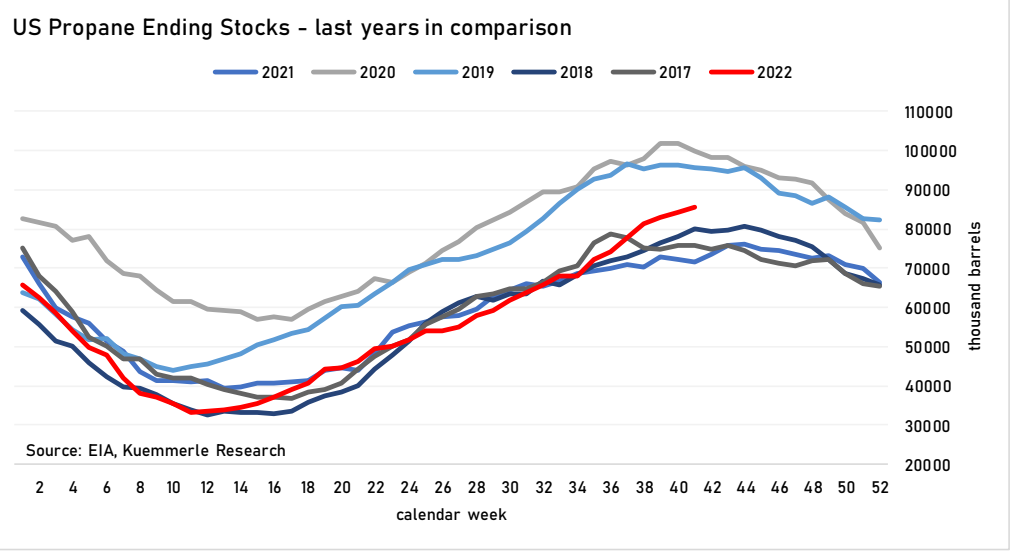
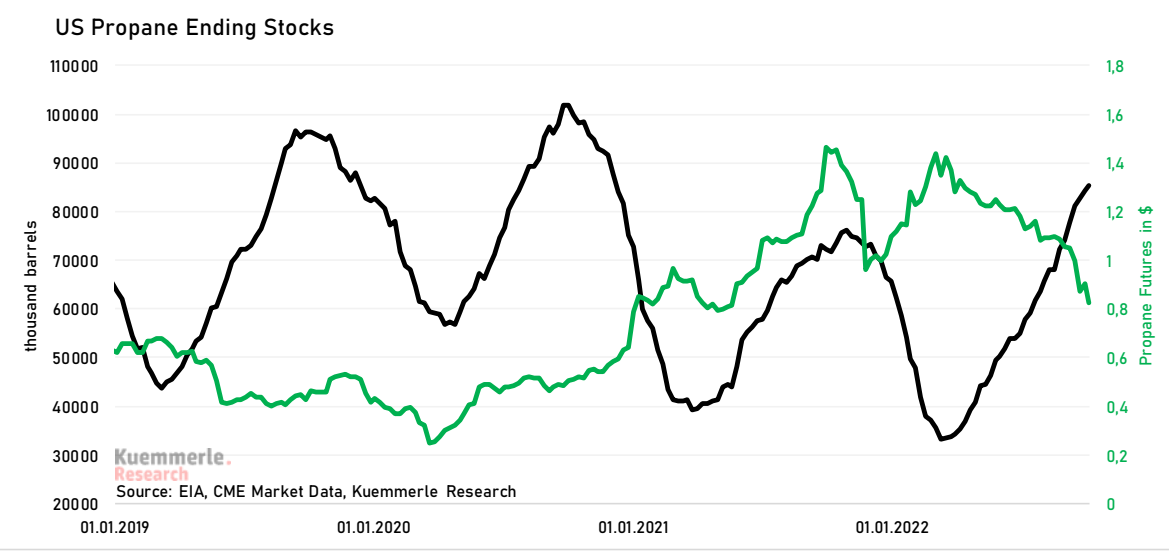
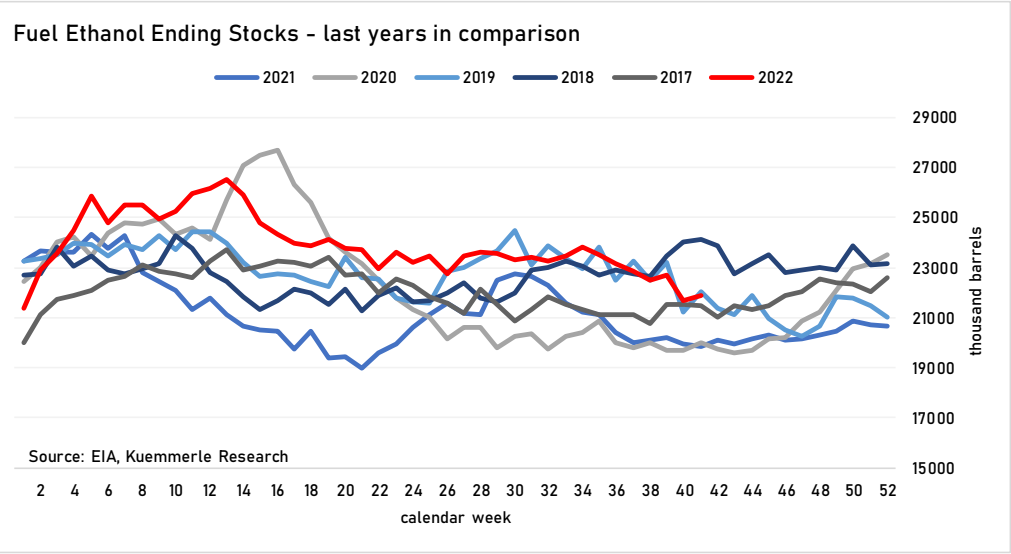
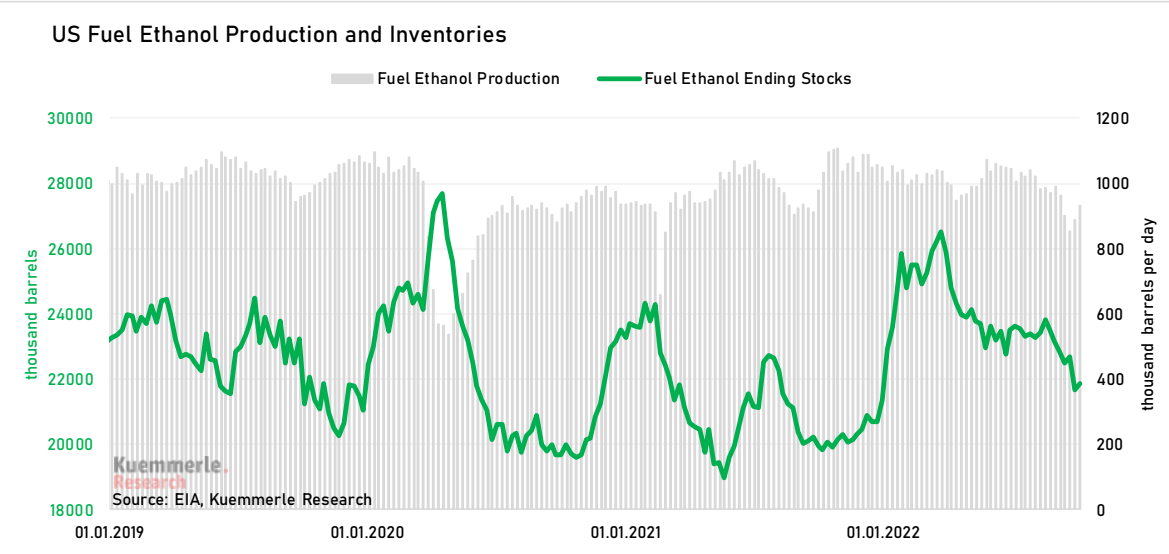




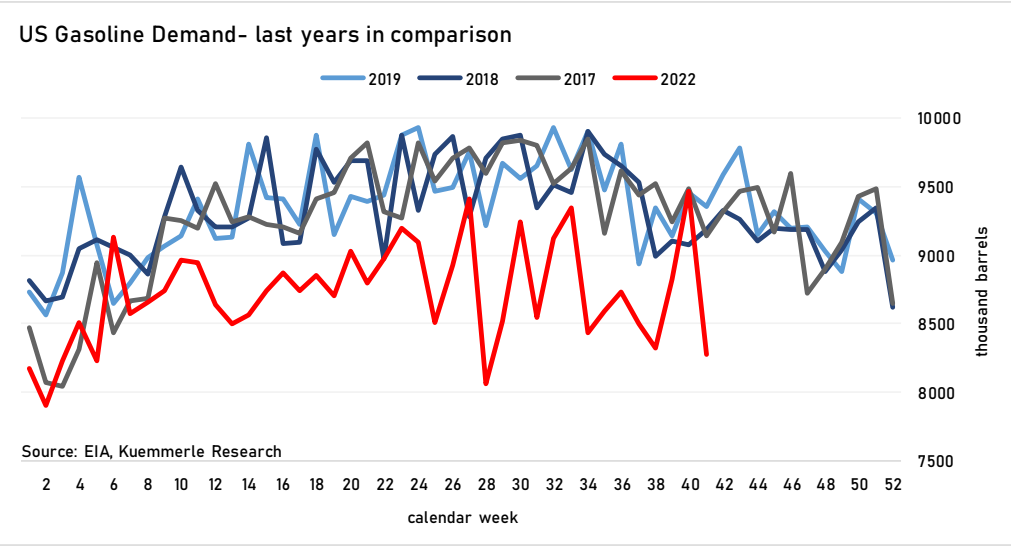
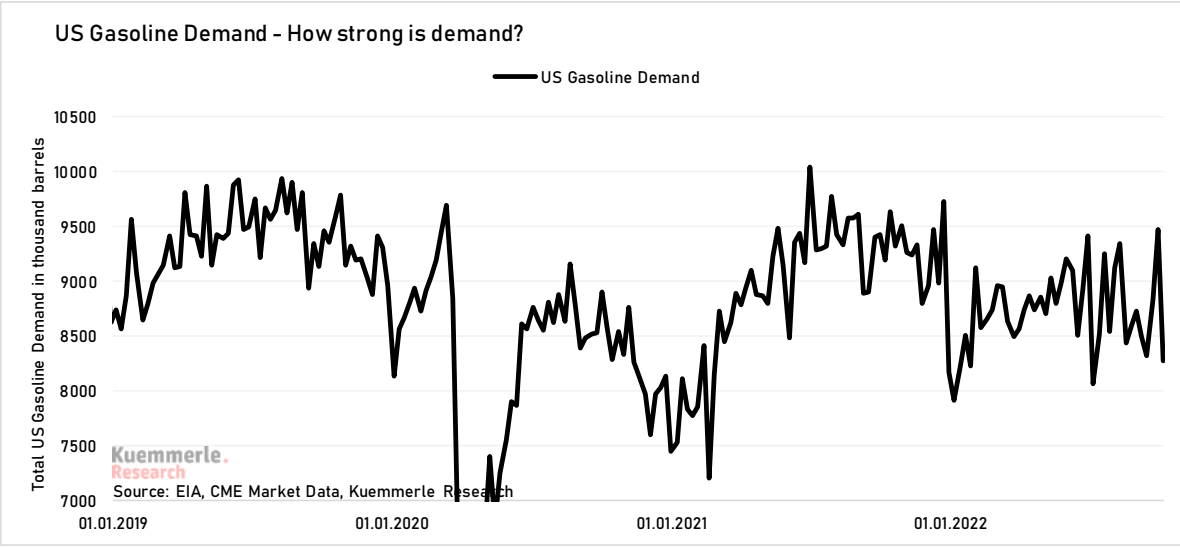
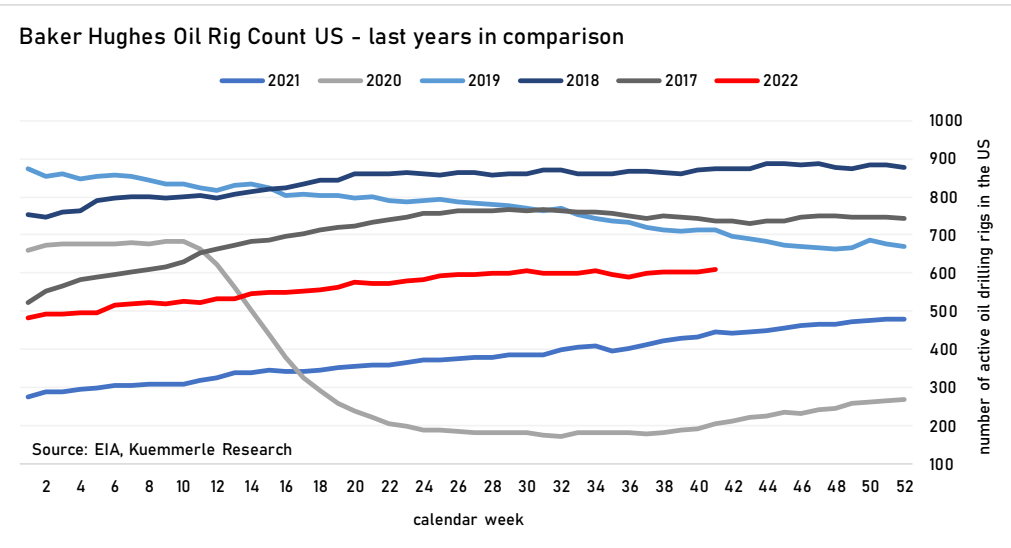
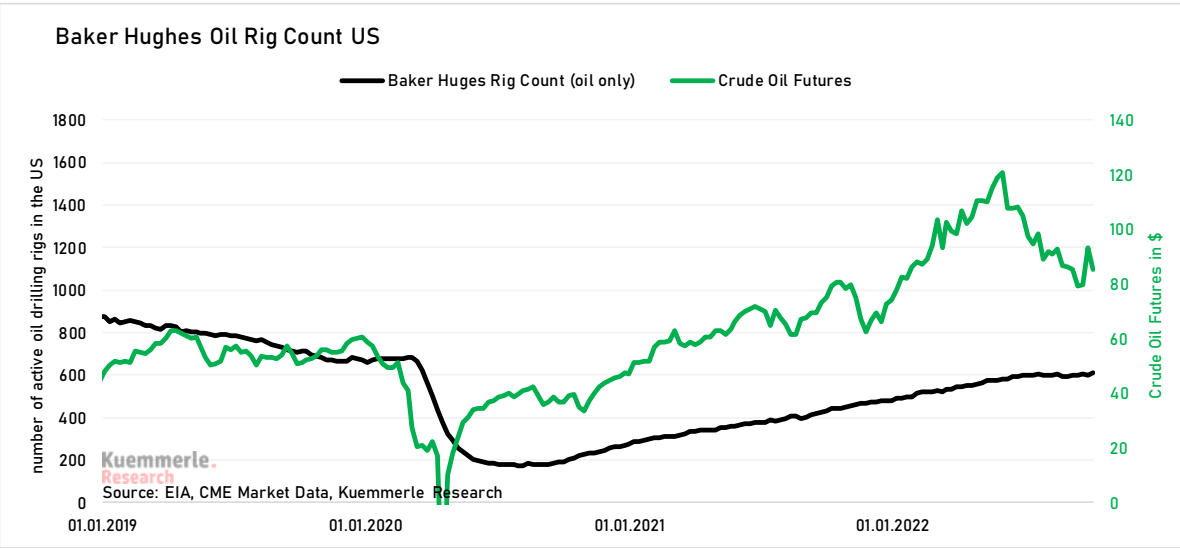
# Energy Inventories



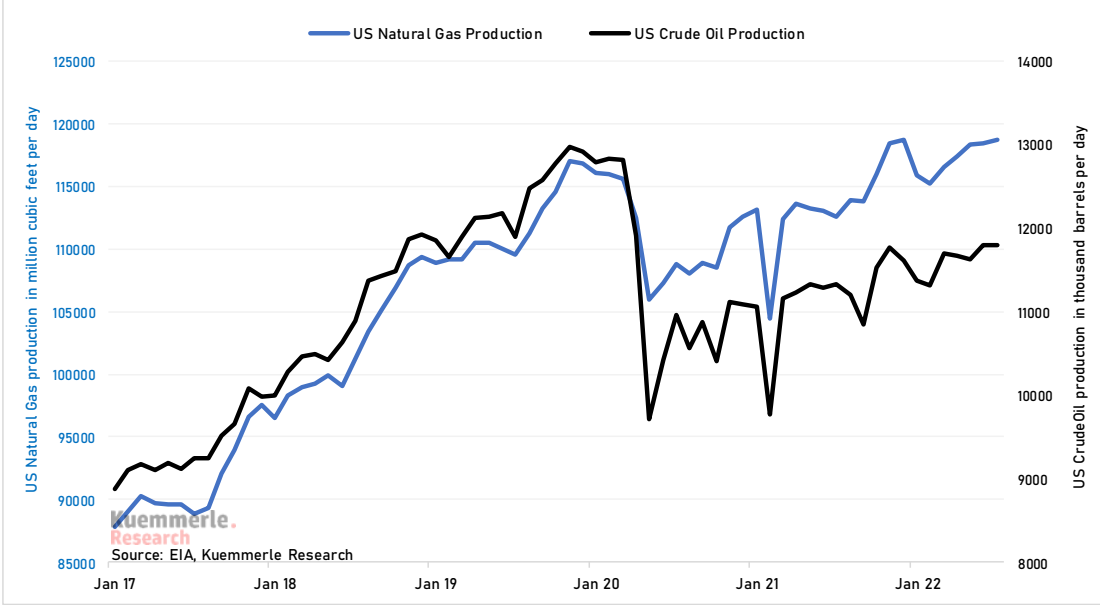
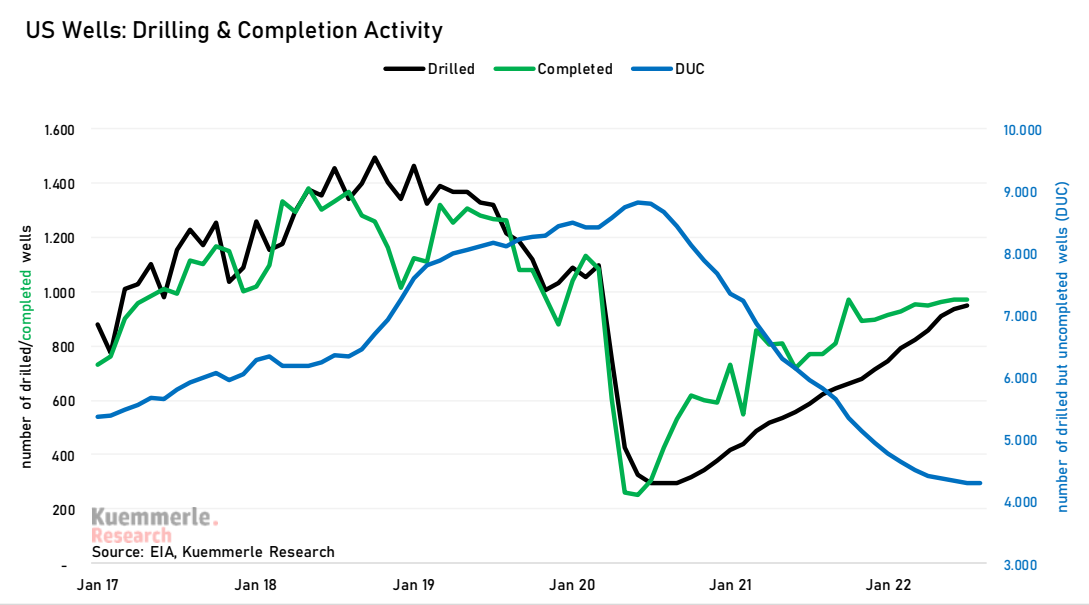
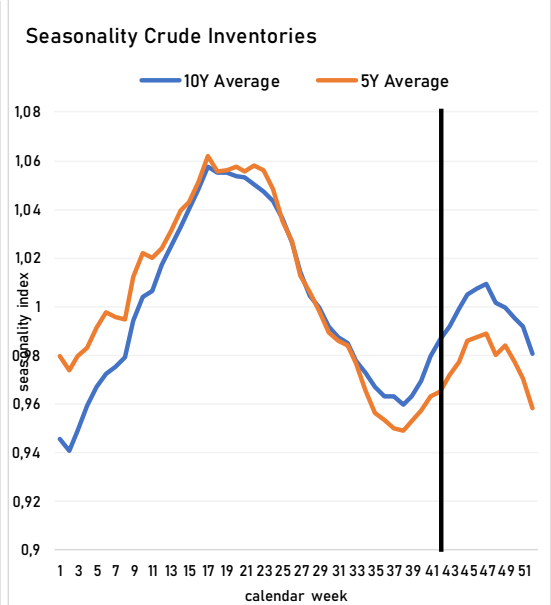
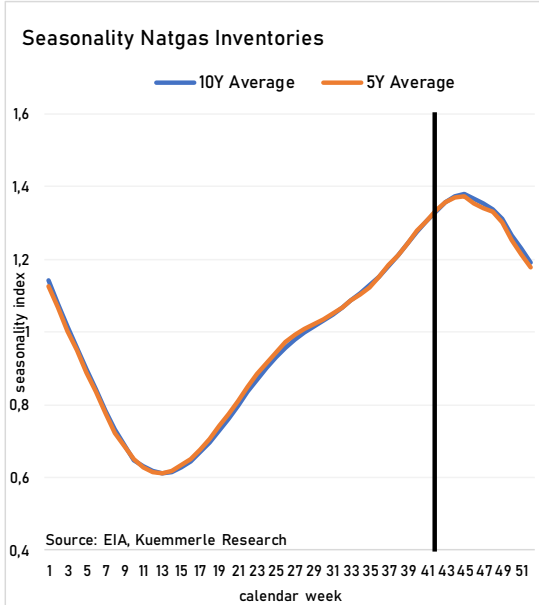
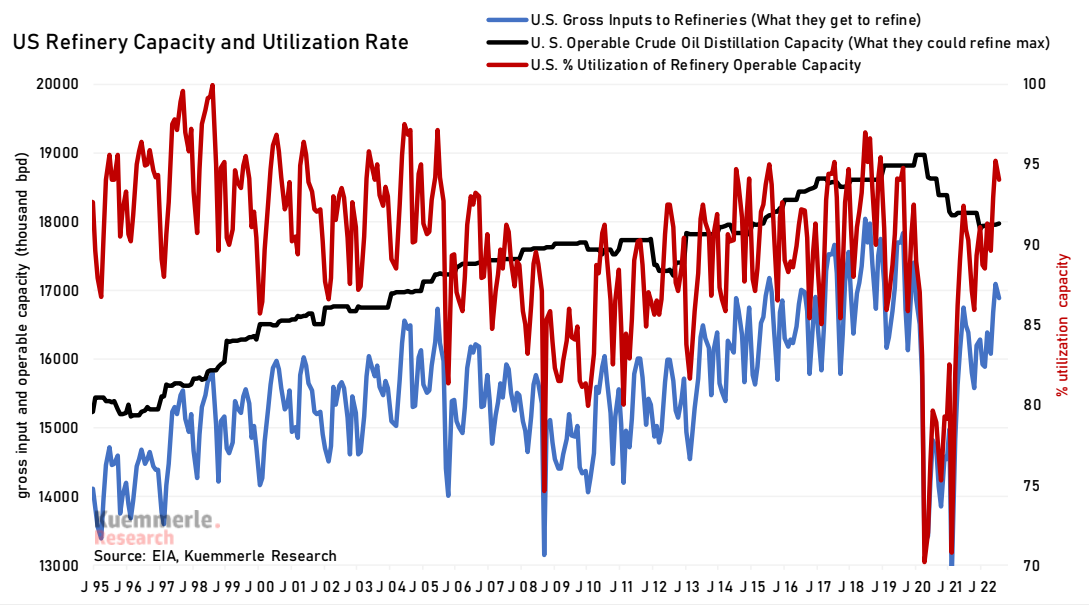
# Energy Inventories



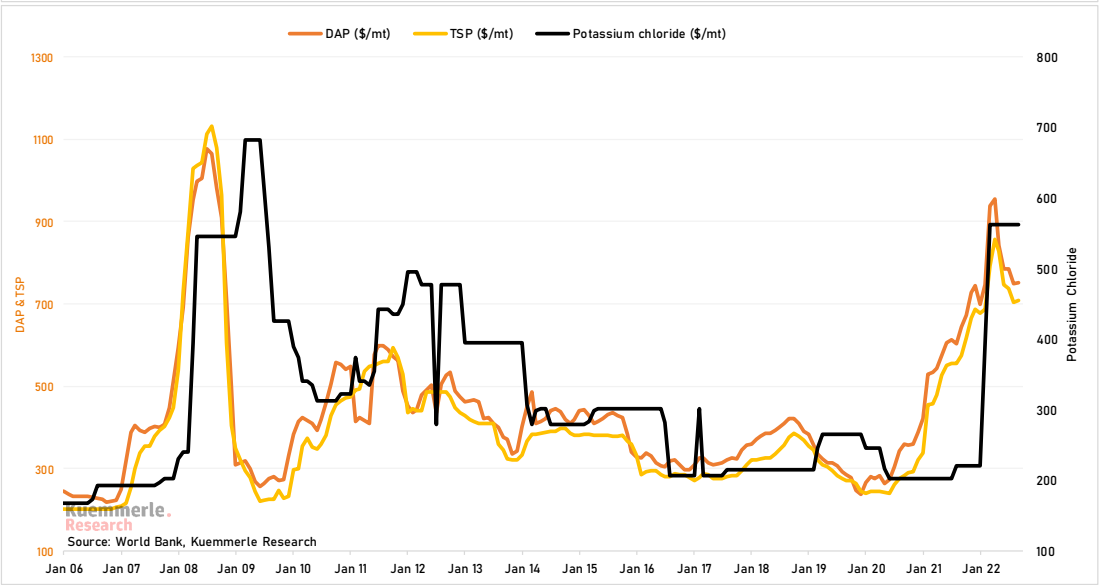
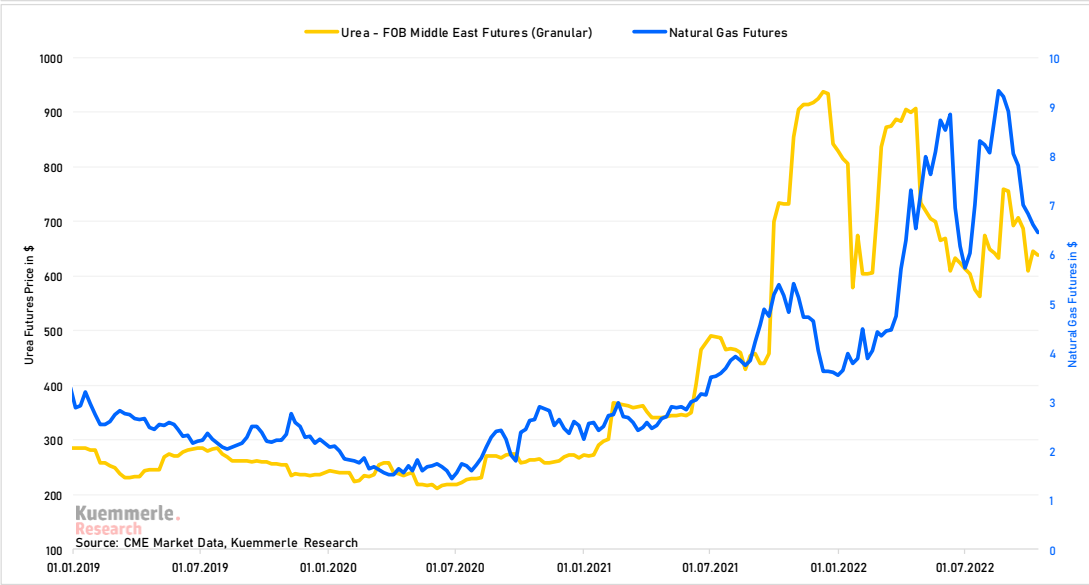
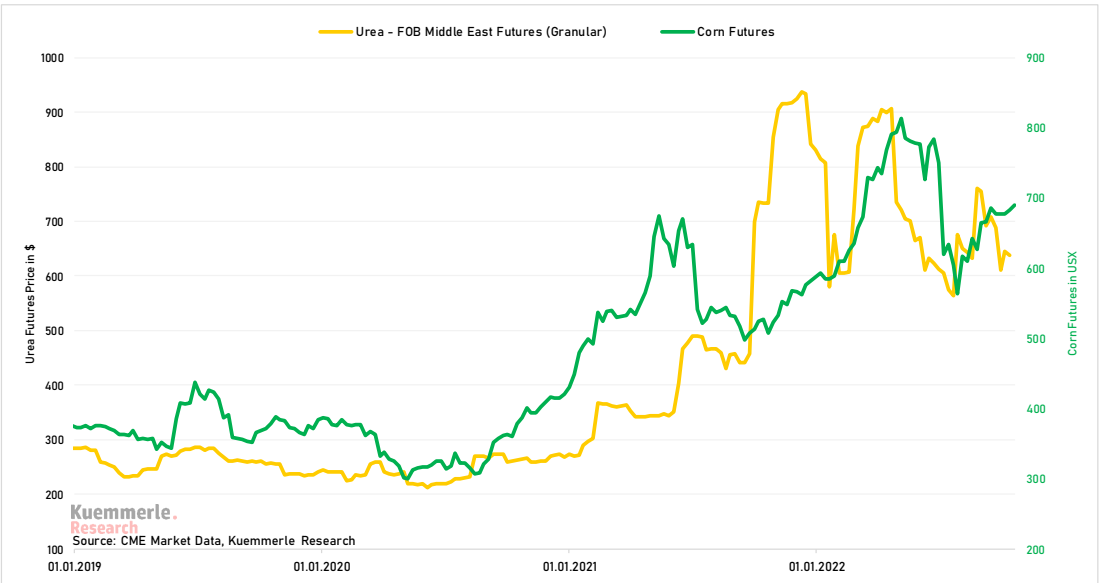
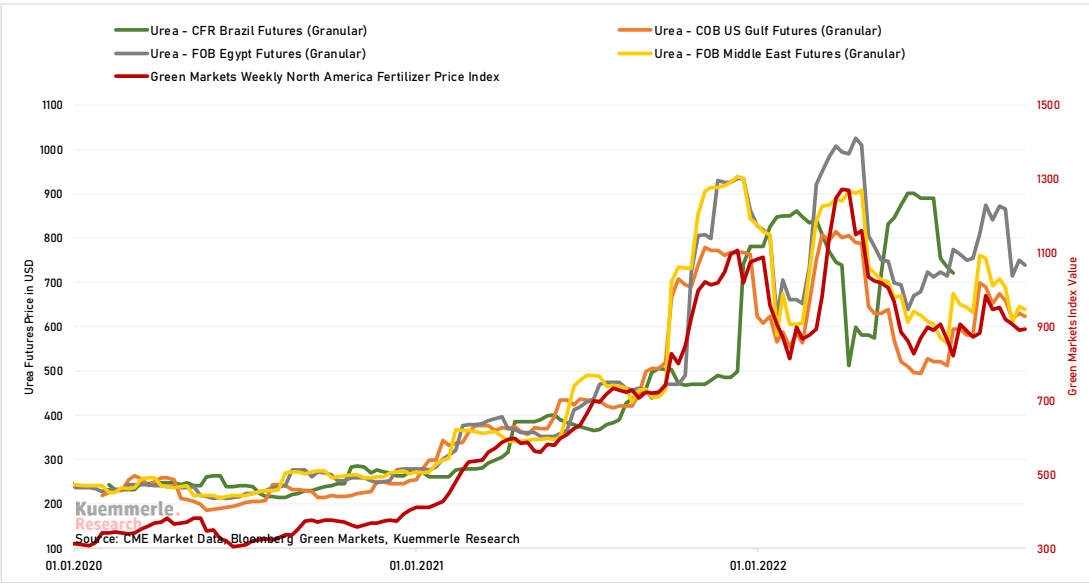
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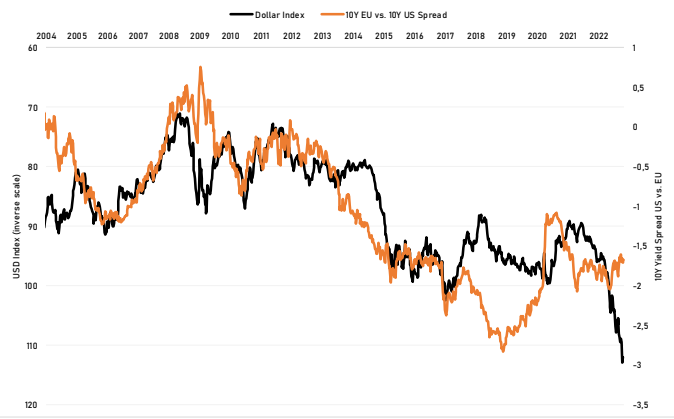
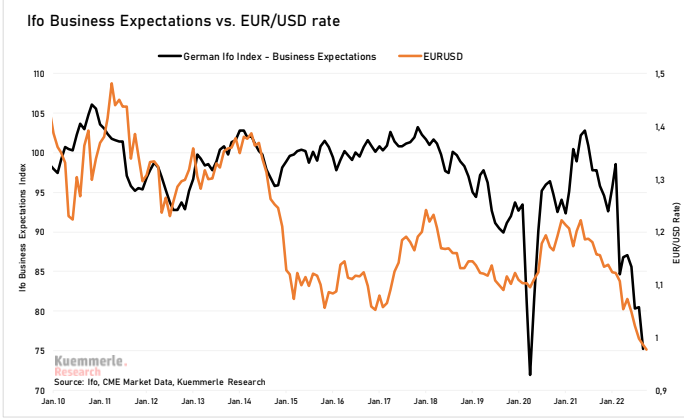
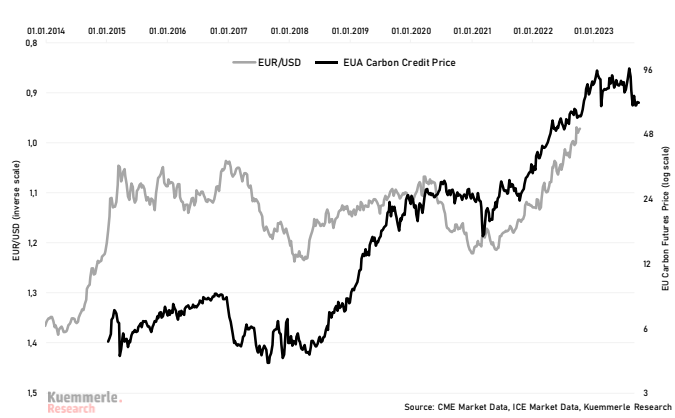
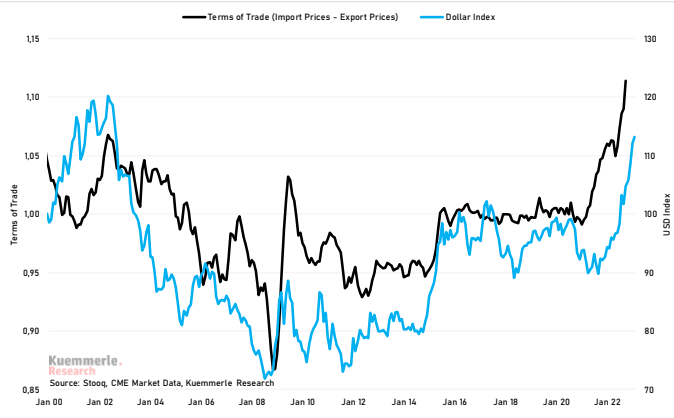
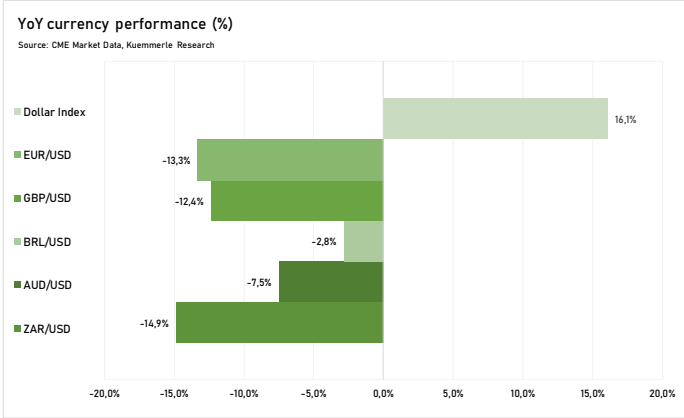
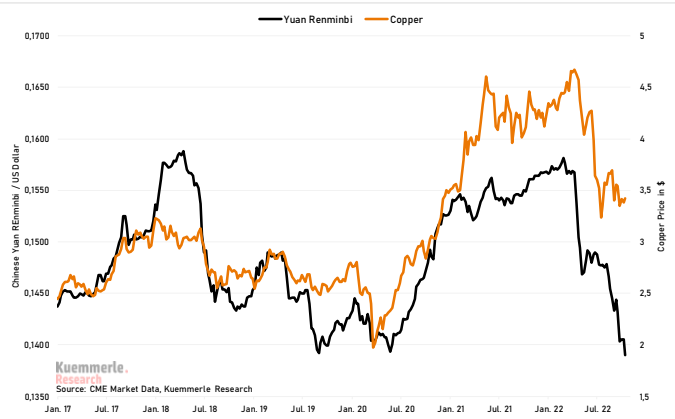
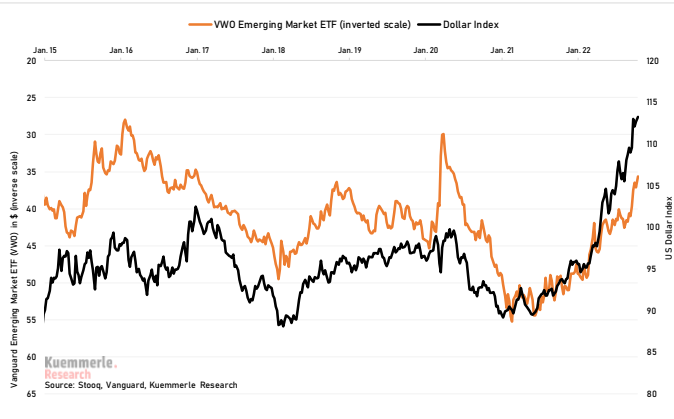
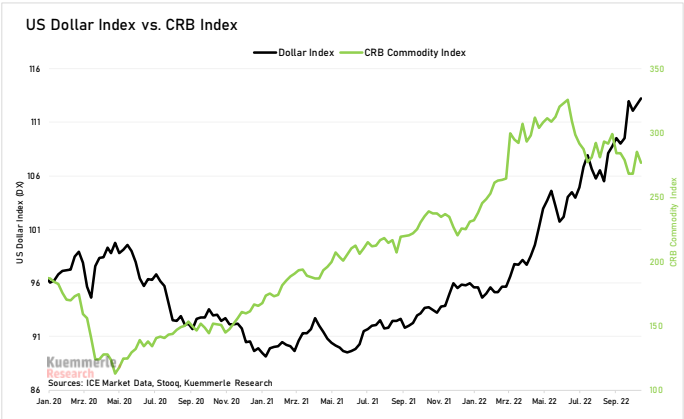


# Energy Inventories

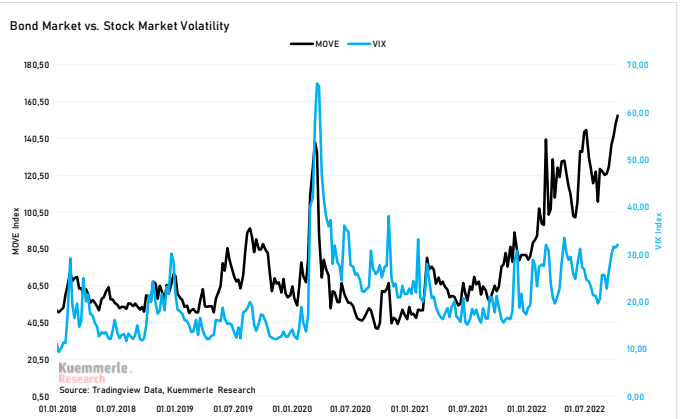
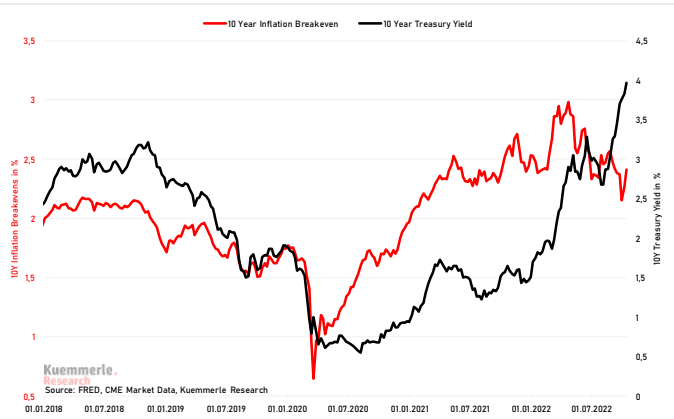
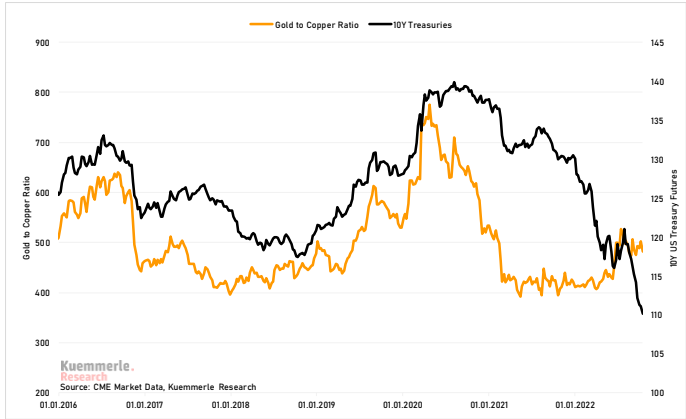
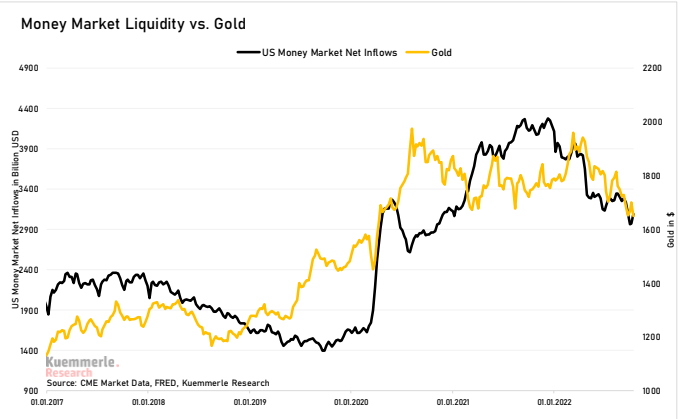
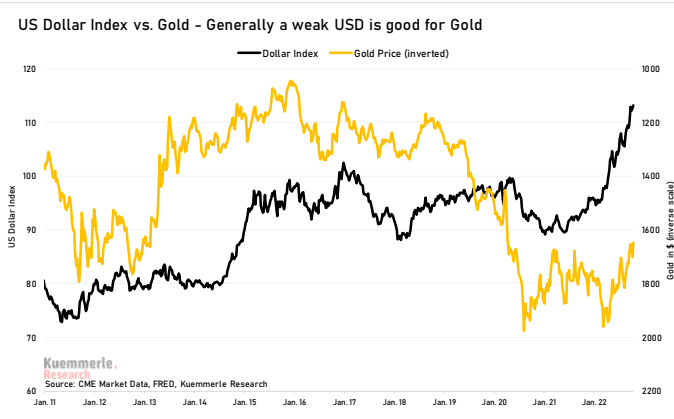
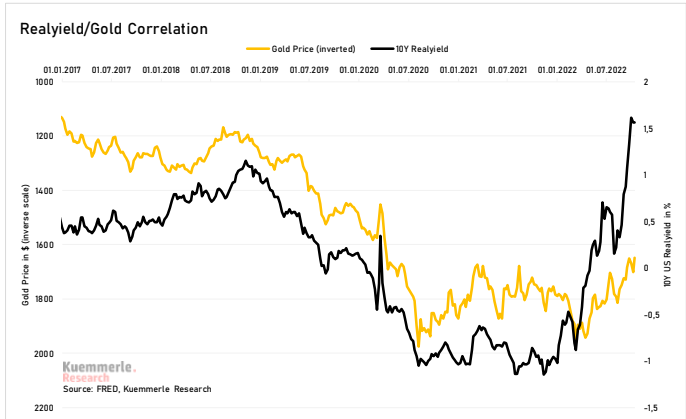
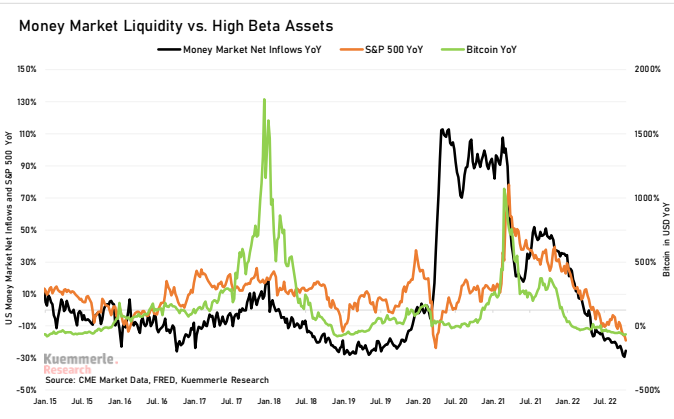
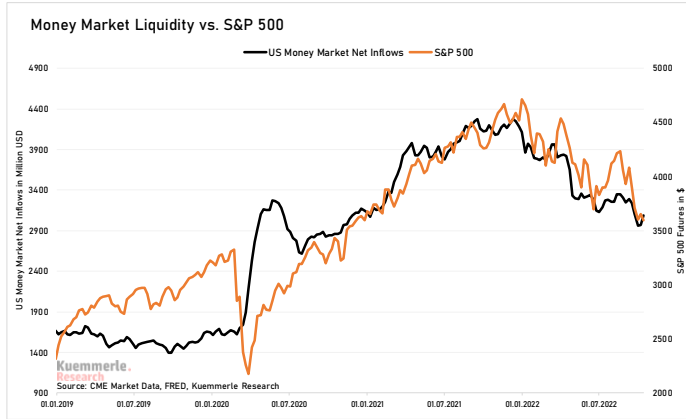


# Fertilizer Market

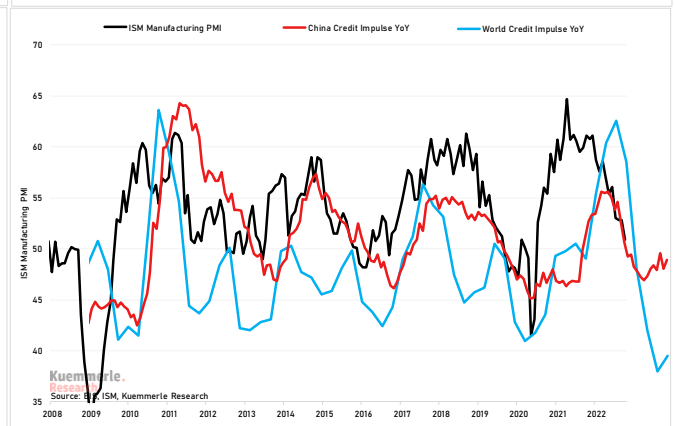
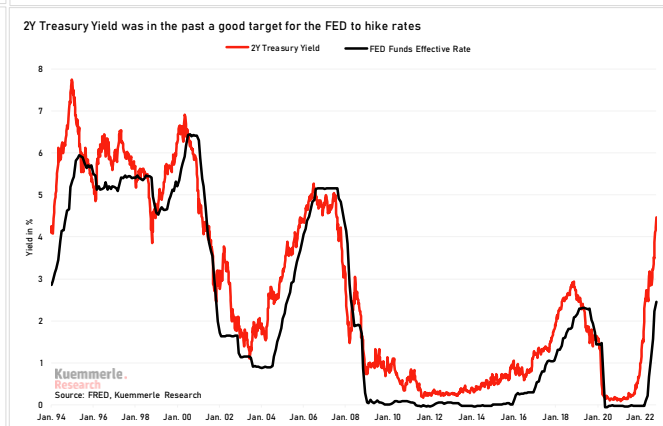
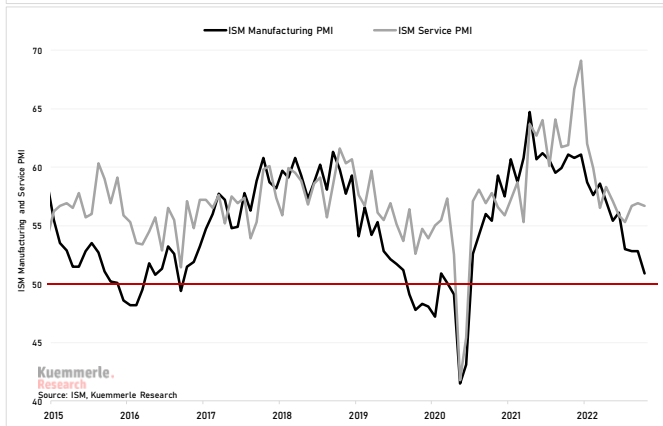
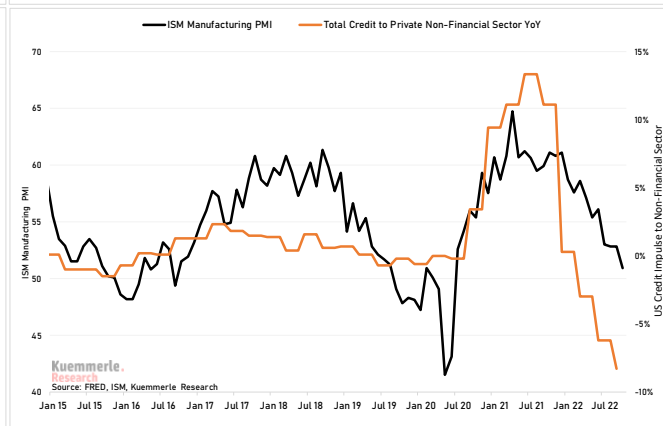
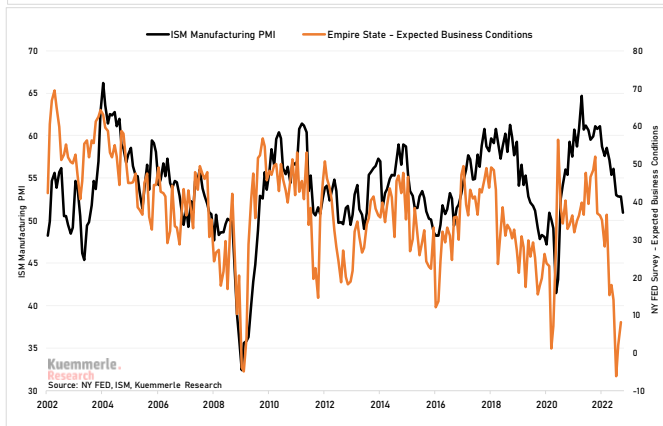
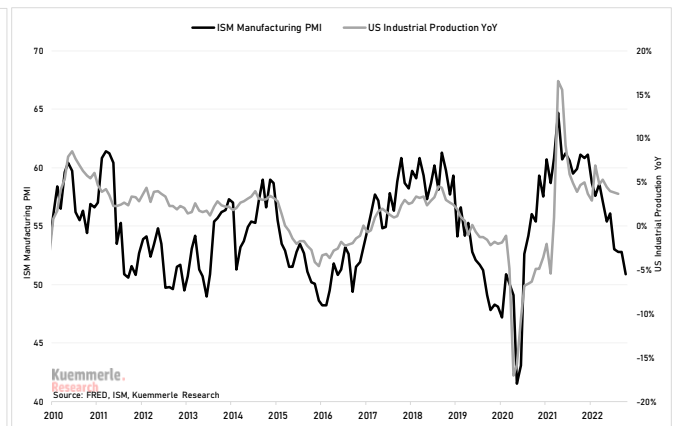
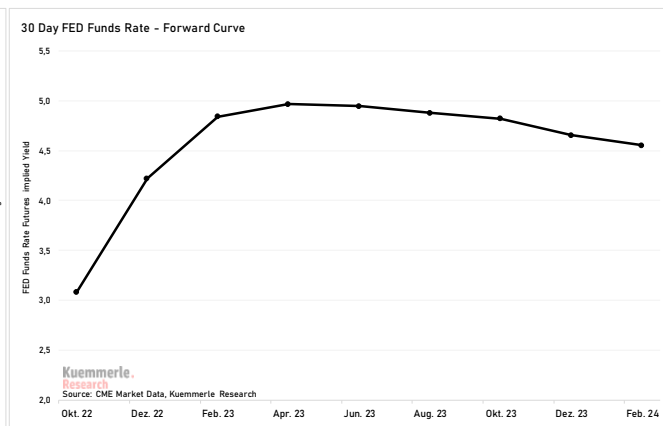
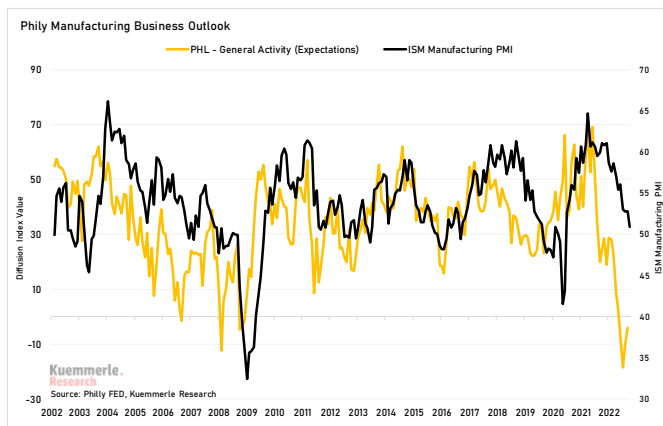




# Macro Picture – Bonds/High-Beta/Gold

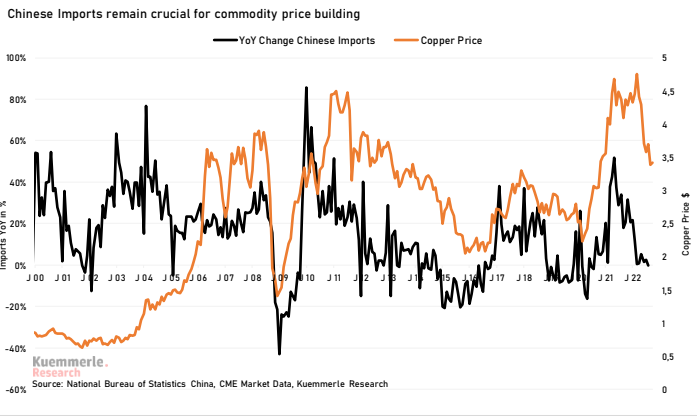
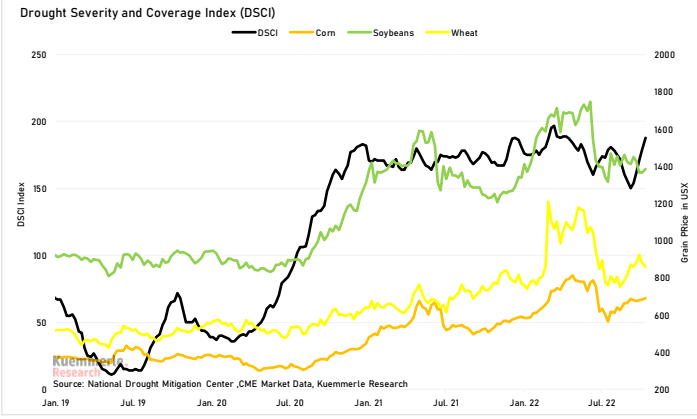
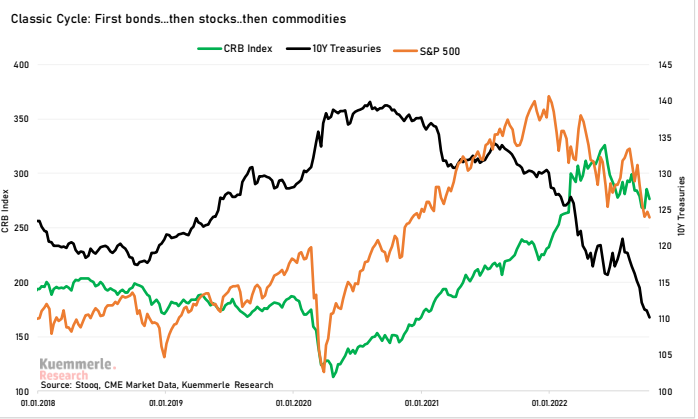
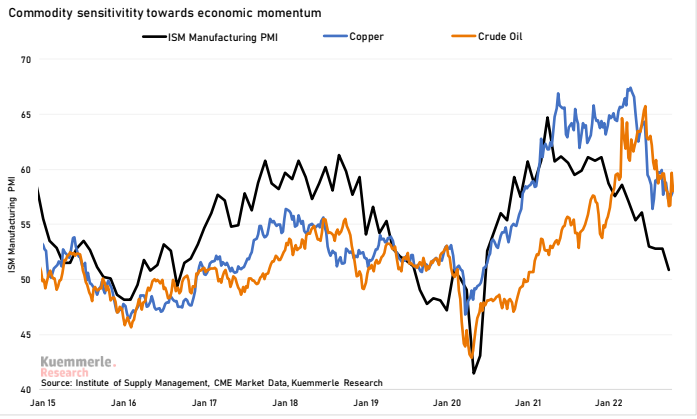
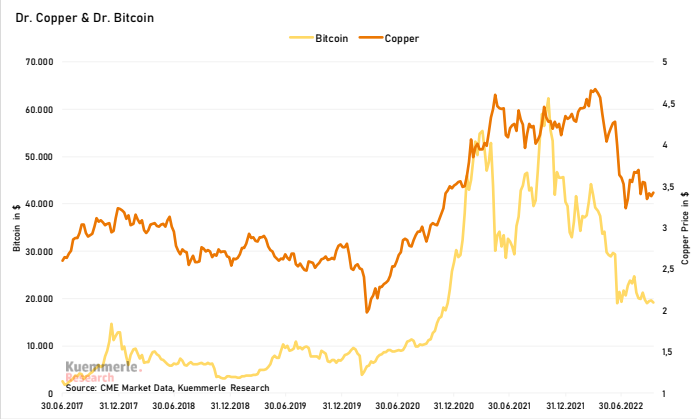
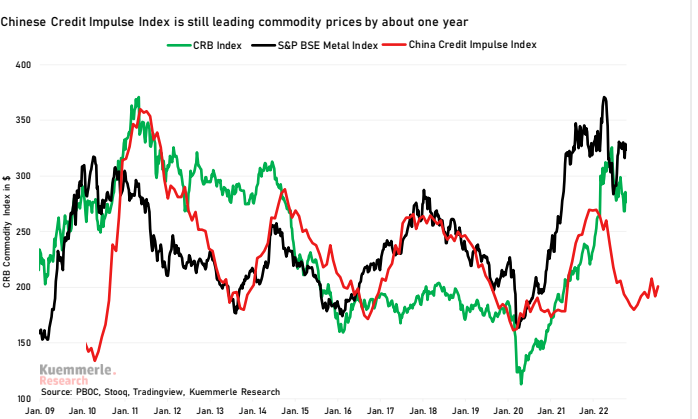
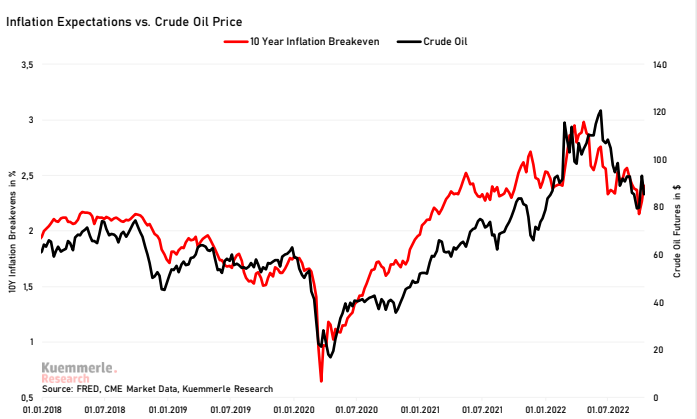
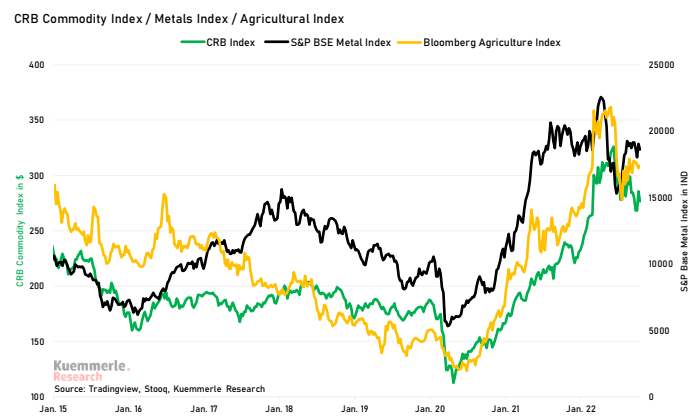


# Macro Picture – Economic Momentum

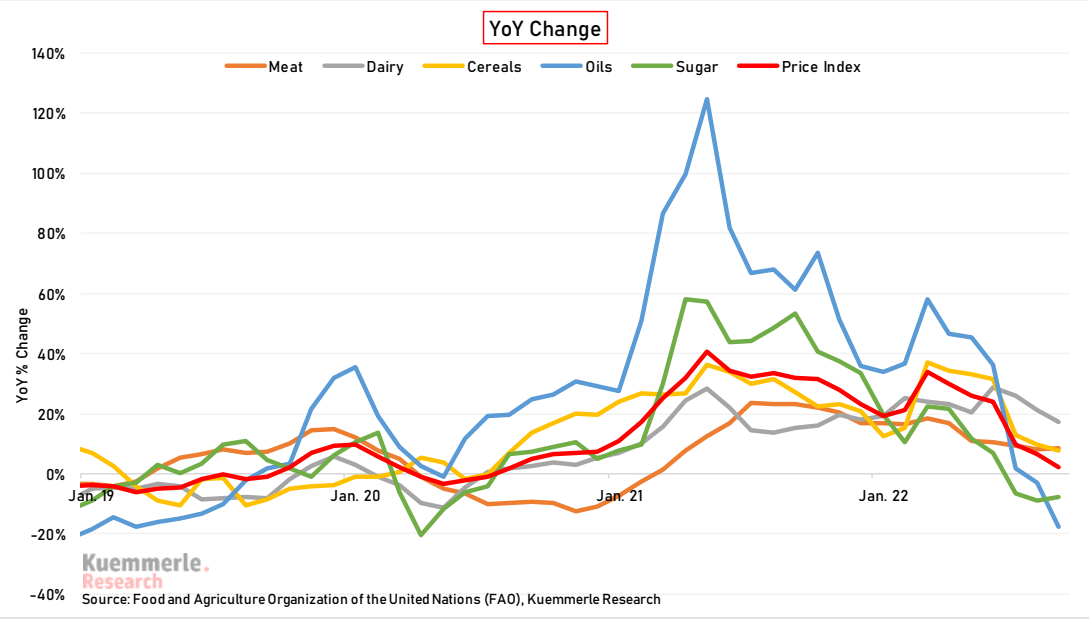
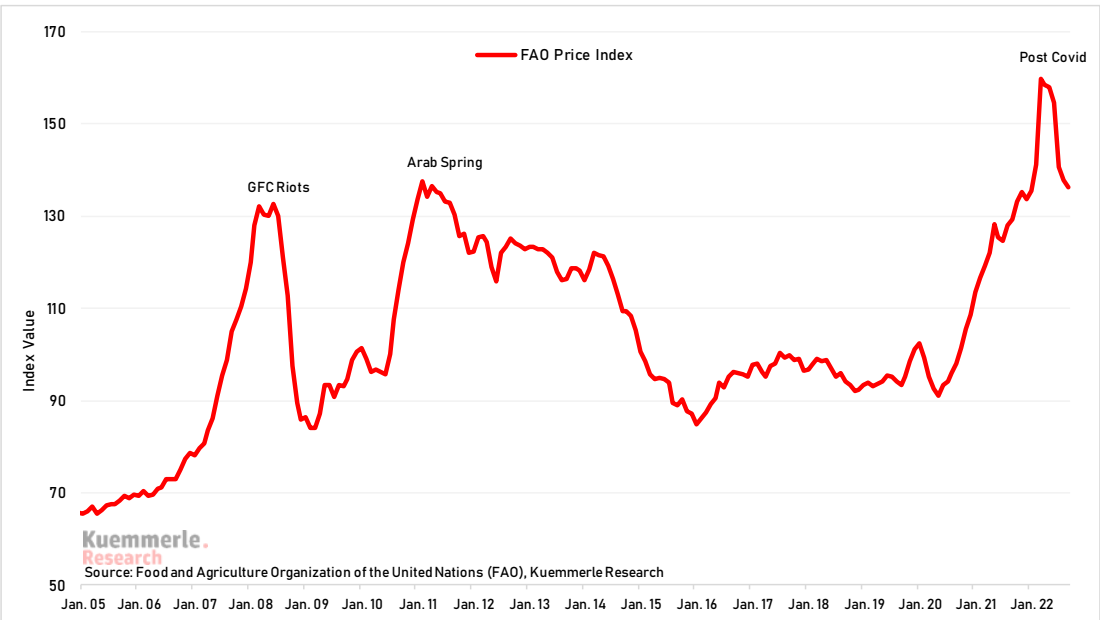
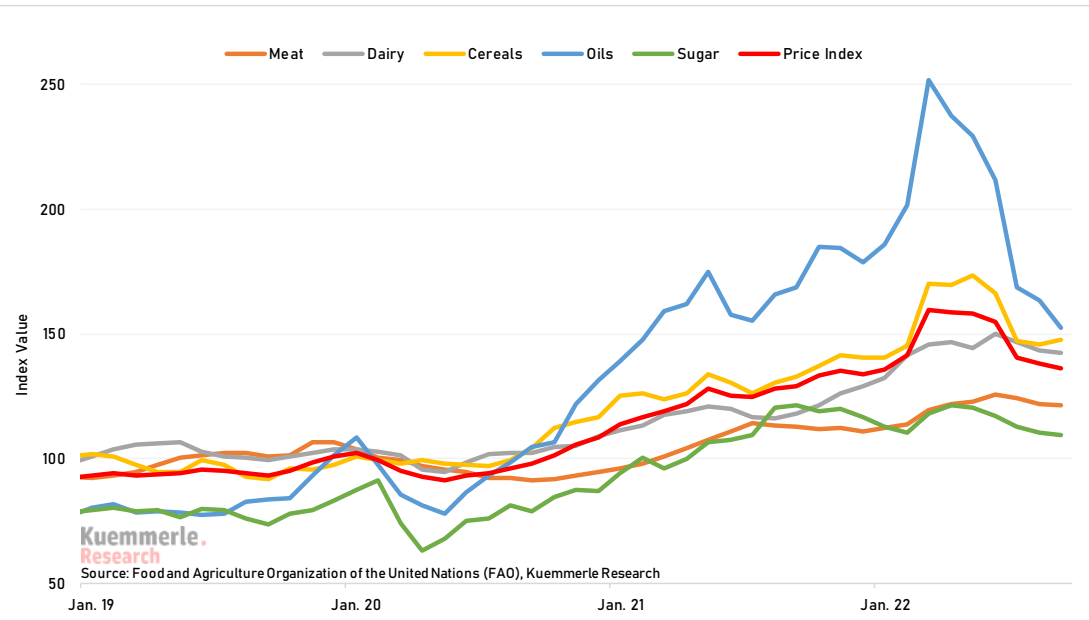




# Macro Picture – Commodity Linked

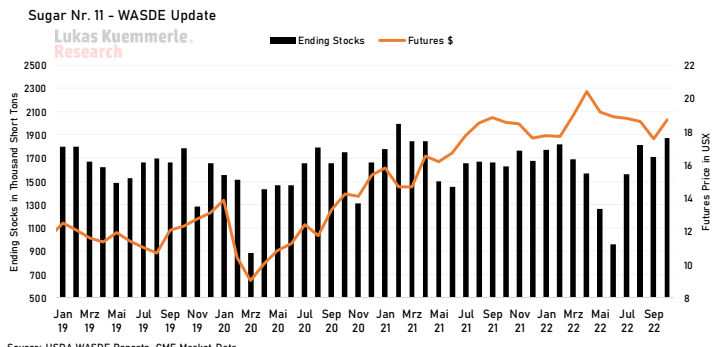
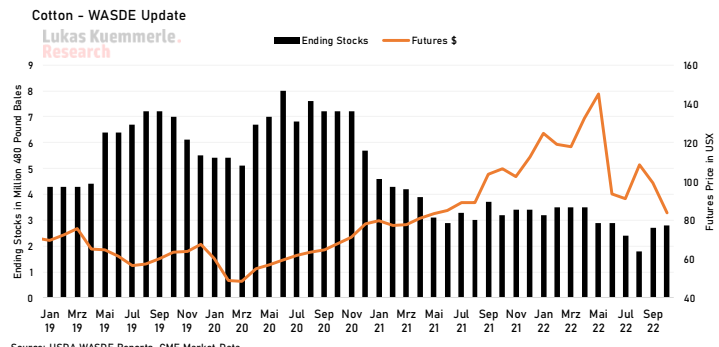
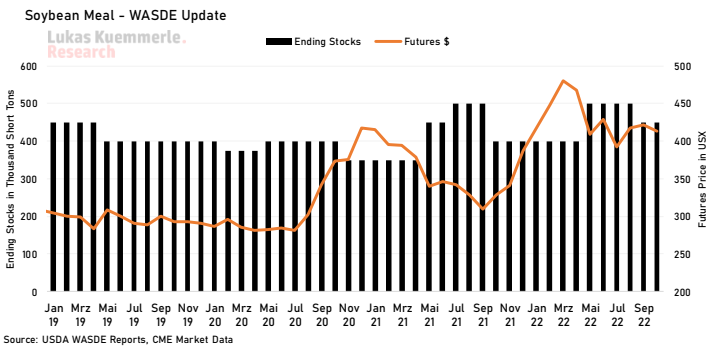
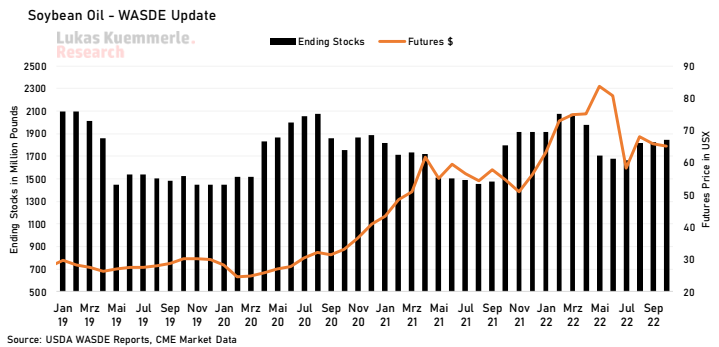
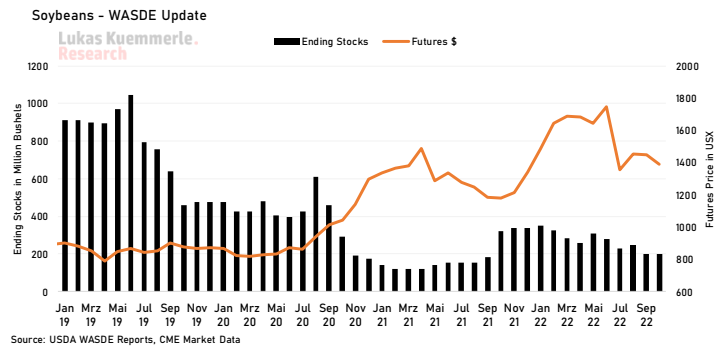
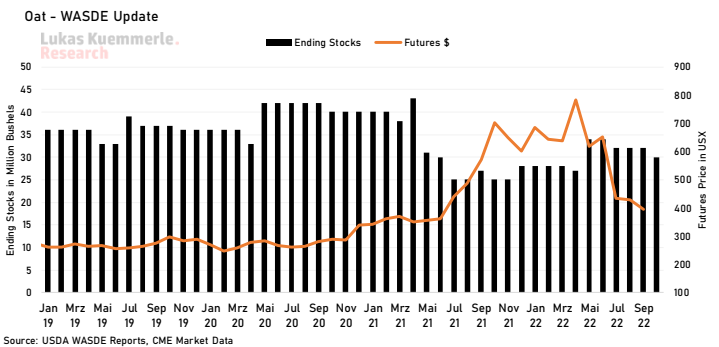
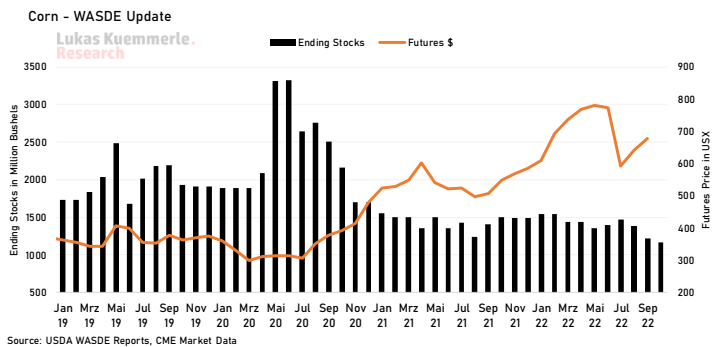
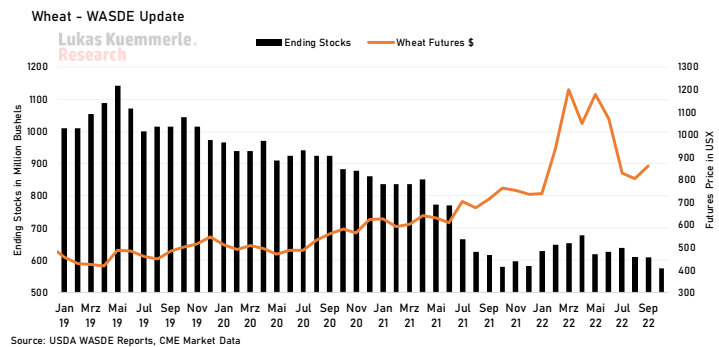


# FAO Food Price Development // September 2022



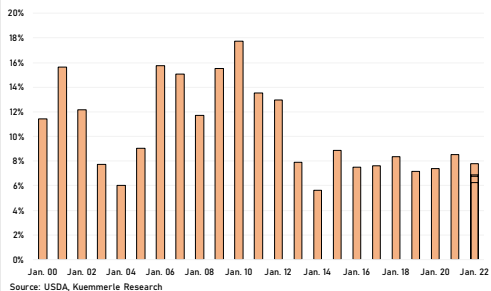
Date	INDEX	YoY	Meat	YoY	Dairy	YoY	Cereals	YoY	Oils	YoY	Sugar	YoY
Sep. 22	136,35	2,3%	121,38	8,4%	142,53	17,3%	147,78	7,8%	152,57	-17,5%	109,68	-7,9%
Aug. 22	137,9	6,7%	122,0	8,3%	143,4	21,4%	145,6	9,6%	163,30	-3,1%	110,5	-8,8%
Jul. 22	140,6	9,9%	124,1	9,4%	146,5	26,1%	147,3	13,0%	168,82	1,8%	112,8	-6,4%
Jun. 22	154,7	24,2%	125,9	10,3%	150,2	28,7%	166,3	31,7%	211,80	36,2%	117,3	7,1%
Mai. 22	158,1	26,2%	122,9	11,0%	144,2	20,3%	173,5	33,1%	229,24	45,4%	120,4	11,7%
Apr. 22	158,4	29,8%	121,9	16,8%	146,7	23,2%	169,7	34,5%	237,53	46,5%	121,5	21,6%
Mrz. 22	159,7	34,0%	119,3	18,4%	145,8	24,1%	170,1	37,3%	251,83	58,1%	117,9	22,6%
Feb. 22	141,2	21,2%	113,9	16,5%	141,5	25,1%	145,3	15,2%	201,72	36,8%	110,5	10,3%
Jan. 22	135,6	19,4%	112,1	16,9%	132,6	19,2%	140,6	12,5%	185,93	33,9%	112,7	19,7%
Dez. 21	133,7	23,1%	111,0	17,1%	129,0	18,1%	140,5	20,7%	178,51	36,1%	116,4	33,6%
Nov. 21	135,3	28,2%	112,5	20,6%	126,0	19,6%	141,4	23,1%	184,56	51,4%	120,2	37,3%
Okt. 21	133,2	31,4%	112,0	22,0%	121,5	16,3%	137,1	22,3%	184,84	73,6%	119,1	40,6%
Sep. 21	129,2	31,8%	112,7	23,2%	118,1	15,5%	132,8	27,3%	168,57	61,2%	121,2	53,5%
Aug. 21	128,0	33,4%	113,4	23,0%	116,2	13,8%	130,4	31,4%	165,86	68,0%	120,5	48,6%
Jul. 21	124,6	32,5%	114,1	23,7%	116,7	14,7%	126,3	29,8%	155,50	66,8%	109,6	44,1%
Jun. 21	125,3	34,3%	110,7	16,7%	119,9	21,9%	130,3	33,9%	157,68	82,1%	107,7	43,8%
Mai. 21	128,1	40,6%	107,4	12,5%	121,1	28,3%	133,7	36,4%	174,88	124,9%	106,8	57,4%
Apr. 21	122,1	31,9%	104,3	7,7%	119,1	24,4%	126,2	26,6%	162,19	99,8%	100,0	58,3%
Mrz. 21	119,2	25,3%	100,8	1,3%	117,5	15,7%	123,9	26,4%	159,30	86,5%	96,2	30,1%
Feb. 21	116,6	17,3%	97,8	-2,7%	113,1	9,9%	126,1	26,7%	147,46	51,2%	100,2	9,5%
Jan. 21	113,5	10,7%	96,0	-7,4%	111,2	7,1%	125,0	24,2%	138,87	27,7%	94,2	7,6%
Dez. 20	108,6	7,5%	94,8	-11,1%	109,2	5,4%	116,4	19,5%	131,20	29,3%	87,1	5,0%
Nov. 20	105,6	7,1%	93,3	-12,4%	105,4	2,9%	114,8	20,2%	121,90	30,8%	87,5	10,5%
Okt. 20	101,4	6,4%	91,8	-9,6%	104,5	3,6%	112,1	16,8%	106,45	26,6%	84,7	8,9%
Sep. 20	98,0	5,0%	91,5	-9,4%	102,3	2,7%	104,3	13,6%	104,60	24,7%	79,0	7,4%

# Latest WASDE Report Ending Stocks // October 2022

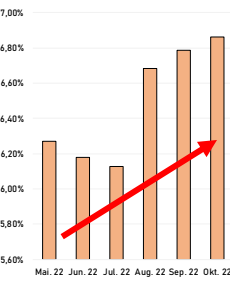


# Stocks to Use Ratio// October 2022

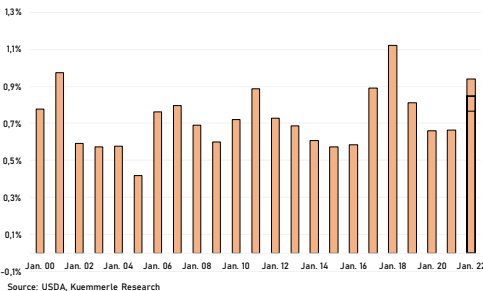
Soybean Oil - US Stocks to Use Ratio



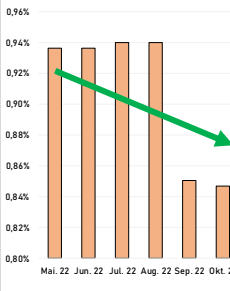
Recent Months



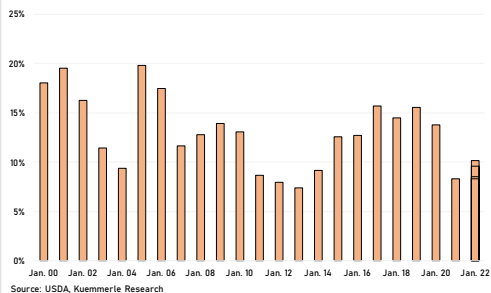
Soybean Meal - US Stocks to Use Ratio



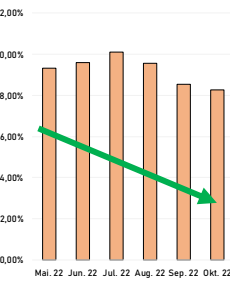
Recent Months



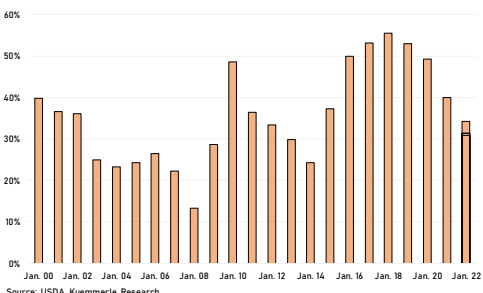
Corn - US Stocks to Use Ratio



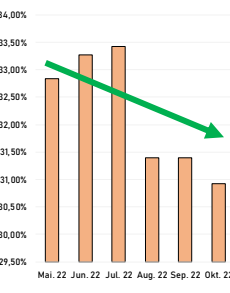
Recent Months



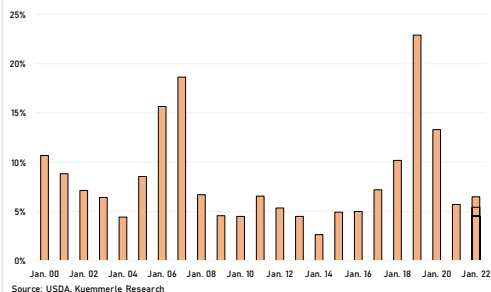
Wheat - US Stocks to Use Ratio



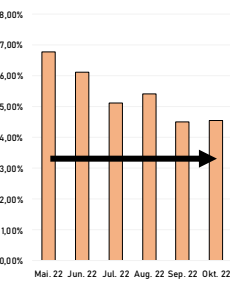
Recent Months



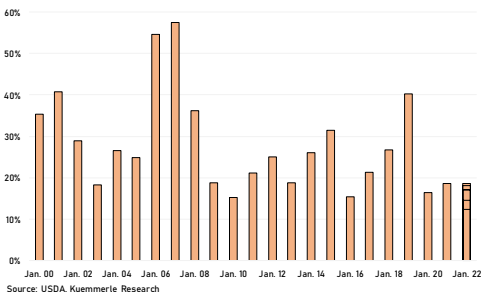
Soybeans - US Stocks to Use Ratio



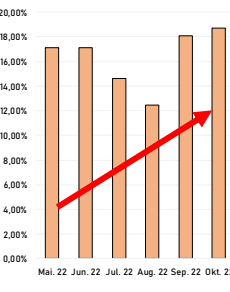
Recent Months



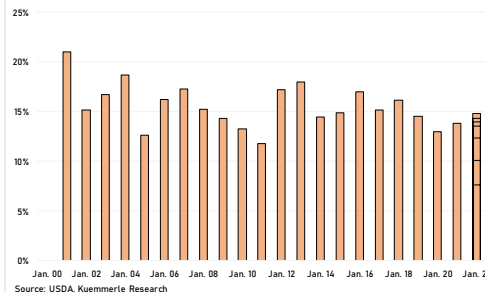
Cotton - US Stocks to Use Ratio



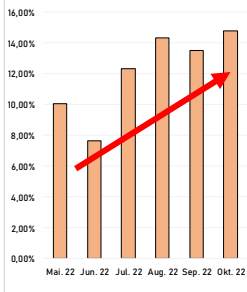
Recent Months



Sugar - US Stocks to Use Ratio

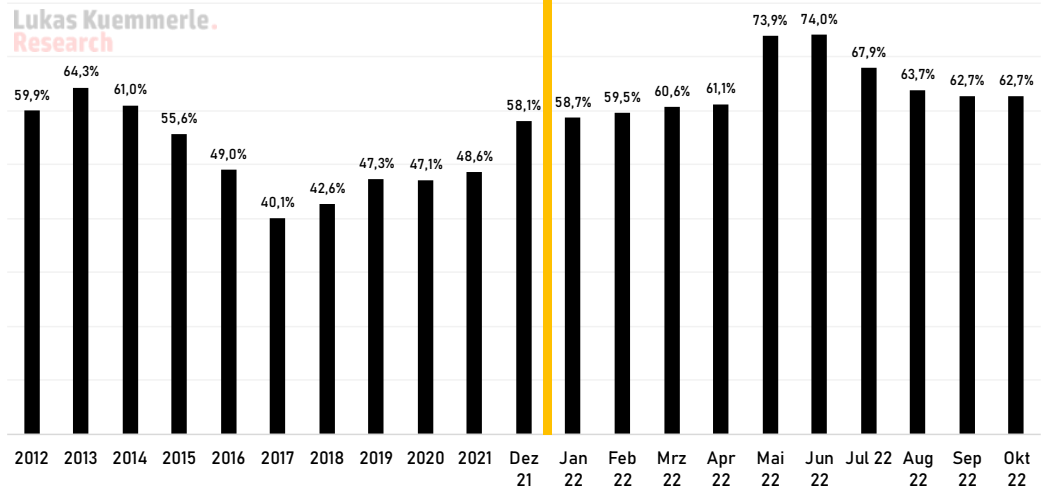


Recent Months



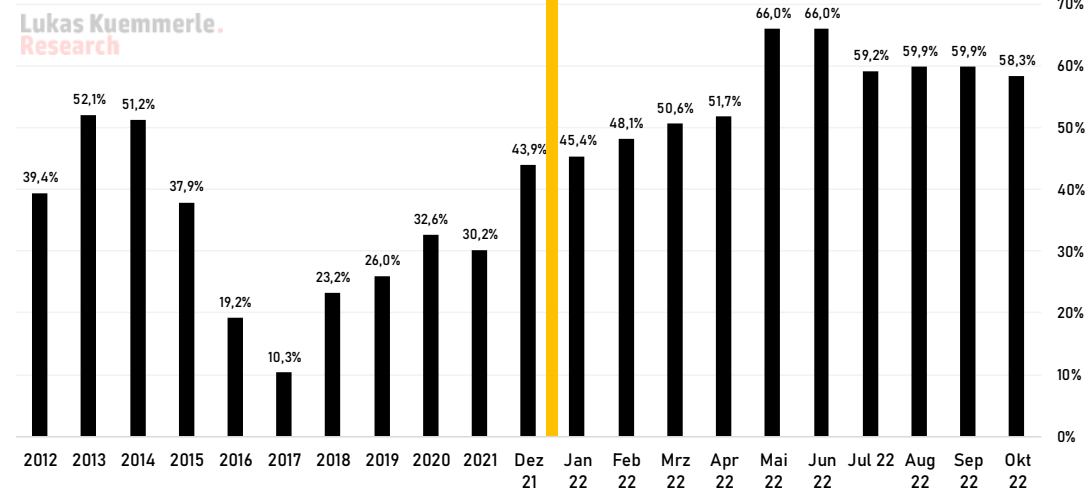
# Theoretical Operating Margin (How attractive is it to plant?) // October 2022

Wheat - theoretical average operating margin



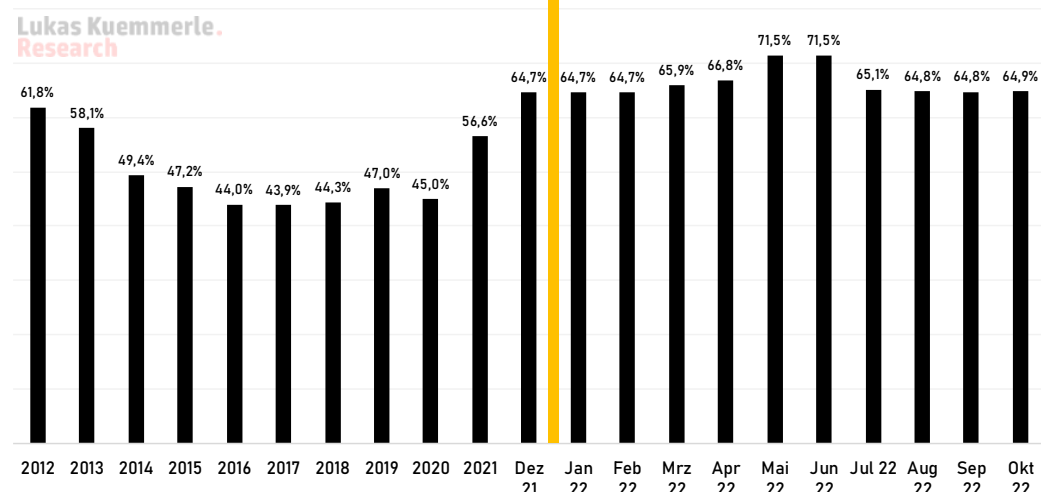
Source: USDA WASDE Reports, Kuemmerle Research Calculations

Oat - theoretical average operating margin



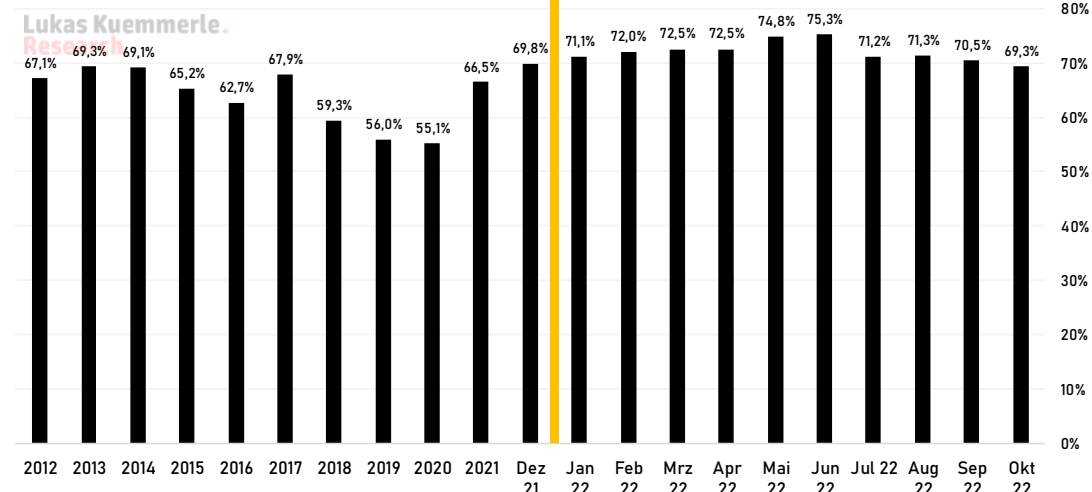
Source: USDA WASDE Reports, Kuemmerle Research Calculations

Corn - theoretical average operating margin

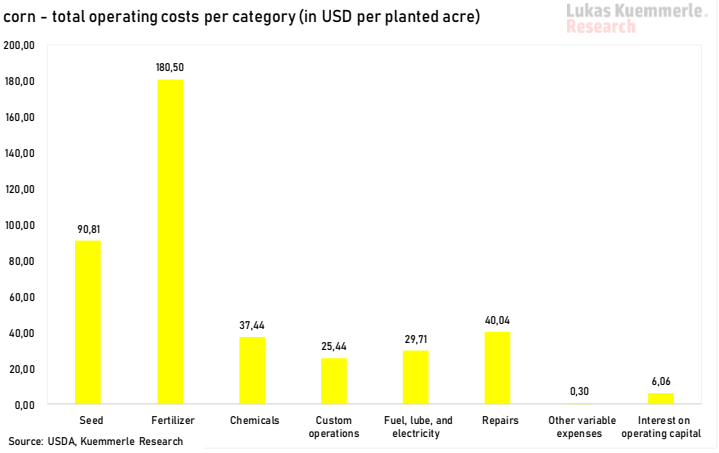
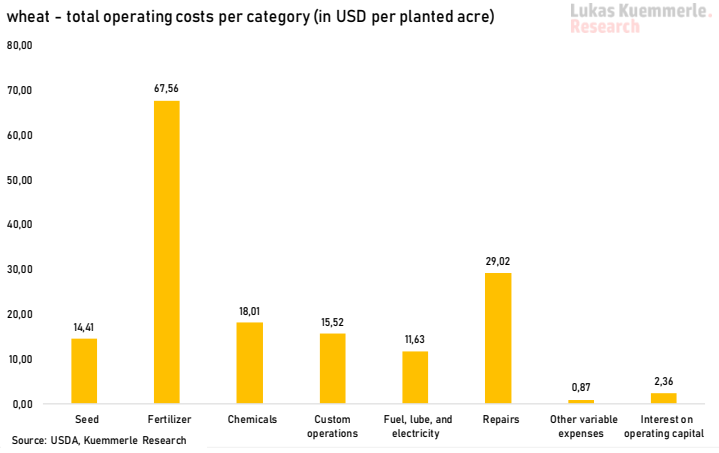
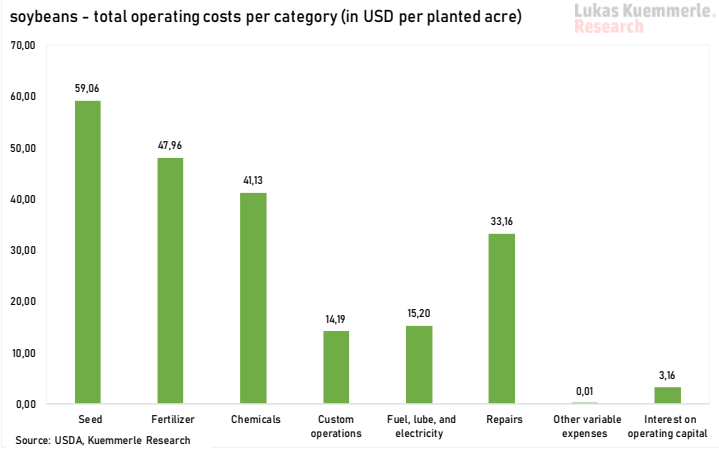
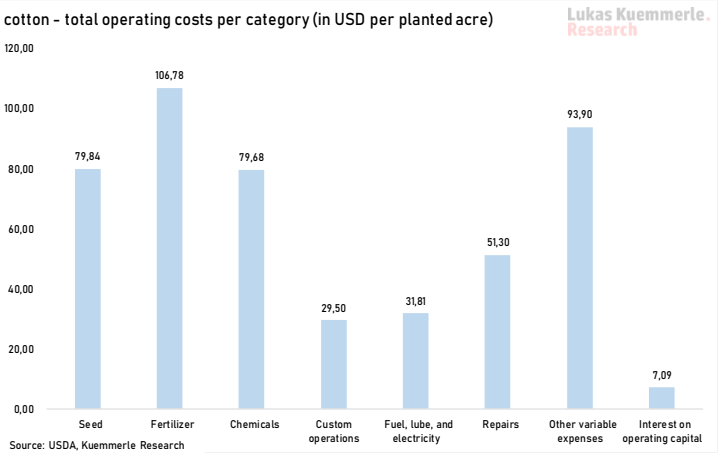
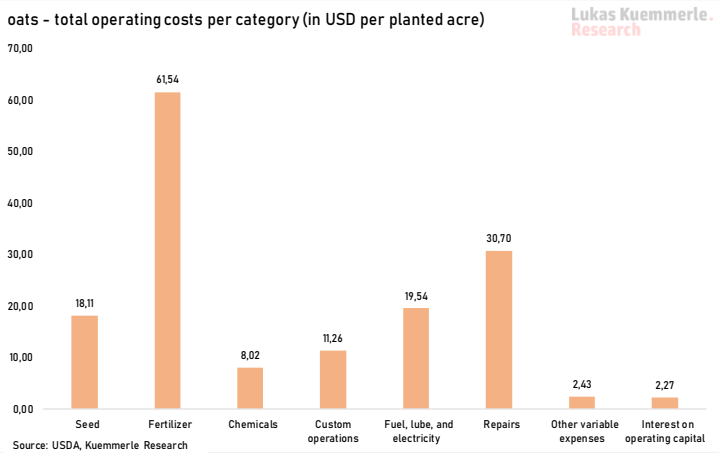
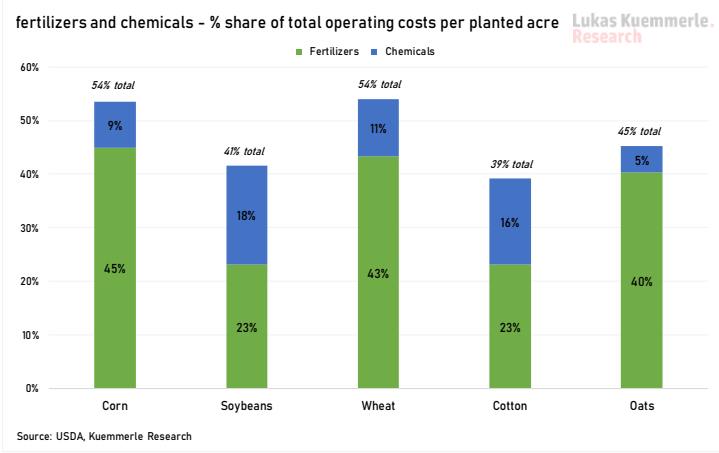


Source: USDA WASDE Reports, Kuemmerle Research Calculations

Soybeans - theoretical average operating margin



Source: USDA WASDE Reports, Kuemmerle Research Calculations





## Founder & Editor Lukas Kuemmerle

„It is one thing to write nice reports about what is happening in the commodity world, it is a whole different story if you write a report which investors and institutions can use to identify the right commodity setups and provide the right timing to trade them.“



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