



by Valknut Analytical

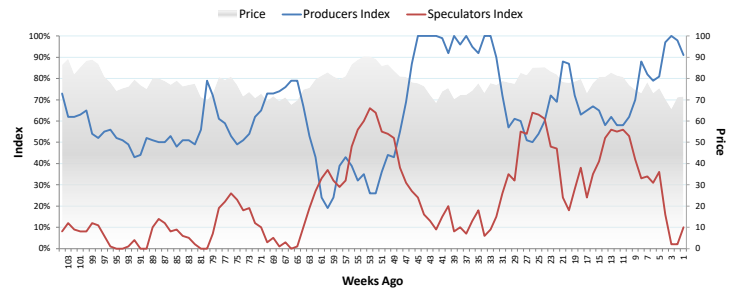
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Market Date	CL Zone	Producers Position	Producers		Speculators		
			Index	Velocity	Position	Index	Velocity
24-Sep-24	Bearish	170851	91%	Medium	191110	10%	Medium
17-Sep-24	Bearish	183669	98%	Low	175129	2%	Low
10-Sep-24	Neutral	187389	100%	Medium	174882	2%	High
3-Sep-24	Neutral	165551	97%	High	204785	16%	Extreme
27-Aug-24	Neutral	138930	81%	Low	248625	36%	Low
20-Aug-24	Neutral	135704	79%	Low	239198	31%	Low
13-Aug-24	Neutral	139696	82%	Low	244249	34%	Low
6-Aug-24	Neutral	150435	88%	High	243523	33%	Medium
30-Jul-24	Neutral	119667	70%	Medium	263327	42%	Medium
23-Jul-24	Neutral	105054	62%	Low	286465	53%	Low

Special note: COT data is split into Old and New years for grains and softs. We calculate indices for each year but here we display only one index where OI is higher. Thus, there can be a sudden shift in indices around old year expiration.



### Disclaimer - Errors and Parabolic Moves

There is room for error in every analytical model. This model is not an exception.

You need to take into consideration that this model cannot predict and detect parabolic moves. We do not analyse prices here, we look at changes to the size of positions. Positions do not need to grow in size during parabolic moves because it is fear and greed that move the price not fundamentals. So, if you see parabolic price moves not supported by significant changes to positions - ignore this analysis, your market is not driven by fundamentals, wait for emotions to calm down.

## Weekly Summary - Producers

**Index** Index of producers is 91%. Previous reading was 98%.

**Direction of Trade** During the week producers were selling at medium speed. They sold 12818 contracts. Last 3 weeks show sporadic selling pattern.

**Extreme Positioning** Producers index sits not far from extreme levels. During last weeks index moved towards extreme values. Current market balance indicates limited bearish potential (and good potential for bulls), however this indicator alone is not enough to make good decisions.

**Understanding the Index** This group of players is the most knowledgeable about actual supply/demand situation but they are always quiet. Unlike you they can wait and endure pain during long periods of adverse price trends as their positions are hedged with physical commodity. They do not come to speculate, they come to hedge the price of assets they deal with. Following producers (doing exactly what they do and when they do) is not wise because you are not hedged with physical asset and your pockets are not as deep as theirs.

Because they have first hand knowledge they begin building their positions in advance, often weeks or even months before market notices that.

Think of a bullish reversal when their index is around 100% and think of a bearish turn when the index is at 0%. However, the distance between index sitting at 100%/0% and price reversal may be in weeks or even months - do not jump in too soon! Guessing future price move is not enough, you also need to guess the right time or margin call will crash you.

**Speculators Velocity Alert** Current Speculators velocity level is Medium. Velocity is a measure of how fast Speculators build their position.

When velocity level is **Extreme** a follow through action during next few weeks is highly possible. Same holds true if 2 weeks in a row had **High** velocity, meaning that during 2 weeks Speculators increased their long/short positions significantly.

## Weekly Summary - Speculators

**Index** Index of speculators is 10%. Previous reading was 2%.

**Direction of Trade** During the week speculators were buying at medium speed. They bought 15981 contracts. Last 3 weeks show sporadic buying pattern.

**Extreme Positioning** Speculators index sits in the lower quartile. During last weeks index moved towards extreme values. Current market balance indicates limited bearish potential (and good potential for bulls), however this indicator alone is not enough to make good decisions.

**Understanding the Index** Always remember that this group is vocal in media about their moves. They love making noise. Thus, their buying/selling can move markets strongly. HOWEVER, speculators become vocal only after they have established substantial positions. Be critical when listening to them if they have been bullish (or bearish) for an extended period of time - this can be weeks, sometimes months, we need to watch index and other indicators. Following speculators can be profitable until they stop their accumulation.

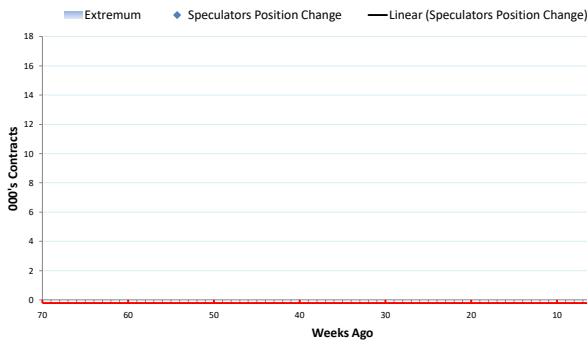
Following them you go with the flow, important is not to join too late.

**Market Estimated Exposure** Current market exposure, \$B 160.5  
Highest market exposure, \$B 414.5

This is another gauge of how hot is the market at the moment.

## Bullish (Euphoria) and Bearish (Depression) Zones - Discussion

Bullish and Bearish Zones - Chart



**Regression Analysis** Market is in the early stages of a zone, need more data

**Confidence** Market is in the early stages of a zone, need more data

**Accumulation Distribution** Market is in the early stages of a zone, need more data

**Extremum** Market is in the early stages of a zone, need more data