



THE KUEMMERLE REPORT



Published April 2nd, 2023

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

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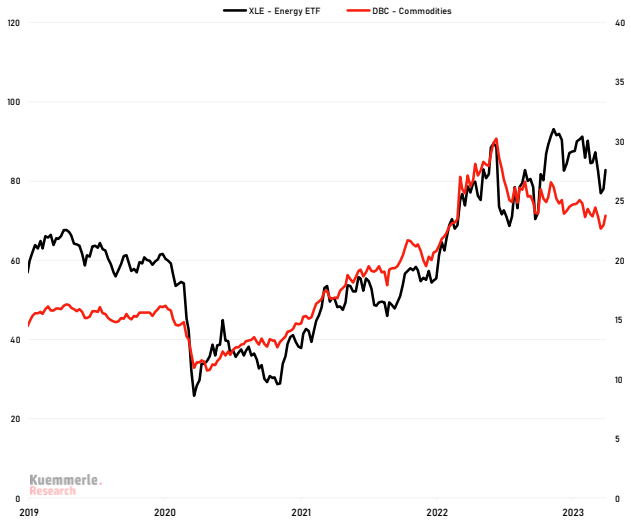
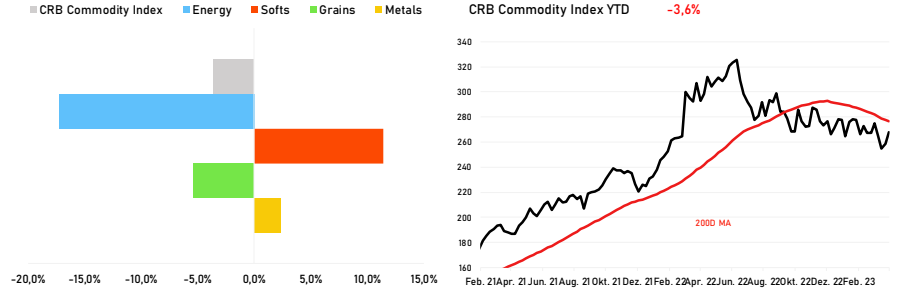
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Last Weeks Commodity Performance

YTD Performance Changes by Kuemmerle Research

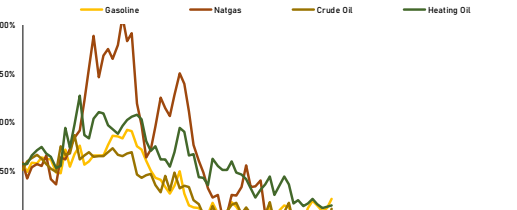
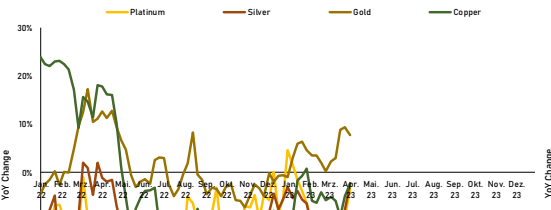
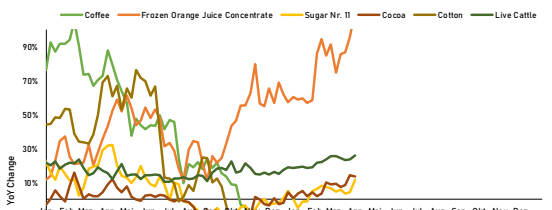
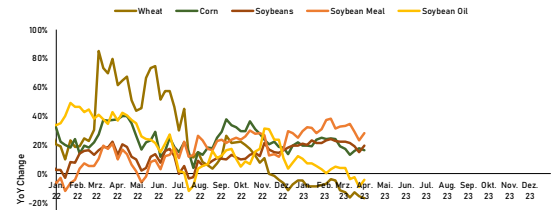
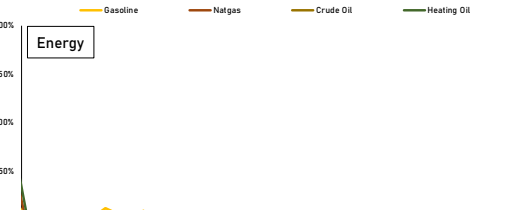
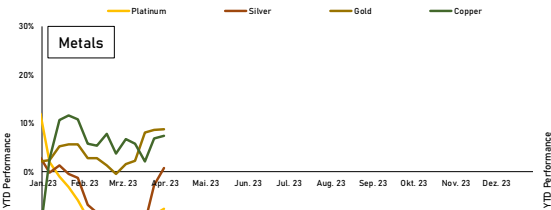
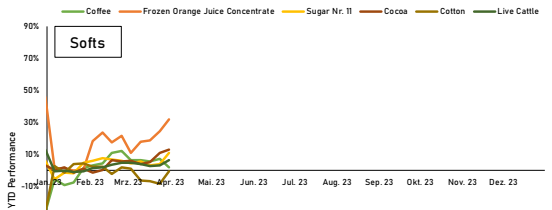
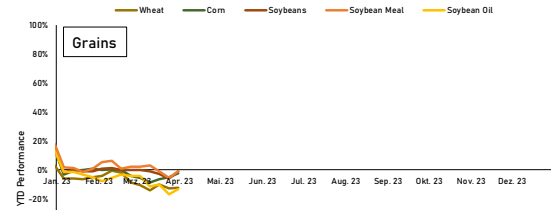


Energy	Metals	Grains	Softs	High Beta
Heating Oil: -20.7%	Gold: 8.8%	Soybean Oil: -13.4%	Coffee: 1.9%	Bitcoin: 71.6%
Natural Gas: -50.5%	Silver: 0.8%	Soybeans: -1.2%	Orange Juice: 32.0%	S&P500: 7.2%
Crude Oil: -5.7%	Platinum: -7.6%	Soybean Meal: -1.1%	Cocoa: 12.8%	VWO EM ETF: 3.6%
Gasoline: 8.0%	Copper: 7.5%	Wheat: -12.6%	Sugar: 11.0%	
		Oats: -1.3%	Cotton: -0.7%	
		Corn: -2.7%	Live Cattle: 6.5%	

US Dollar Index	10Y Treasury Yield	10Y Break. Inflation	10Y Realyield
102.19, -1.1%	3.55	2.32	1.23

Next week's top news events in the US:

- **ISM Manufacturing PMI on Monday**
- **JOLTS Job Openings on Tuesday**
- **ISM Services PMI on Wednesday**
- **Job Market Report on Friday**



Weekly Comments

The large drop in headline inflation in Spain, Germany and the rest of Europe made me think at first. But then I looked at the composition and saw that the large drop was mainly driven by huge basis effects YoY. The YoY period was exactly the time the war in Ukraine started and prices for gas and wheat skyrocketed. Therefore, investors need to put that into perspective - inflation (and especially service inflation) remains sticky after all. This is the first piece of information that I would like to give you on this Sunday evening. In fact, the published numbers were actually slightly higher than expected.

USDA's quarterly Prospective Plantings Report showed on Friday bullish data for grains. Severe weather is expected in parts of the Mid-South and Midwest today, with a chance of severe thunderstorms and even tornadoes. NOAA's Storm Prediction center even issued a relatively rare "high risk" forecast in some areas. Further out, NOAA's new 8-to-14-day outlook predicts a return to seasonally dry conditions for much of the Corn Belt for large parts of April. While grains initially reacted bullish to the report – we view it as an opportunity to implement new short opportunities.

- USDA expects corn acreage to increase 4% this year, with a new estimate of 92.0 million acres million acres. (estimates were at 90.88 million acres) Corn stocks were easing to 7.401 billion bushels which was slightly below the average estimate.
- Soybean plantings are expecting a slight year-over-year increase of 87.5 million acres. (estimates were at 88.242 million acres and therefore much higher) Stocks were also lower than expected at 1.685 billion bushels while the average estimate was at 1.742 billion bushels.
- All-wheat acres should increase by 9% this year, meantime, with 49.9 million acres. Wheat stocks were higher than the average trade guess, with 946 million – the wheat data estimates fit to the bearish movements we saw over the last months. Nevertheless, it's important to highlight that farmers still have time to adjust their acreage decisions before seeds go in the ground.

Last weeks strength in the soybean market stopped us out of our short positions but both positions were already breakeven as for last week.

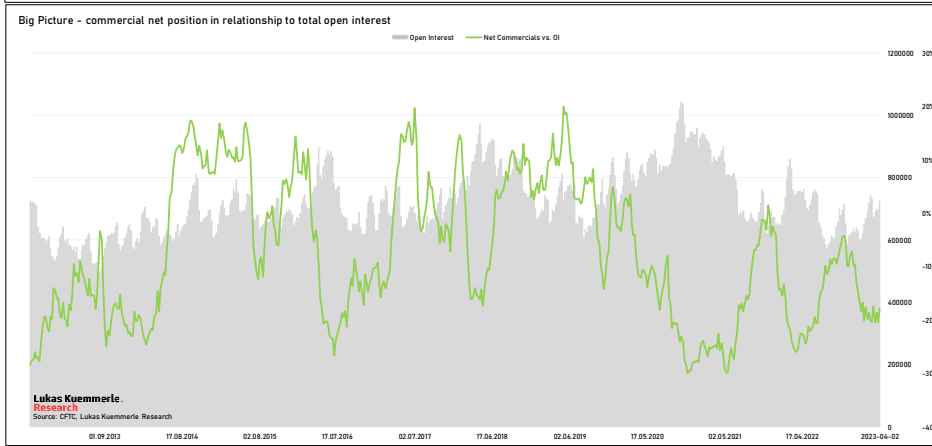
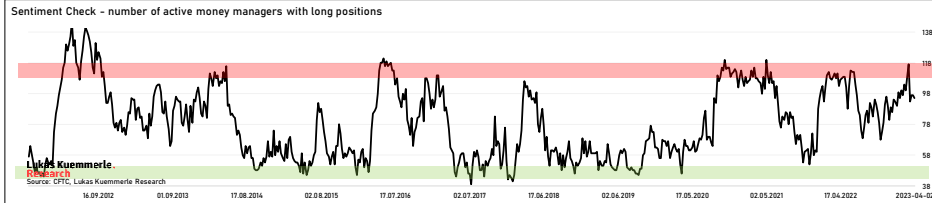
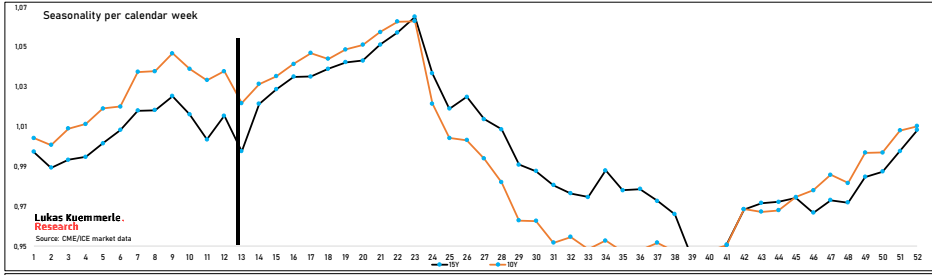
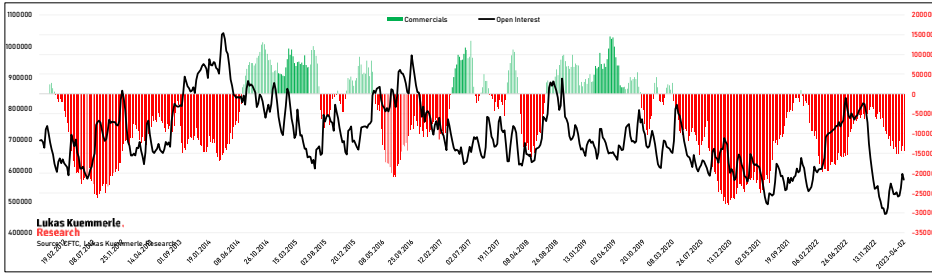
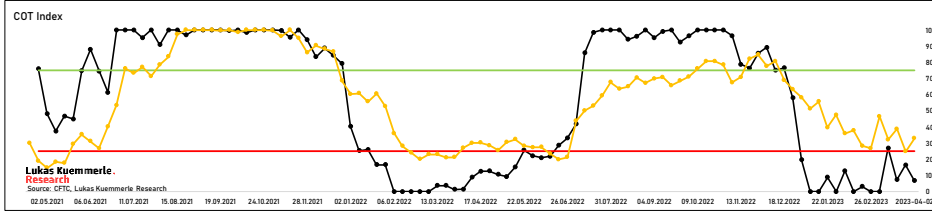
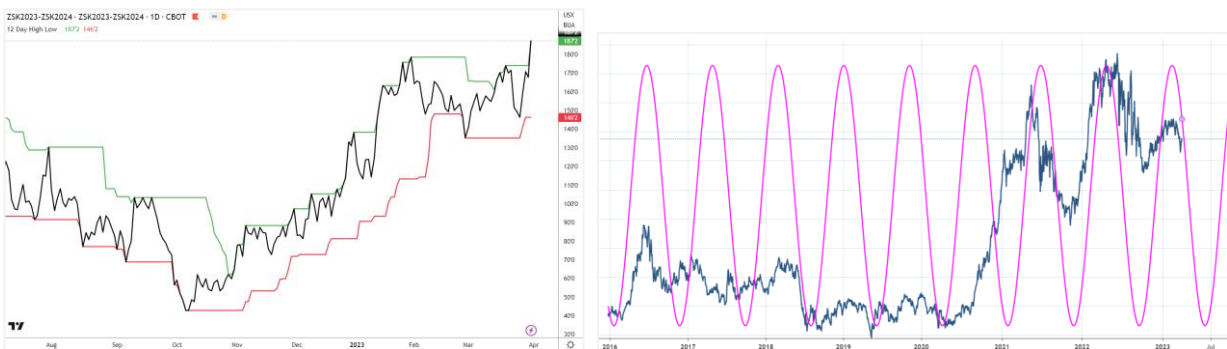
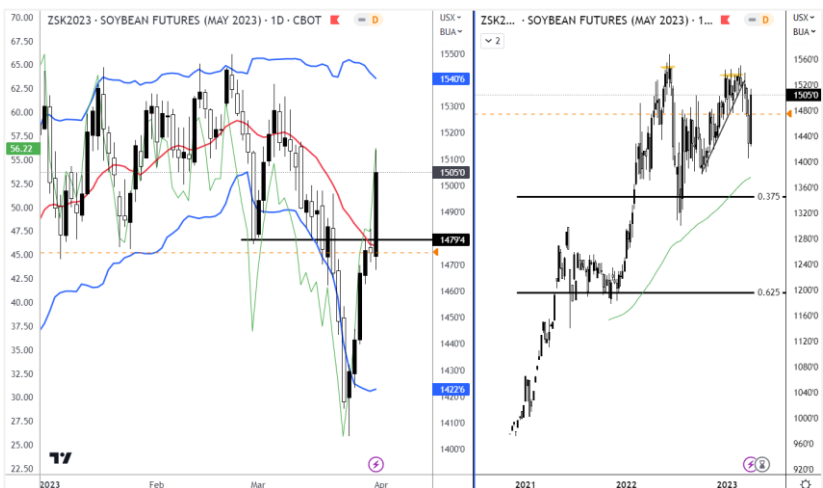
Looking at the technical picture, we're quite convinced that we'll get the opportunity to short both meal and beans as early again as next week. To us this looks like a classic re-test of the breakout-zone and the fundamental picture hasn't changed at all over one week. Important to highlight is that the long corn setup is possible again. **With that we have confirmed short signals in the soybean complex and a long signal in corn and wheat. Wherever the grain complex decides to go from here – both directions will be tradeable for us. The single most important factor for us remains the direction of where the drought conditions in the US are headed and so far, they continue to improve which means downward pressure on grain prices.**

Therefore, we continue to lean on our bearish basis in the grain complex.

I updated and attached all these setups for these markets once again after this slide.

Short Setup in the Soybean market

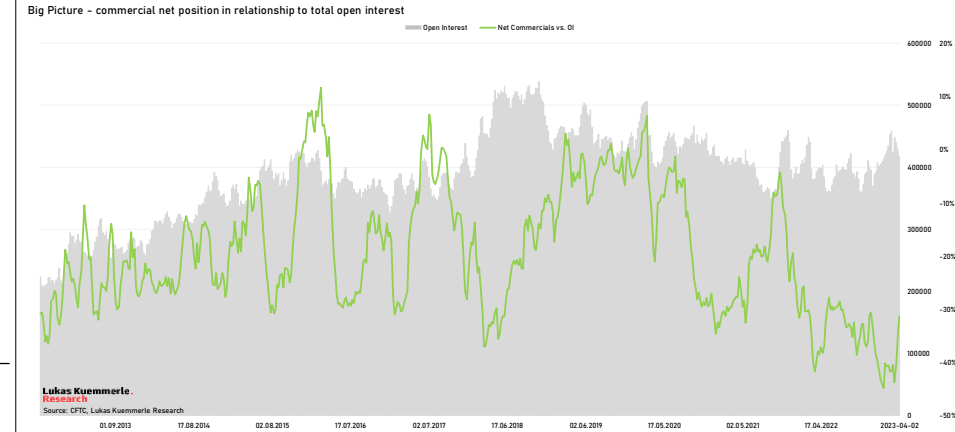
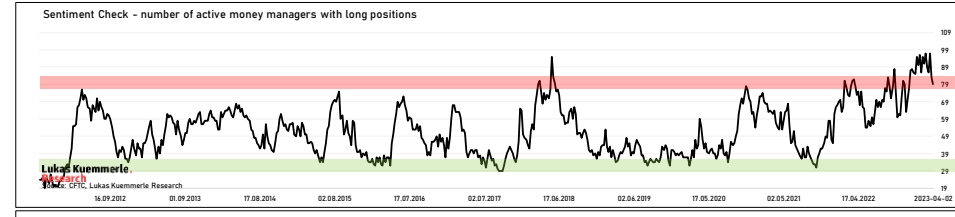
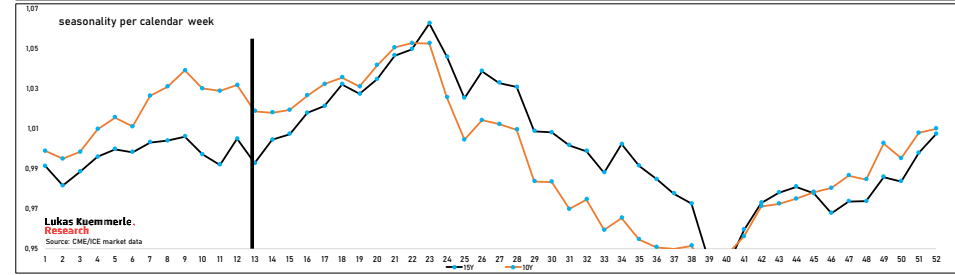
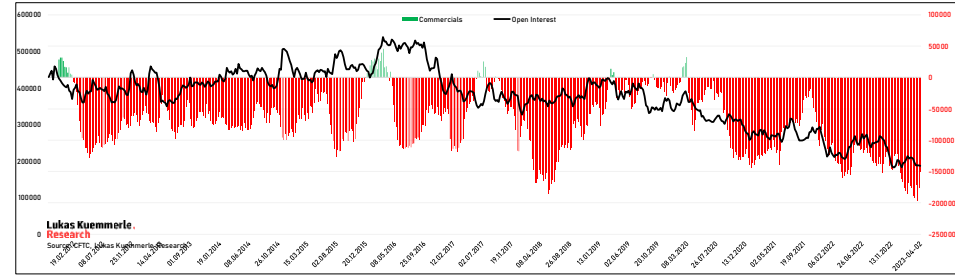
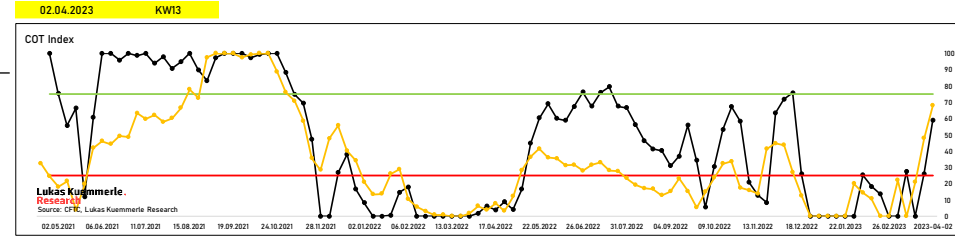
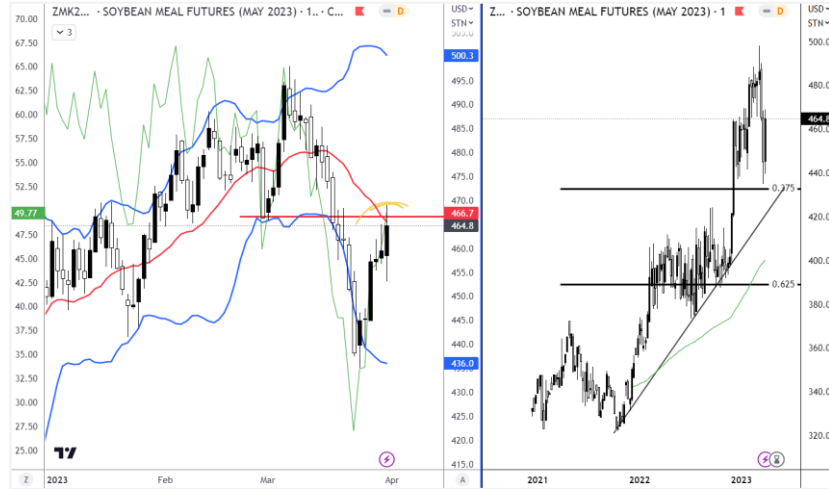
Last week's move was still in the range of a two standard deviation move (see the Bollinger Bands attached). If the price shows signs of reversing its move during the week – we will implement new short positions. Probably a break below 1479USX will be enough. From a spread perspective the setup in the Soybean Meal market looks even more interesting. (see next slide)



Short Setup in the Soybean Meal market

For highlighting the "magnificence" of the move, I also attached here the Bollinger Bands. Seems like the price is running out of steam directly in front of the initial breakout zone.

We probably will also here place fresh shorts at the start of the new week.

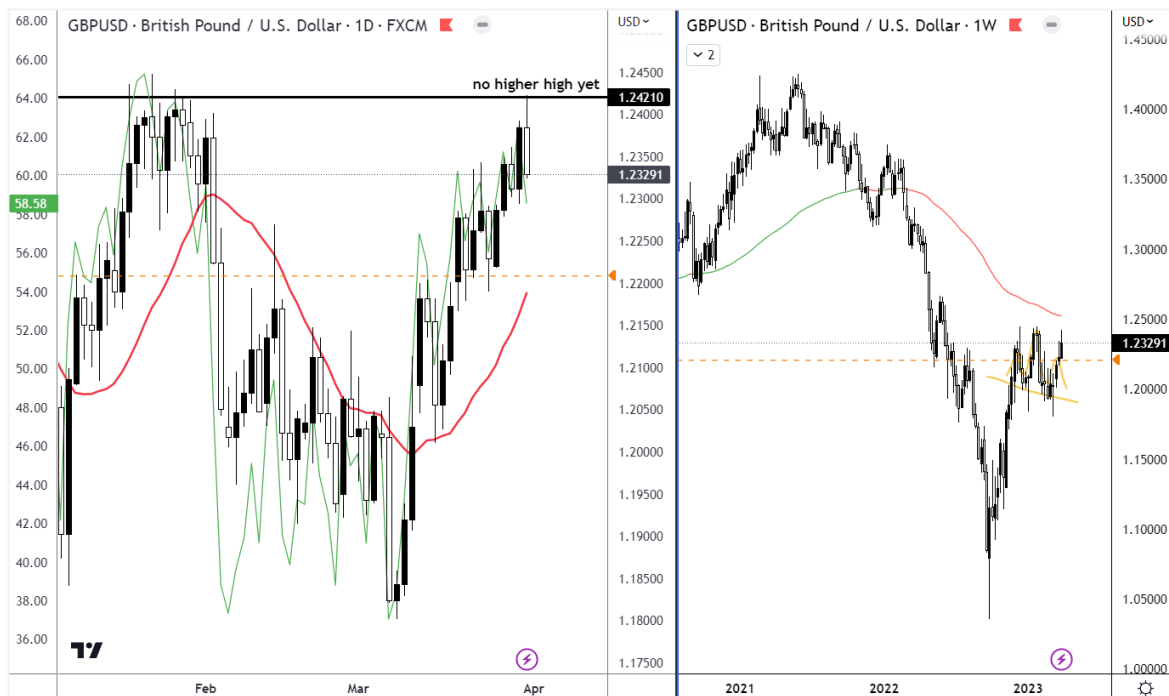


Short GBP/USD

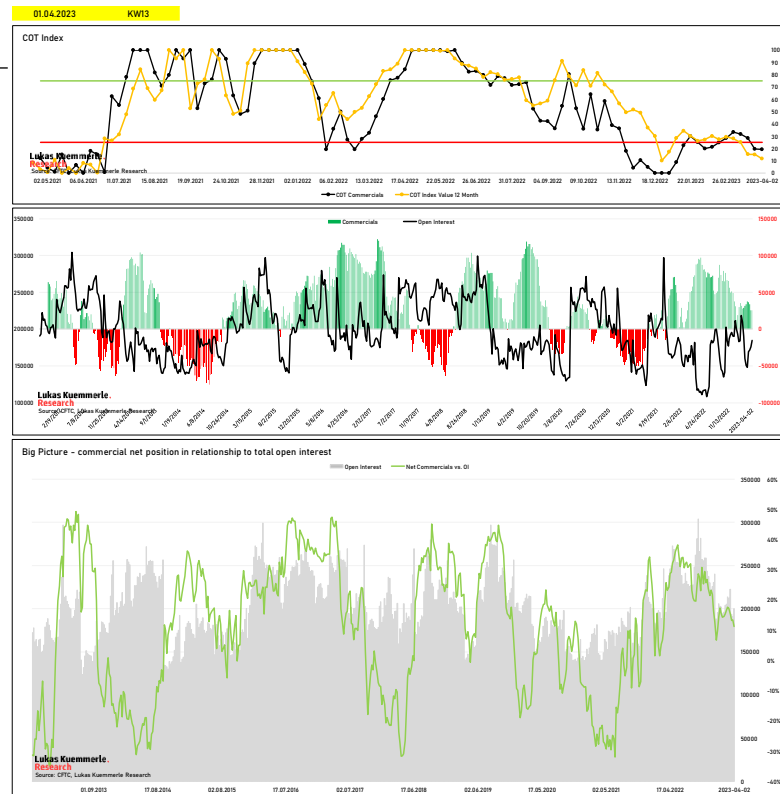
From time to time, we spot interesting trading setups in the currency world. Currently we see a bearish setup in GBP/USD. Our model is confirming the setup as is the cycle data.

We're looking for lower lows in GBP/USD over the next weeks to place an order into the markets.

From a technical point of view – it also seems that a bearish head and shoulders pattern is still in the cards. On the daily chart price hasn't made a higher high for 3 months either.



GBP/USD



Portfolio Update

Our Trading Book

Kuemmerle Report - Portfolio Tracker

How our ideas and setups would have played out over the year with a sample account of 100.000\$

Account Size 2023	\$ 100.000
Account Size Now	\$ 96.836

YTD Performance Kuemmerle	-3,2%
YTD Performane CRB Index	-3,6%

open trade

This week

In which direction we trade markets at the moment

Date	Instrument	Long/Short	Contracts	\$ Value/point	Entry Price	S/L	SL in \$	\$ PL trade total
21.03.2023	ZS Mini	Short	3	\$ 1.000	1,479	1,5	\$ -3.150	\$ 1.450
21.03.2023	ZM	Short	2	\$ 100	465	485	\$ -4.000	\$ 2.600
21.03.2023	ZN	Long	2	\$ 1.000	115,01	113,27	\$ -2.375	
09.03.2023	CC	Short	5	\$ 10	2729	2805	\$ -3.800	\$ -1.900
28.02.2023	NG Mini	Long	4	\$ 2.500	2,77	2,41	\$ -3.600	\$ -1.800
27.02.2023	HG	Short	1	\$ 25.000	4	4,2	\$ -5.000	\$ -
04.01.2023	SB	Short	6	\$ 1.120	19,65	20,48	\$ -5.578	\$ -5.578
22.12.2022	ZL	Short	1	\$ 6.000	6,454	6,7	\$ -1.476	\$ 2.064
18.11.2022	ZL	Short	2	\$ 6.000	7,035	7,476	\$ -5.292	\$ 5.424
11.11.2022	ZN	Long	2	\$ 1.000	112,07	110,12	\$ -3.900	\$ -
12.10.2022	KC	Short	2	\$ 375	209,9	219	\$ -6.825	\$ 33.675

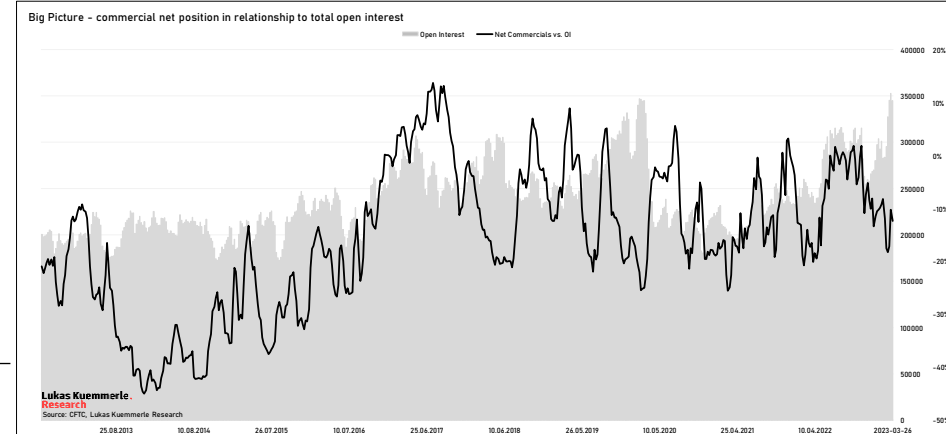
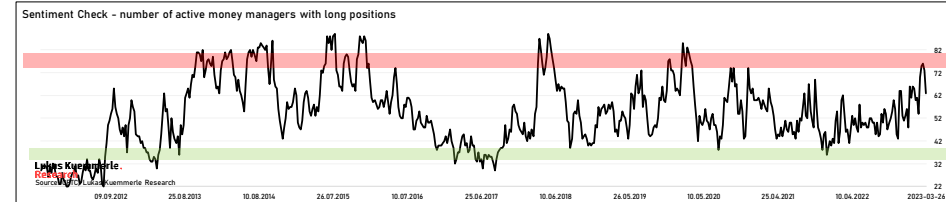
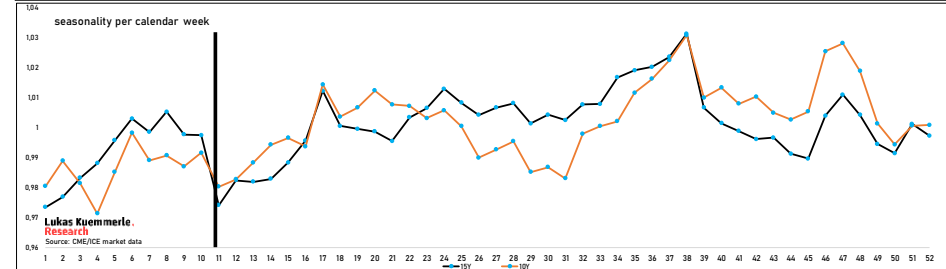
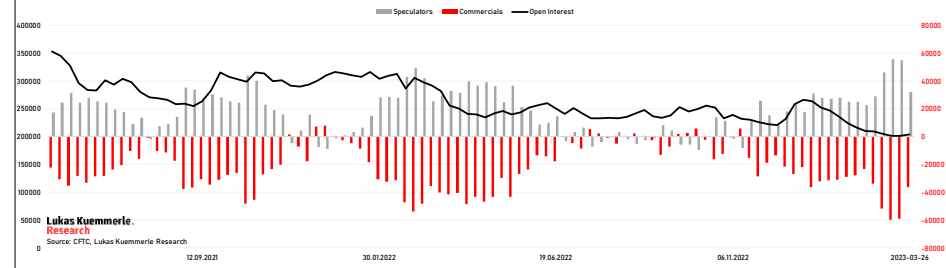
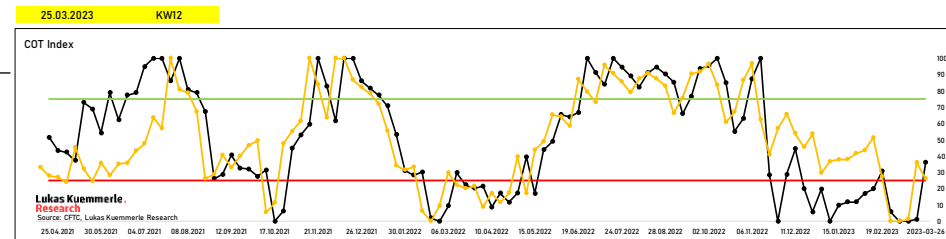
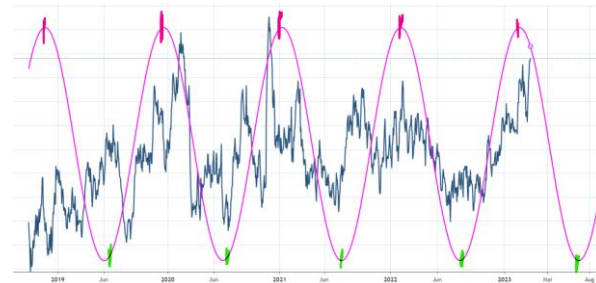
Crude Oil	buy higher highs
Gasoline	buy higher highs
Natural Gas	sell lower lows
Corn	buy higher highs
Soybeans	sell lower lows
Soybean Oil	buy higher highs
Soybean Meal	sell lower lows
Wheat	buy higher highs
Coffee	buy higher highs
Orange Juice	buy higher highs
Cotton	buy higher highs
Sugar	sell lower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

Update on the Short Cocoa Setup

We updated the cocoa setup – we remain focused on the short side of the market and wait for another lower low and therefore confirmation to sell the soft commodity.

A monthly report from the International Cocoa Organization on Friday boosted prices after the report said cocoa exports from the Ivory Coast fell -9.3% y/y to 530,314 MT between October and January, citing "the detrimental effects of cocoa-related diseases like the Cocoa Swollen Shoot Virus Disease." **Nevertheless, the agency still expects global cocoa production to climb +4.1% y/y to 5.017 MMT. So, concerns about the quality of some West African cocoa crops have limited any major declines in cocoa so far. Any changes here will most likely drive prices going forward.**

The market continues to be range-bound. (here a simple cycle overlay on top of cocoa futures over the last 4 years) Nevertheless, we still wait for the 1Y Futures Spread to come down. Moreover, we need to see a significant break of the technical chart picture, as the uptrend remains very strong. Therefore, it could take some more weeks for this setup to play out.



Kuemmerle's Observations

The case for Gold

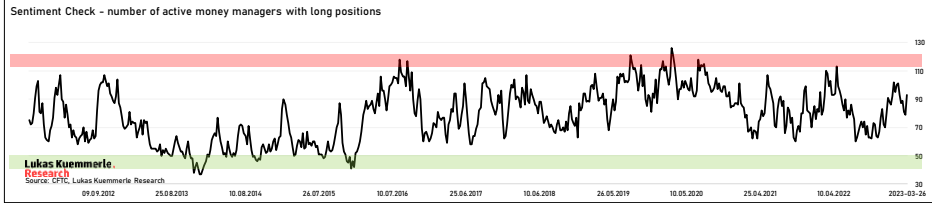
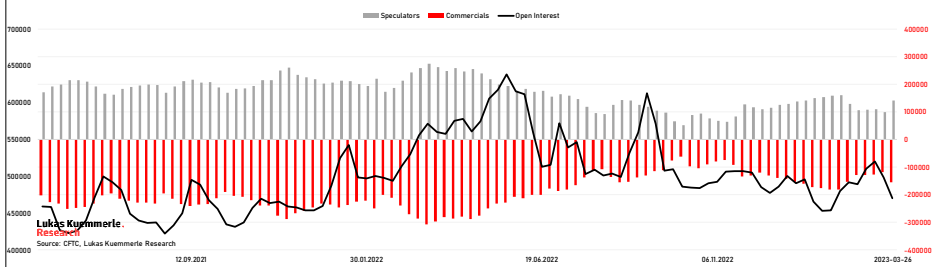
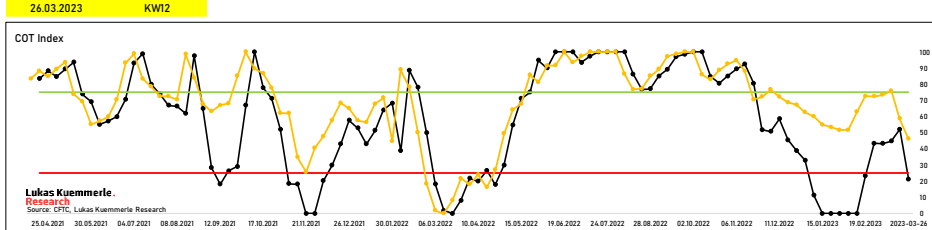
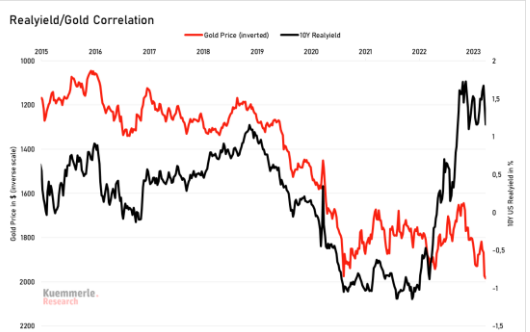
While there isn't a solid setup for gold according to our system – there is certainly the case for having larger gold exposure than normal during the current times. But also, the technical picture looks more like a larger downtrend to us – which needs to be broken first.

First of all, Realyields started to fall again – which is the most important single indicator for gold. While the banking crisis continues, and the FED has to step on the brakes (in one way or the other) Realyields are likely to continue to sink and provide a solid tailwind for the yellow metal.

On the other hand, we have the USD as another important parameter. Here we're a bit divided about the path as the banking crisis could lead to more demand for USD-liquidity even while the important terms of trade model has peaked in November of 2022.

From a cycle perspective we entered a mid-term bullish window for gold, but keep in mind that the short-term outlook is bearish.

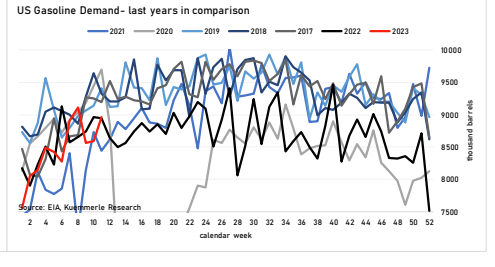
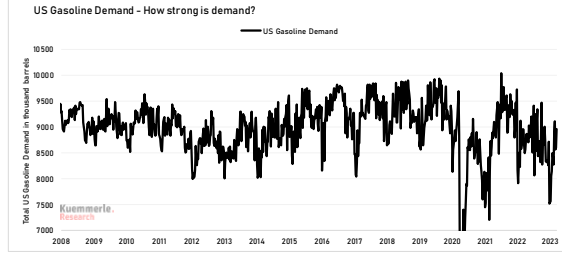
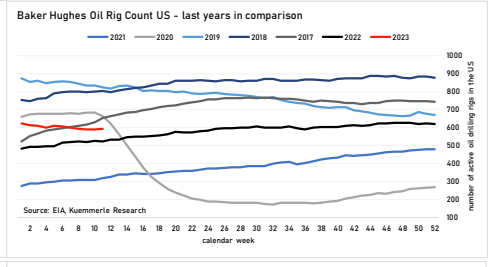
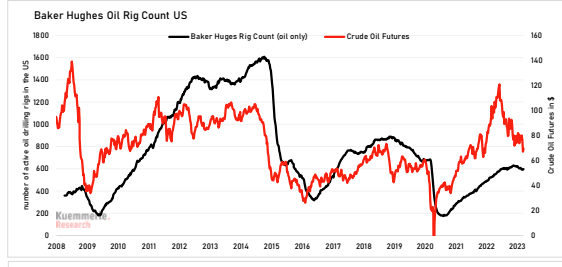
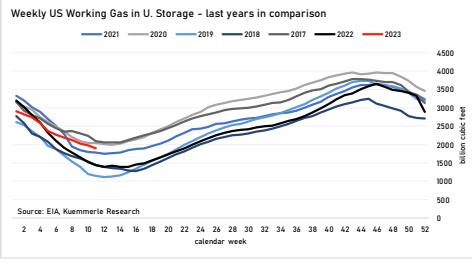
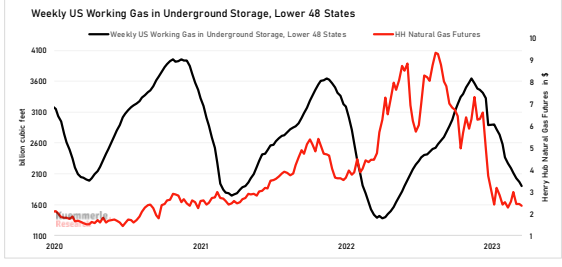
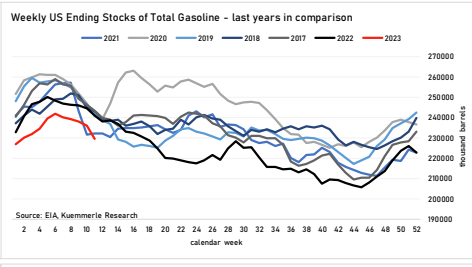
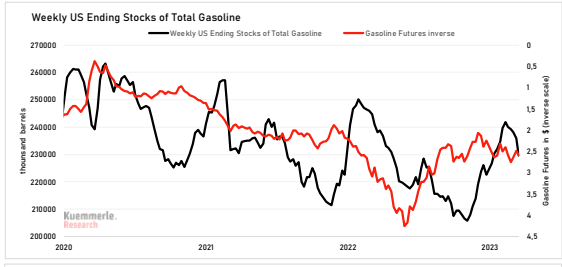
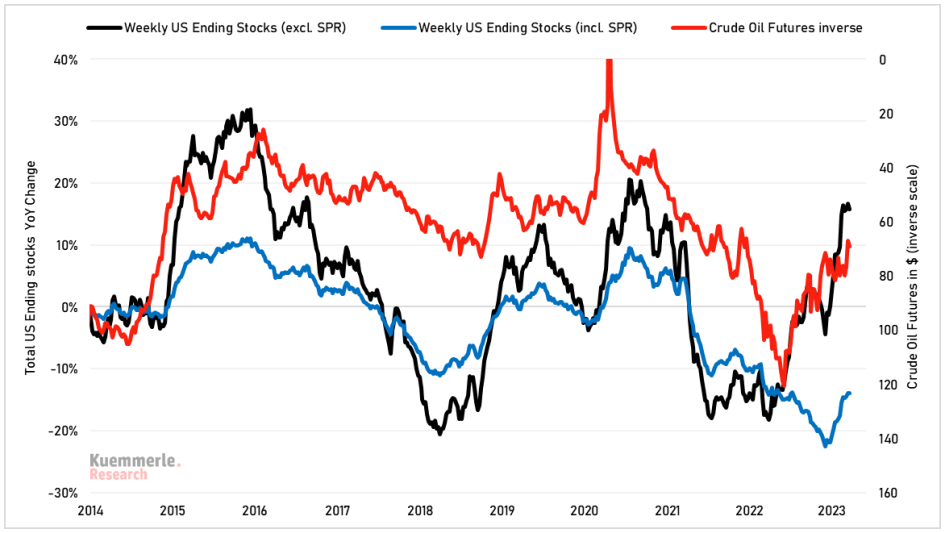
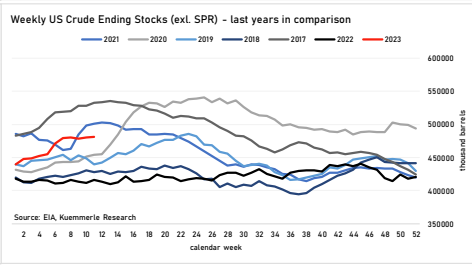
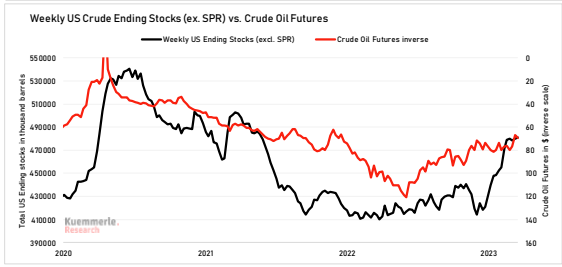
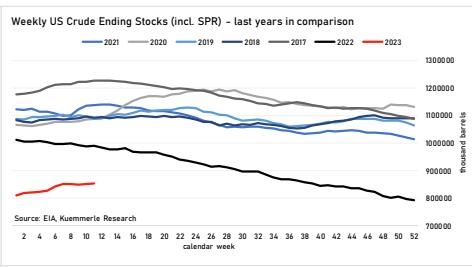
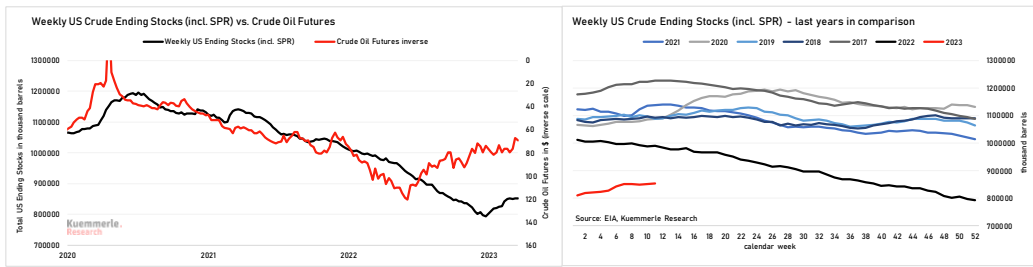
This fits to the CoT/positioning data we observe. From this side a long setup isn't confirmed. The data currently says, "look out for lower lows".



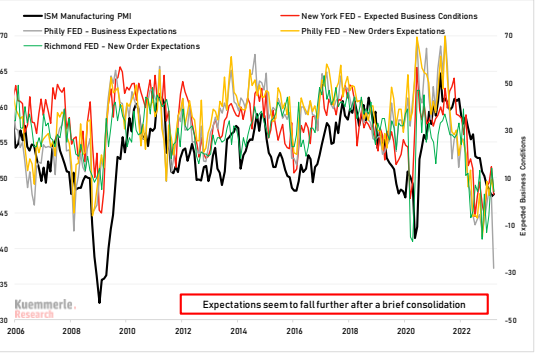
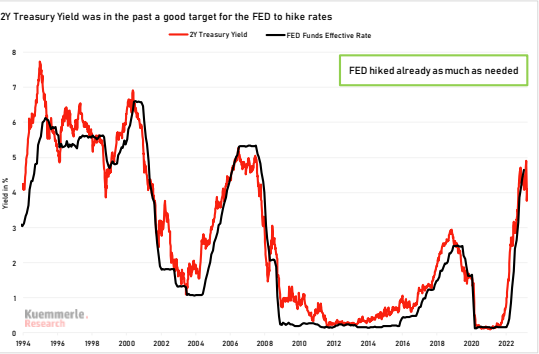
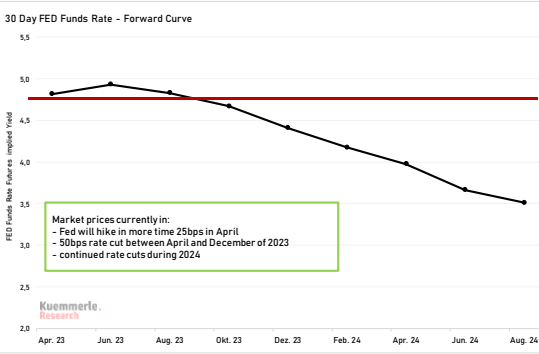
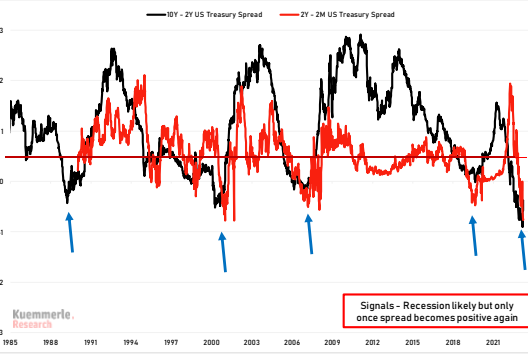
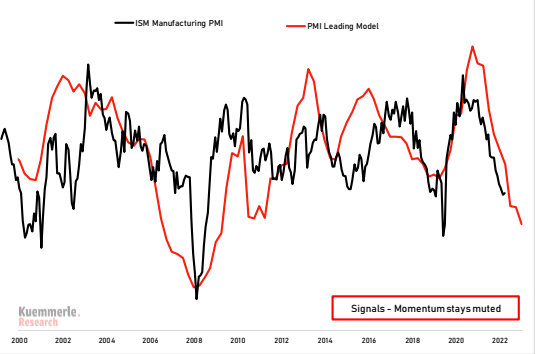
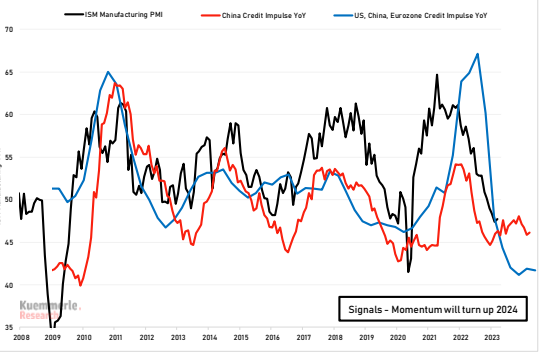
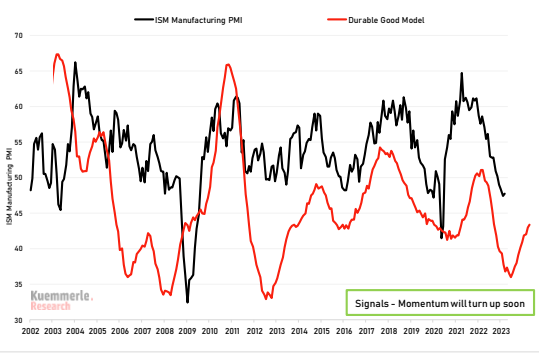
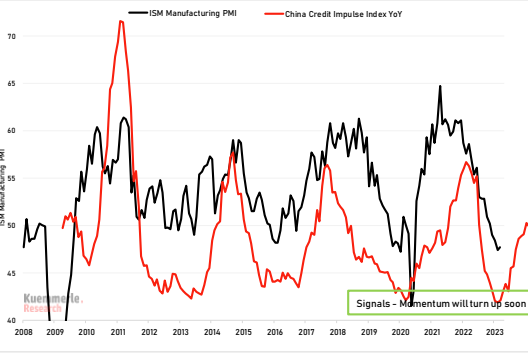
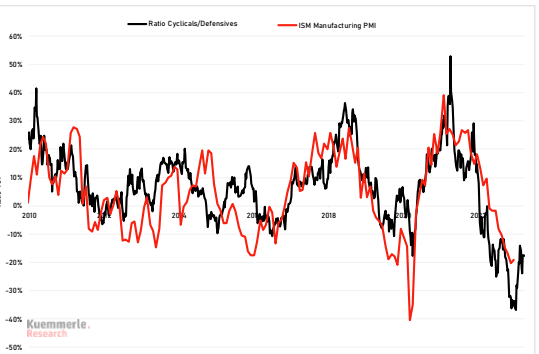
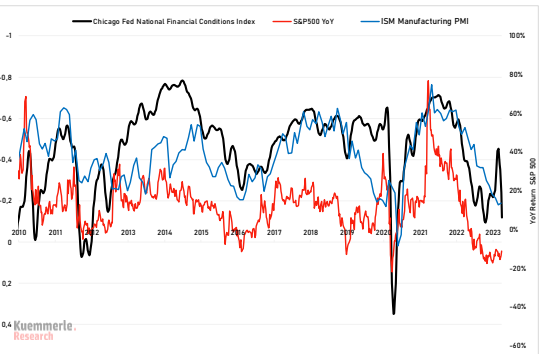
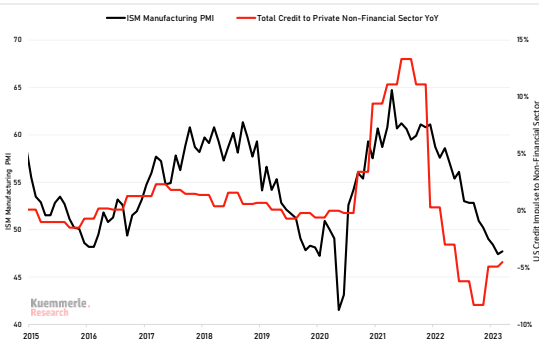
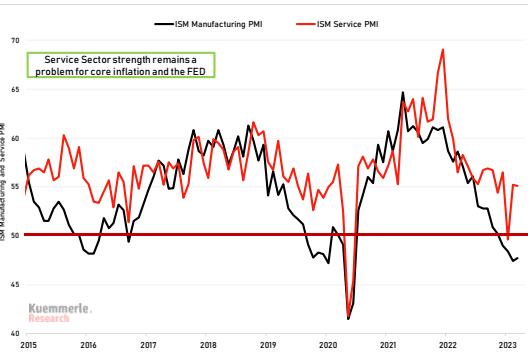
Important Charts and Correlations

Weekly & Monthly Updates that highlight the fundamental environment

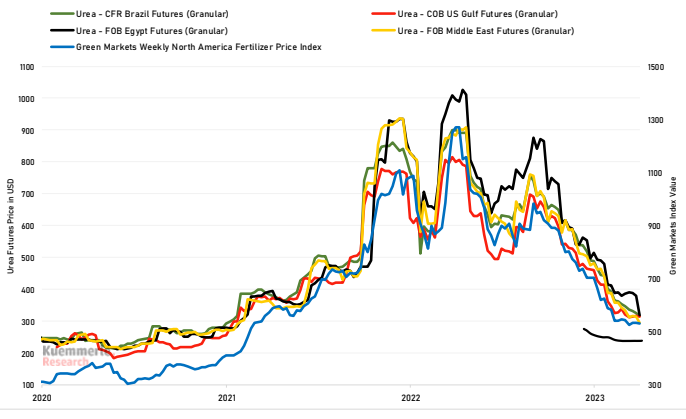
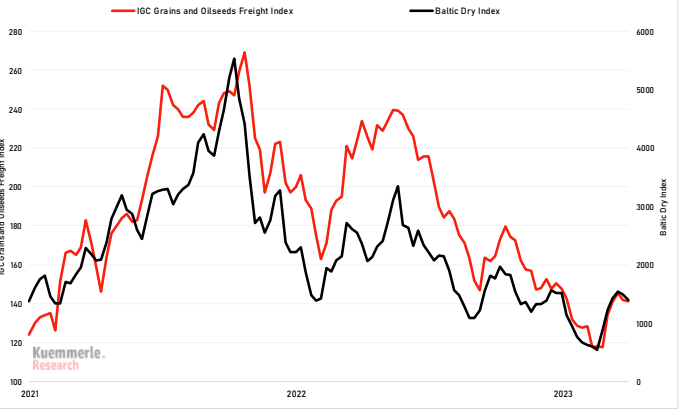
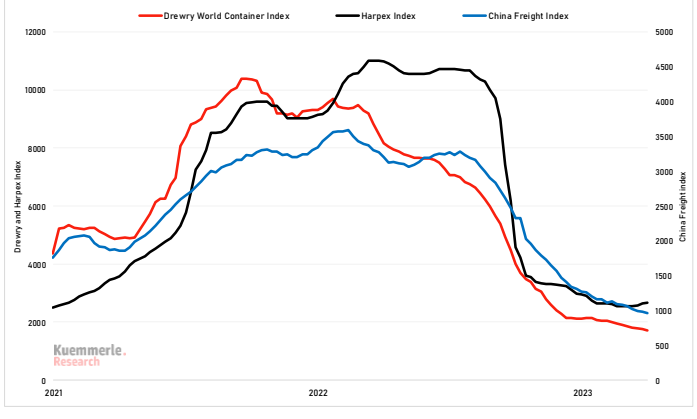
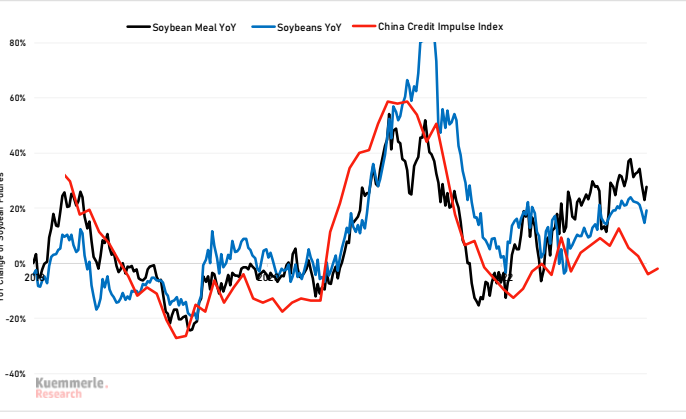
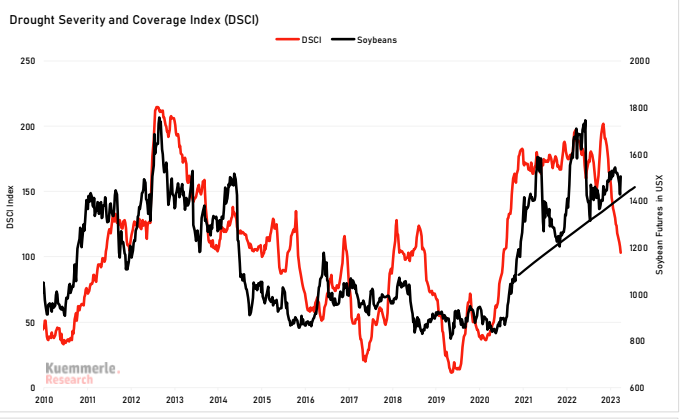
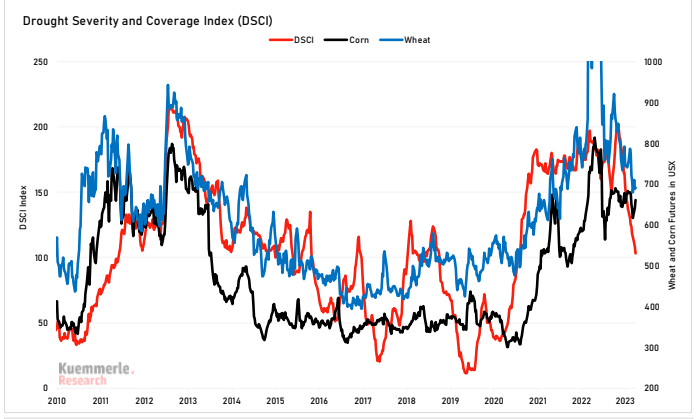
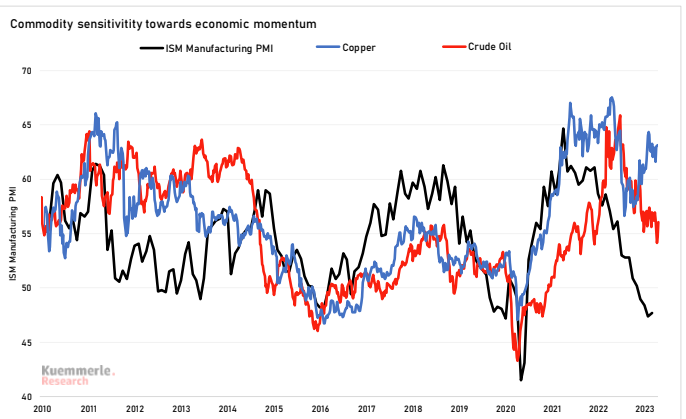
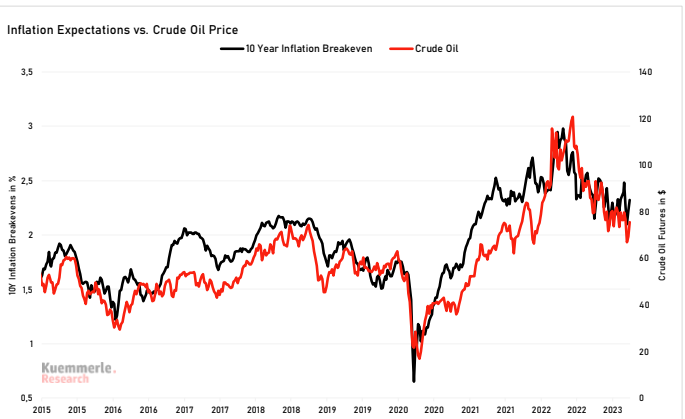
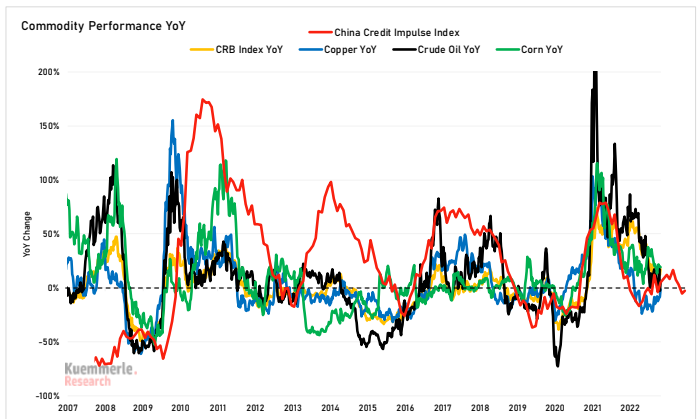
Energy Inventories



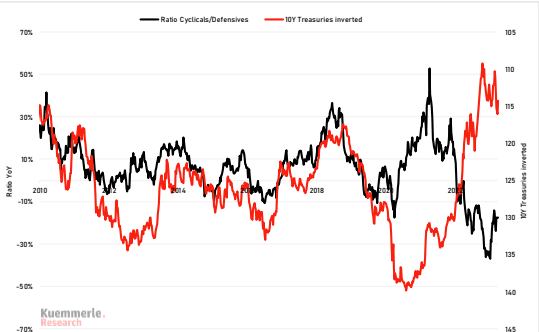
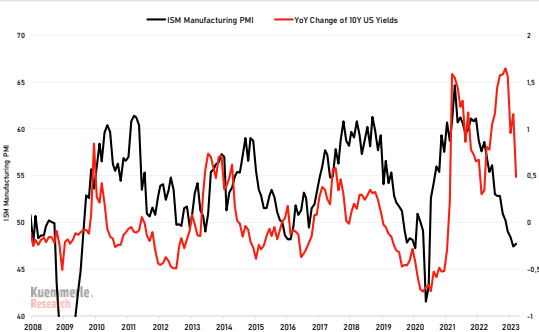
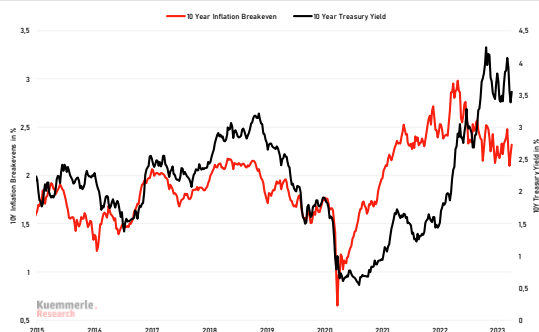
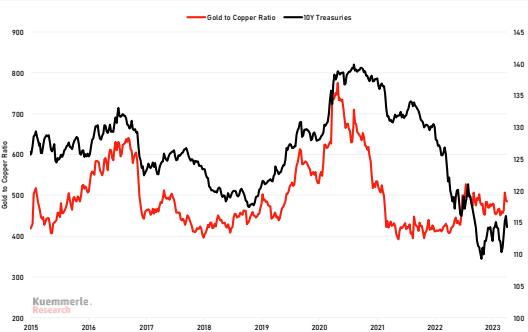
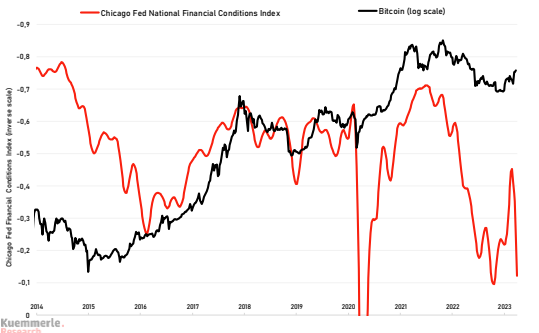
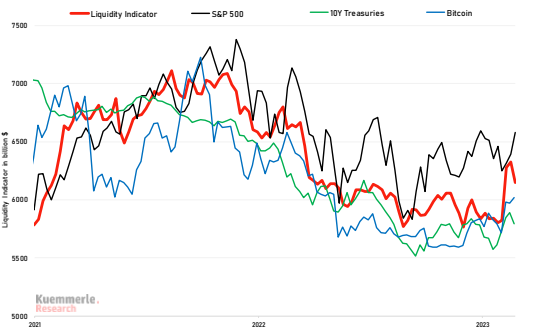
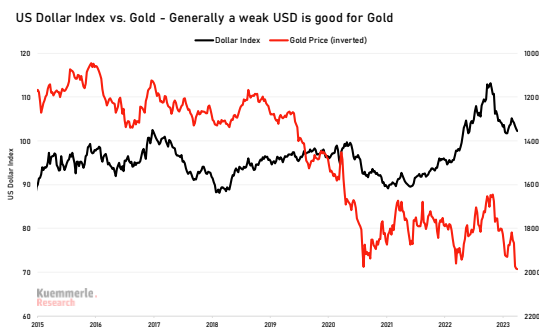
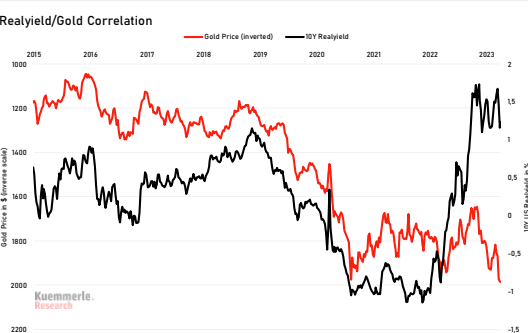
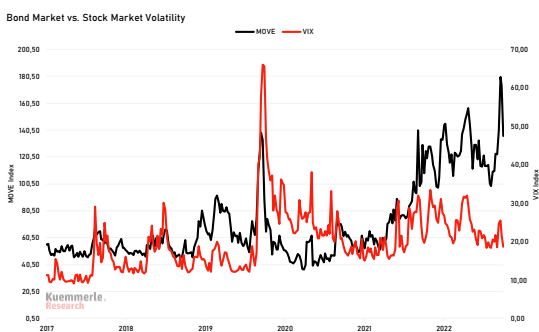
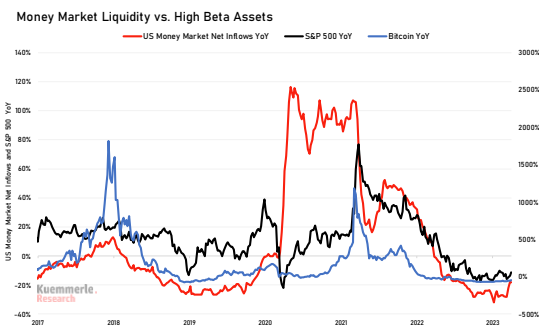
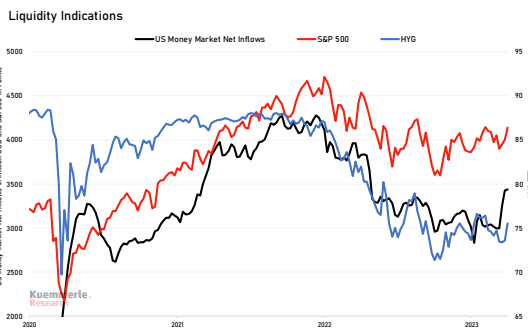
Macro Picture – Economic Momentum



Macro Picture – Commodity Linked

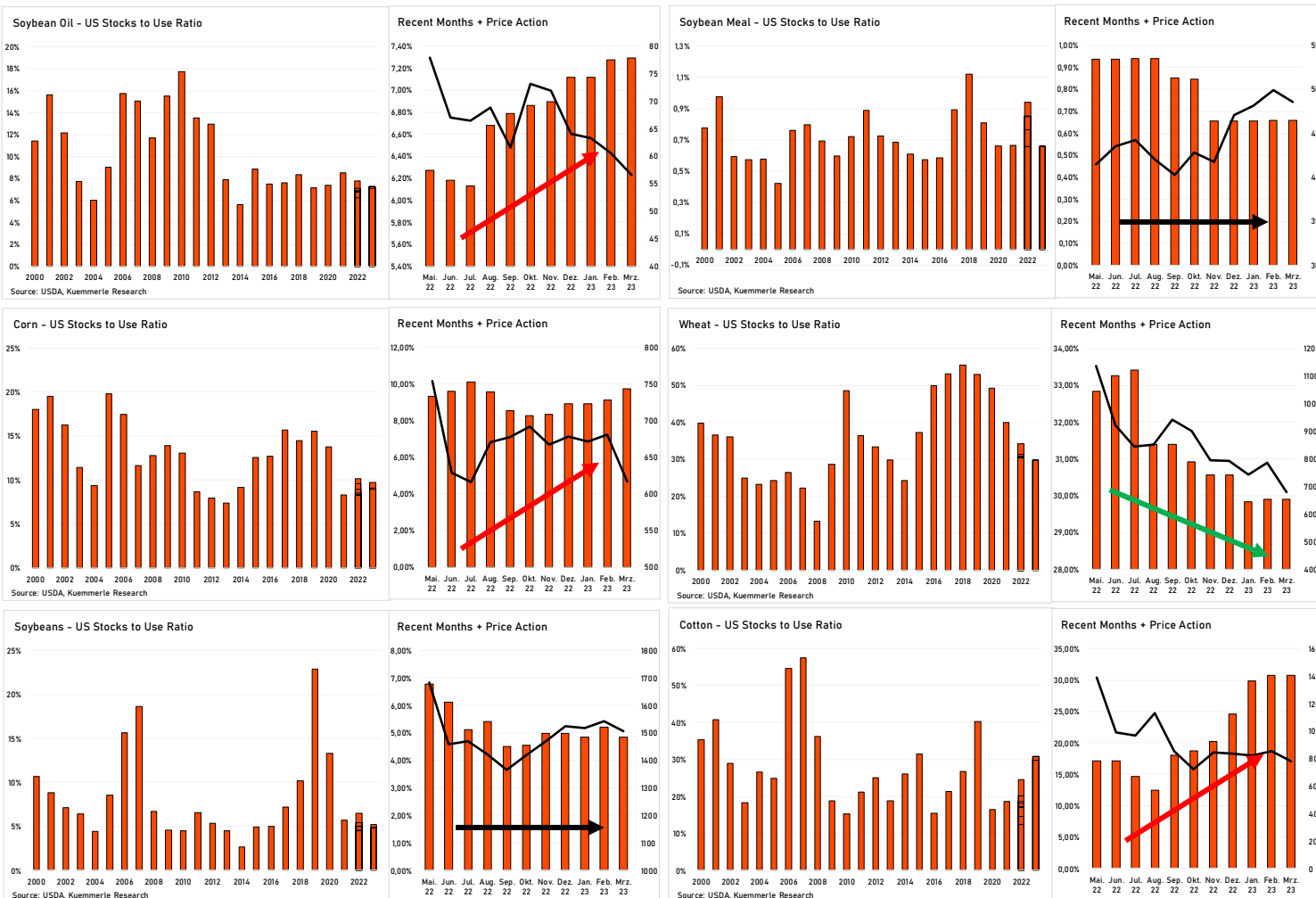


Macro Picture – Bonds/High-Beta/Gold



Stocks to Use Ratio// March 2023

The surprise in this month's WASDE Report was a downside surprise in the harvest forecast of corn and soybeans in Argentina.



Stocks to use ratios (keep in mind higher ratio means more excess supply and therefore indicates bearish momentum)

- soybeans:** slightly lower - overall ratio stays at the same level for months - no good indication
- soybean oil:** another month up, 8th month in a row - shows that demand stays suppressed
- soybean meal:** unchanged – we wait o see a higher ratio to confirm a short trade
- corn:** higher again – confirms the view of lower prices
- wheat:** unchanged - but overall ratio remains low - divergence to price action visible
- cotton:** unchanged - demand stays depressed
- sugar:** lower ratio - but ending stocks data wasn't a reliable indicator for sugar over the last months - in general ending stocks remain high compared to usage - so still a divergence to price action

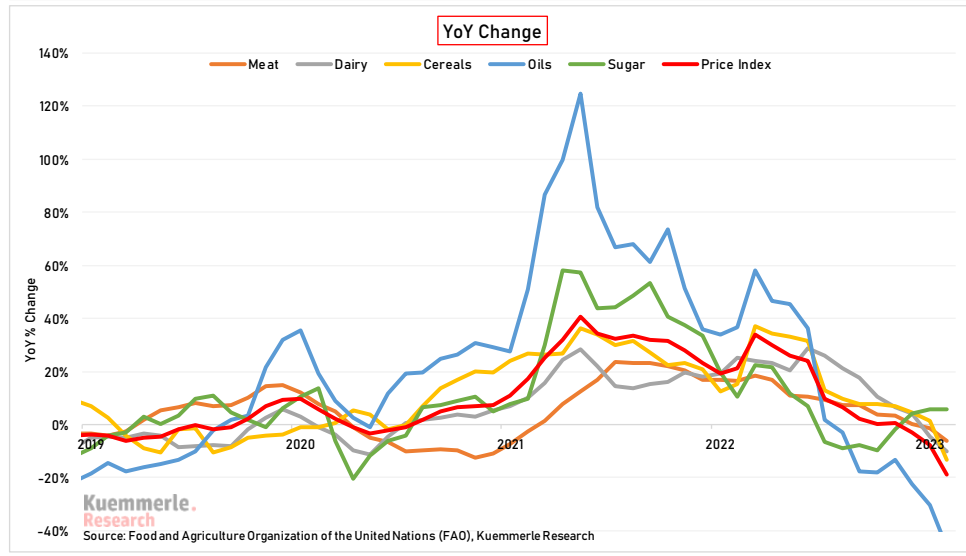
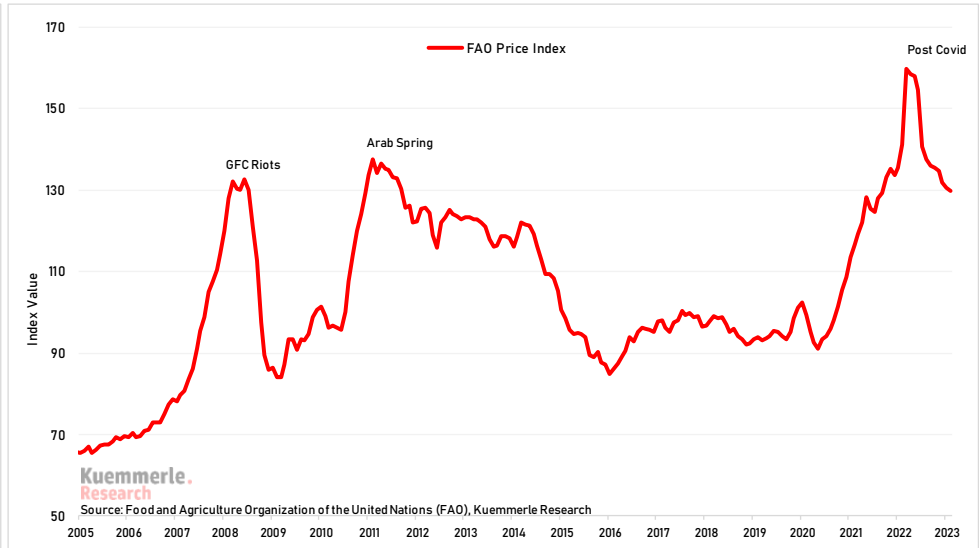
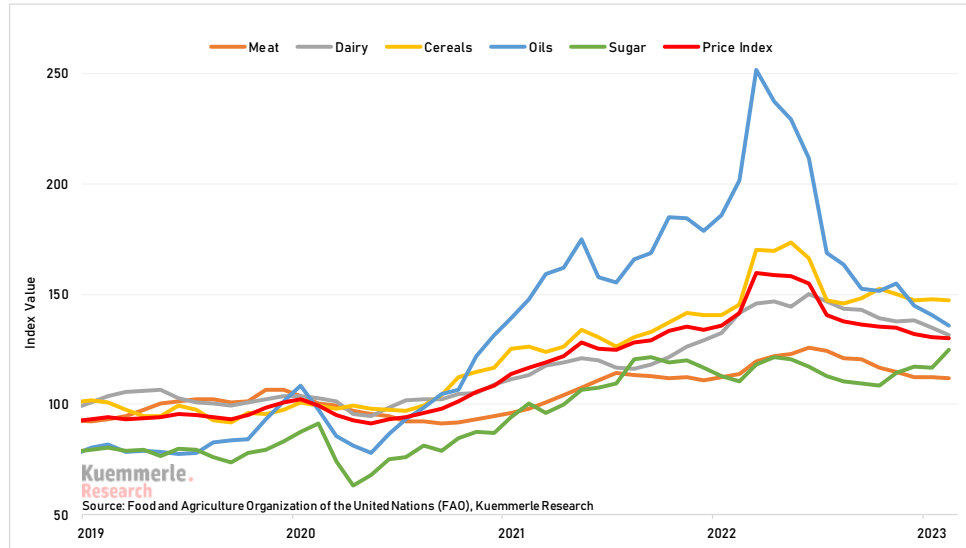
Ratio is trending **higher** over the last months

Ratio is trending **lower** over the last months

Ratio is **unchanged** over the last months

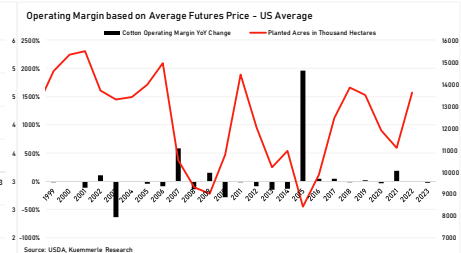
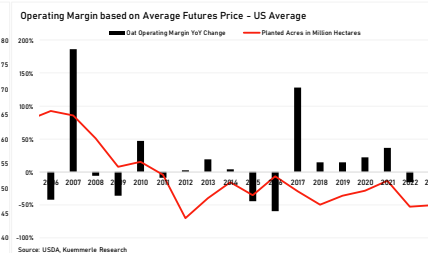
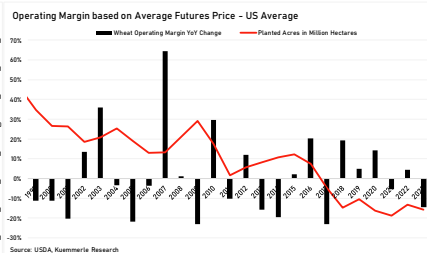
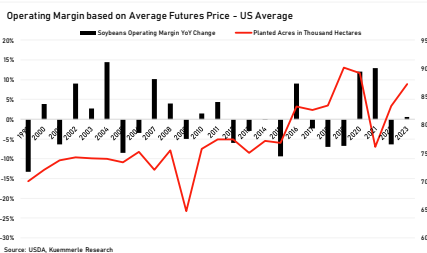
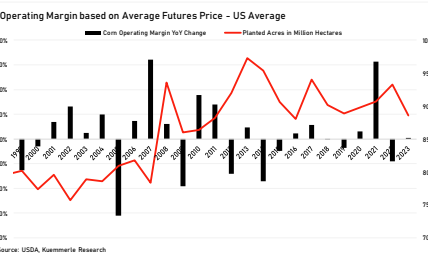
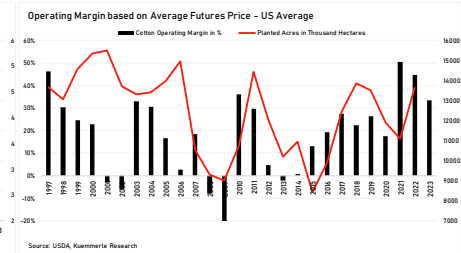
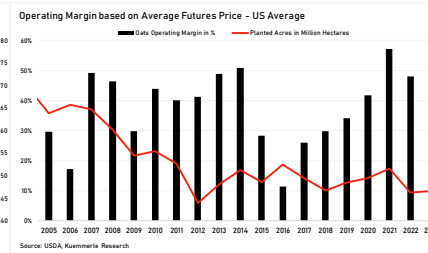
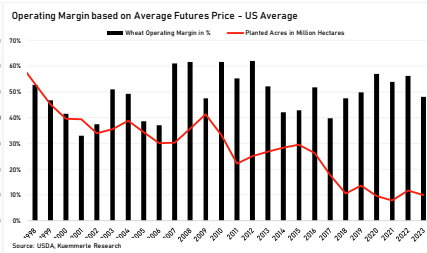
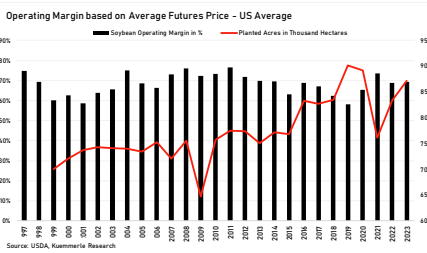
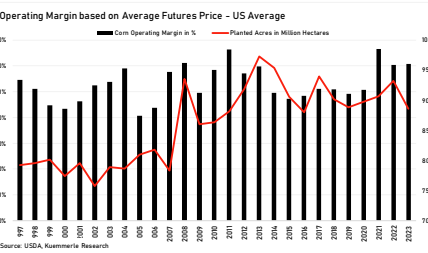
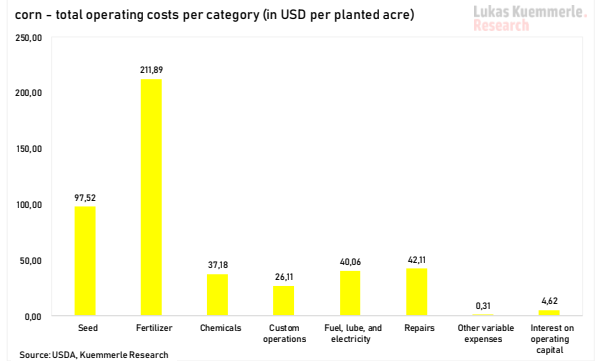
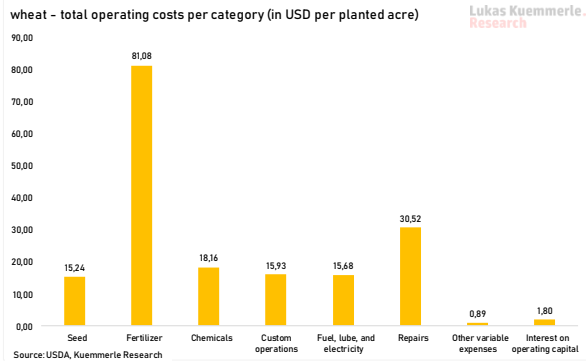
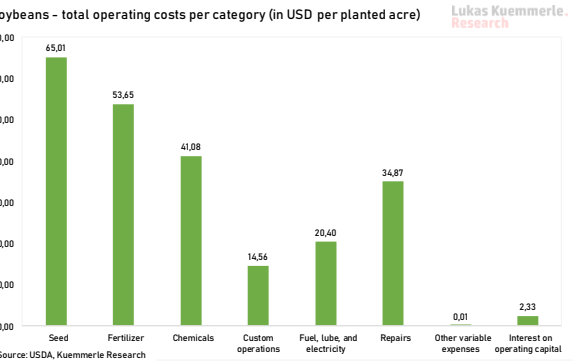
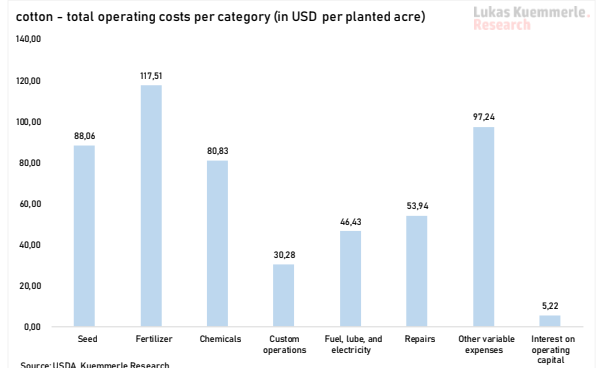
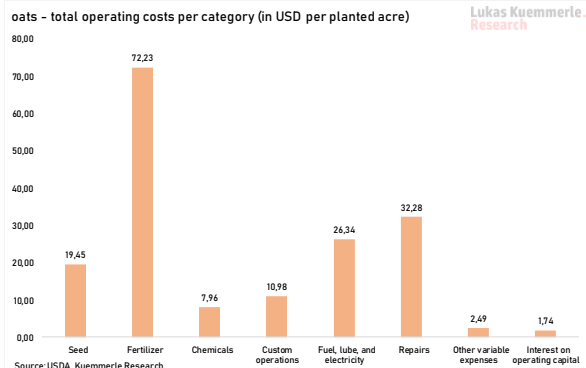
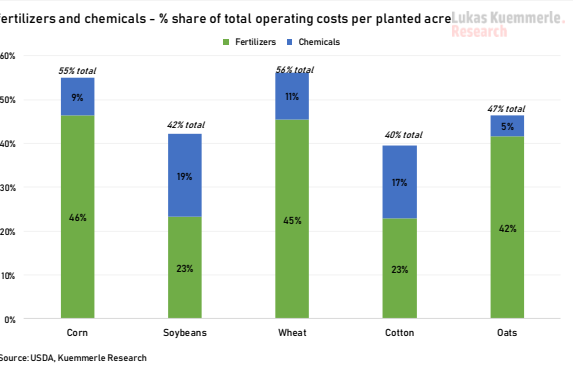
FAO Food Price Development // March 2023

The FAO Food Price Index averaged 129.8 points in February 2023, marginally down (0,6%) from January, continuing the downward trend for the eleventh consecutive month. With the latest decline, the index has fallen 29.9 points (18,7%) from the peak it reached in March 2022. The marginal decline of the index in February reflected significant drops in the price indices of vegetable oils and dairy, together with fractionally lower cereals and meat indices, more than offsetting a step rise in the sugar price index.



Date	INDEX	YoY	Meat	YoY	Dairy	YoY	Cereals	YoY	Oils	YoY	Sugar	YoY
Feb. 23	129,80	-18,7%	112,00	-6,1%	131,30	-9,9%	147,30	-13,4%	135,90	-46,0%	124,90	5,9%
Jan. 23	130,6	-7,5%	112,1	-1,6%	135,0	-4,6%	147,5	1,5%	140,40	-30,4%	116,8	5,7%
Dez. 22	131,8	-2,8%	112,4	0,2%	138,2	4,2%	147,3	4,8%	144,60	-22,2%	117,2	4,0%
Nov. 22	134,7	0,8%	114,6	3,2%	137,4	6,5%	150,1	6,8%	154,70	-13,3%	114,4	-1,7%
Okt. 22	135,4	0,1%	116,8	3,8%	139,3	10,6%	152,3	7,7%	151,30	-18,0%	108,6	-9,6%
Sep. 22	136,0	2,1%	120,3	7,4%	142,7	17,5%	147,9	7,9%	152,60	-17,4%	109,7	-7,9%
Aug. 22	137,6	6,5%	121,1	7,5%	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%

USDA Planting Costs (published twice a year) // November 2022





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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