



# Bullish Review

## COMMODITY FUTURES EDITION

32<sup>nd</sup>  
YEAR

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Mar 23, 2020

COT Mar 17, 2020 PAGE	Price Week			Fund Week		Price Trend		Cycles		Commercial Week		COT RSI		BUY SELL	
	Close	Change	Percent	Bought	Sold	r	RTS	Major	Minor	Bought	Sold	Change	Current		
2	CRUDE OIL	22.63	-9.48	-29.52%	-\$2.5b	>>>>	0.6	-17.5	↓	↓	\$2.6b	>>>>	0	56	●
✓	RBOB GASOLINE	0.6281	-0.2854	-31.24%	-\$1.2b	>>>	0.1	-11.8	↓	↓	\$1.1b	>>	6	58	●
	HEATING OIL #2	1.0139	-0.1318	-11.50%	\$552.1m	>>>	0.8	-20.1	↓	↑	-\$435.3m	>>>	-2	66	●
3	NATURAL GAS	1.675	-0.226	-11.89%	\$1.9b	>>>>	0.7	-23.6	↓	↓	-\$1.8b	>>>>	-16	31	●
	SOYBEANS	8.62	0.14	+1.65%	-\$254.0m	>>>	0.7	-0.3	↓	↑	\$455.5m	>>>	1	36	●
	SOYBEAN MEAL	325.2	25.7	+8.58%	\$539.1m	>>>	0.7	0.4	↓	↑	-\$567.9m	>>>	0	37	●
4	SOYBEAN OIL	25.64	-0.73	-2.77%	-\$199.4m	>>>	0.9	3.8	↓	↓	\$68.4m	>>>	9	76	●
✓	CORN	3.43	-0.22	-6.03%	-\$692.0m	>>>>	0.9	-6.8	↓	↓	\$1.2b	>>>>	9	63	●
	Milk	15.52	-0.38	-2.39%	-\$112.9m	>>	0.5	-11.4	↔	↑	\$139.5m	>>>	3	58	●
5	WHEAT	5.39	0.33	+6.52%	-\$450.7m	>>>>	0.8	11.1	↑	↑	\$465.6m	>>>>	2	56	●
	K.C. WHEAT	4.69	0.38	+8.82%	-\$14.8m	>>	0.9	15.9	↑	↑	\$66.8m	>>>	-3	60	●
	MPLS WHEAT	5.21	0.13	+2.56%	\$22.6m	>>>	0.6	1.9	↓	↓	-\$26.6m	>>>	-2	45	●
6	ROUGH RICE	13.285	-0.035	-0.26%	-\$14.8m	>>>	0.9	13.0	↑	↑	-\$3.0m	>>>	3	52	●
	LUMBER	32.23	-2.07	-6.03%	-\$17.6m	>>>	0.9	11.7	↔	↓	\$25.6m	>>>>	8	72	●
	COTTON	53.68	-6.81	-11.26%	-\$279.5m	>>>	0.8	15.0	↓	↓	\$302.2m	>>>	11	59	●
7	COFFEE	119.70	12.95	+12.13%	-\$107.0m	>>>	0.8	14.3	↑	↓	\$128.7m	>>>	14	68	●
	COCOA	2230	-195	-8.04%	-\$773.8m	>>>>	0.8	12.7	↔	↓	\$773.8m	>>>>	12	67	●
	SUGAR #11	10.91	-0.79	-6.75%	-\$760.1m	>>>>	0.7	17.2	↔	↓	\$921.3m	>>>>	17	48	●
8	ORANGE JUICE	105.55	6.85	+6.94%	\$11.8m	>>>	-0.1	-1.9	↓	↑	-\$13.8m	>>>	-11	42	●
	LIVE CATTLE	89.52	-0.23	-0.26%	-\$142.3m	>>>	0.7	11.1	↓	↓	\$92.7m	>>>	4	85	●
	FEEDER CATTLE	118.25	3.78	+3.30%	-\$12.9m	>>	0.6	-0.1	↓	↓	\$33.3m	>>	5	69	●
9	LEAN HOGS	67.95	-3.35	-4.70%	-\$105.4m	>>>	0.4	11.4	↓	↑	\$223.1m	>>>>	10	35	●

✓ = Market of interest this week.

All information has been obtained from sources believed to be reliable, but accuracy and completeness are not guaranteed. Statements and recommendations are subject to the limitations inherent in market analysis and may be changed without notice. No claim is made that future advice will be as profitable as past performance or that signals will not result in losses. Any reference to performance is hypothetical.

THERE IS RISK OF LOSS IN FUTURES, FOREX, ETF, & STOCK TRADING

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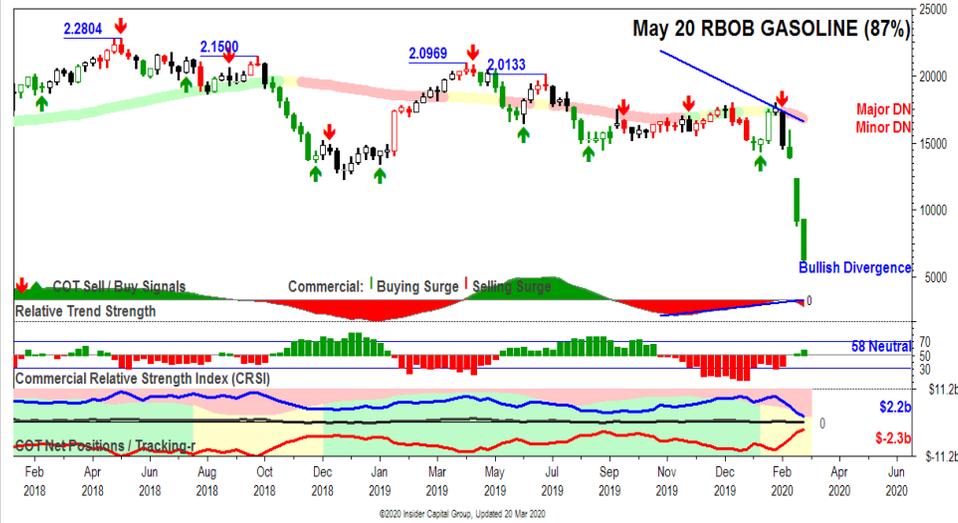
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## CRUDE OIL



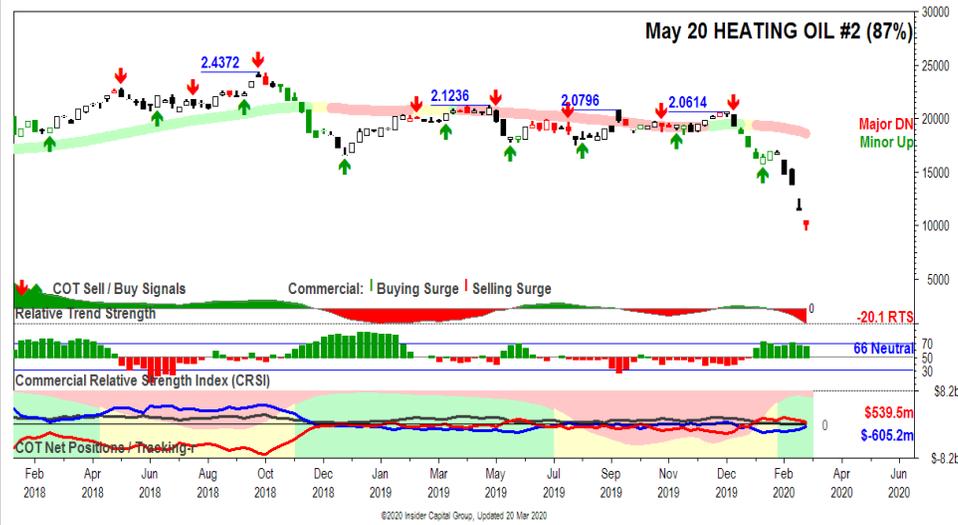
CRUDE OIL: There was commercial selling in a down week through Tuesday (but commercial notional total increased due to price level). The last COT signal was a sell three weeks ago, still in effect. Technically, Relative Trend Strength—a lagging indicator—has formed a small bullish divergence with price trend, albeit with momentum still negative. The commercial resistance level is 65.65. Support is 16.21, then near 10.00.

## GASOLINE



RBOB GASOLINE: Commercials bought \$6.8b over the past four weeks, noted by three green price bars. The most recent valid COT signal was a sell three weeks ago, still in effect. \*Funds retain enough selling capacity to extend the bear trend. Technically, RTS has formed a small bullish divergence with price trend, albeit with momentum still negative. Commercial selling resistance rests near 2.0133. Commercial buying support is 0.4780.

## HEATING OIL #2



HEATING OIL #2: Commercial selling surged \$1.1b in futures and options over the past three weeks, painting a red price bar this week. Technically, the major trend is down, affirmed by a negative Relative Trend Strength. Previous commercial resistance was at the 2.0614 high. Support is 0.8150.

Net Positions: — Small — Fund — Commercial

## NATURAL GAS



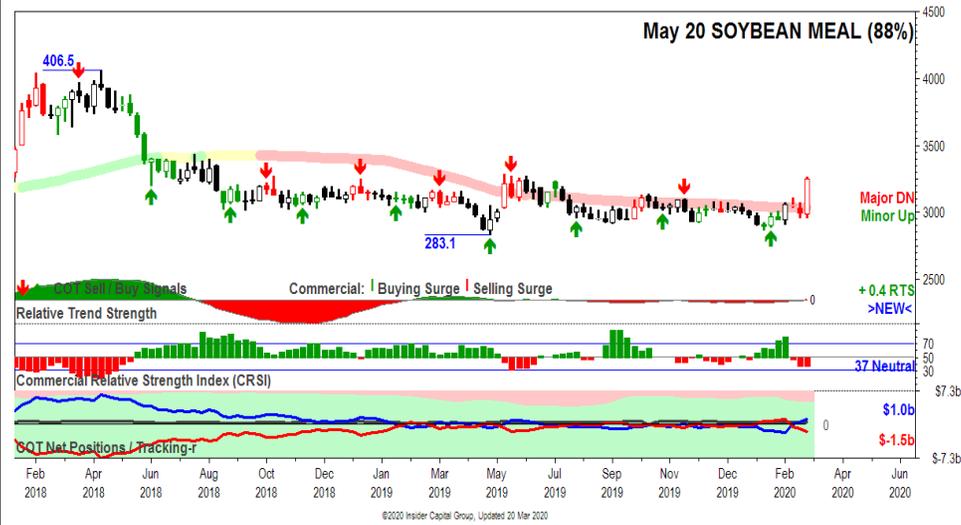
NATURAL GAS: A surge in large trader movement was seen this week, with commercial selling of \$1.8b opposite fund buying totaling \$1.9b. This placed total commercial sales and fund buys at new records of highest weekly totals, and...\*A provisional COT sell signal was posted. A Friday close above 2.044 basis May 20 delivery will void the COT sell signal. (COT signals have a 91% validation rate in natural gas.) The Spring Equinox cycle adds to market turn potential.

## SOYBEANS



SOYBEANS: We saw commercial buying on a price drop at Tuesday's COT tabulation, per their counter-trend convention. Technicals: Relative Trend Strength made a bearish zero crossing, bringing momentum in line with the major downtrend. Commercial resistance is near the 9.61 high. Support is 7.91.

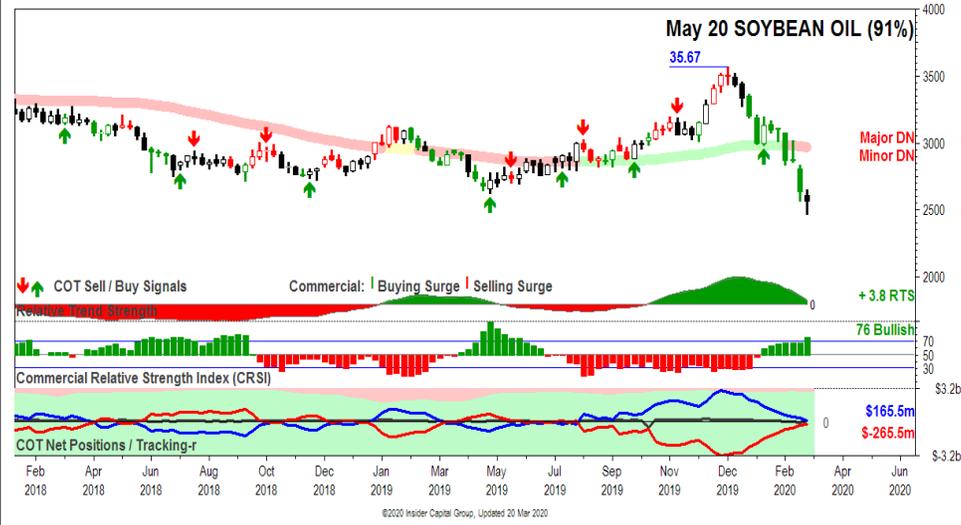
## SOYBEAN MEAL



SOYBEAN MEAL: Commercial selling surged \$2.7b in futures and options over the past three weeks, noted by three red price bars. The most recent COT signal was a buy five weeks ago, due to expire in the coming week. A technical weekly bullish reversal bar was posted, favoring an upside follow-through next week. Commercial selling resistance rests near 406.5. Nearest support level is 283.1.

Net Positions: — Small      — Fund      — Commercial

## SOYBEAN OIL



**SOYBEAN OIL:** We saw net commercial buying on a price drop at Tuesday's COT tabulation, per their counter-trend convention. The major trend is down, but unaffirmed by Relative Trend Strength. Recent commercial resistance is near 35.67. Commercial buying support is 23.46.

## CORN



**CORN:** There was commercial buying in a down week through Tuesday, the expected response, but last week's COT sell signal was validated by this week's lower close. \*Fund selling capacity is sufficient to sustain the decline. Technically, the major trend is in down mode, supported by a negative Relative Trend Strength. Commercial selling resistance is at 3.94. Support is 3.14.

## Class III MILK



**Milk:** Commercials bought \$139.5m in futures and options this week, noted by a new green price bar. We have not had any guidance in the way of a COT signal in some time. Technically, the major trend is flat, but Relative Trend Strength calls for a bearish outcome. Commercial selling at 25.30 is a resistance level. Buying support is 13.77.

Net Positions: — Small      — Fund      — Commercial

# WHEAT



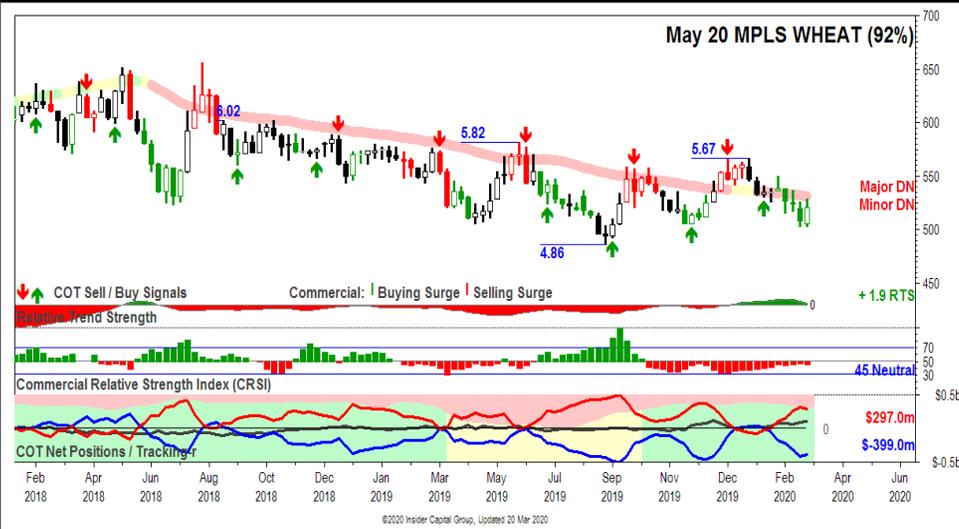
WHEAT: Commercials came in as net buyers into falling prices through Tuesday, and...\*A provisional COT buy signal was posted. A Friday close below 4.91 basis May 20 futures will cancel the COT buy signal. (COT signals have an 87% historical validation rate in wheat.) The Spring Equinox cycle adds to market turn potential. Commercial resistance level is 5.92.

# KANSAS CITY WHEAT



K.C. WHEAT: Commercials bought \$763.9m over the past four weeks, noted by four green price bars. The last COT signal was a buy six weeks ago, which expired this week. Technically, the major trend is in up mode, supported by a positive Relative Trend Strength. Previous commercial resistance was at the 5.04 high. Support is 3.81.

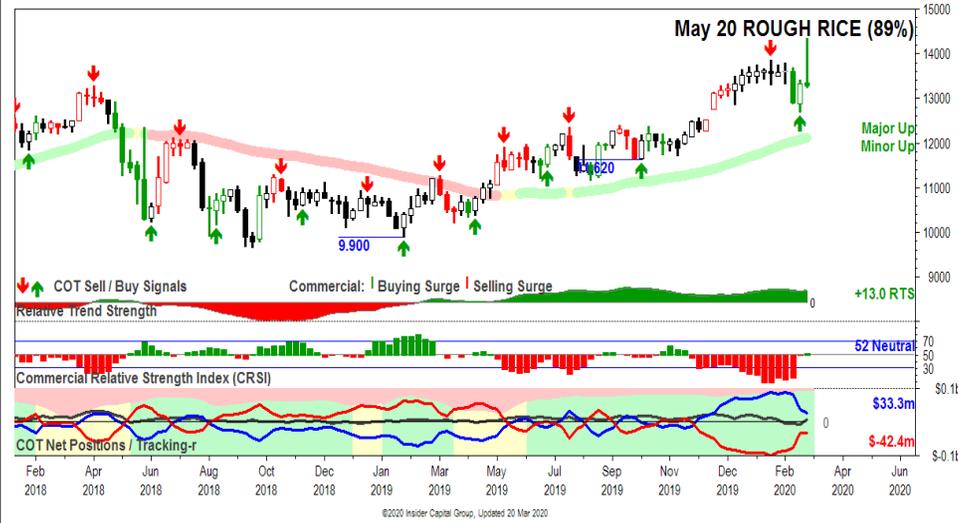
# MINNEAPOLIS SPRING WHEAT



MPLS WHEAT: Commercials were net sellers into falling prices through Tuesday—out of character, but offset by an up calendar week. The most recent COT signal was a buy six weeks ago, which expired this week. A technical weekly bullish reversal bar was posted, favoring an upside follow-through next week. Past commercial resistance was at the 5.67 high. Buying support is 4.86.

Net Positions: — Small — Fund — Commercial

## ROUGH RICE



**ROUGH RICE:** There was commercial selling on an up week through Tuesday, the expected response, but last week's COT buy signal was validated by this week's higher close. Technicals are uniformly bullish, with a positive Relative Trend Strength verifying the major uptrend. Commercial buying support is at 11.620. Resistance is 16.010.

## LUMBER



**LUMBER:** Commercials bought \$82.0m over the past four weeks, noted by three green price bars. The newest COT signal was a sell three weeks ago, which is still in effect. Technically, Relative Trend Strength has formed a small bullish divergence with price trend, a cautionary technical warning for market shorts. Commercial selling resistance is near 477.7. Buying support: 274.3.

## COTTON



**COTTON:** Commercials bought \$1.8b over the past four weeks, noted by four green price bars. Technically, Relative Trend Strength has formed a bullish divergence with price trend, albeit a lagging indicator. Prior commercial resistance comes in at 71.96. Buying support is near 41.01.

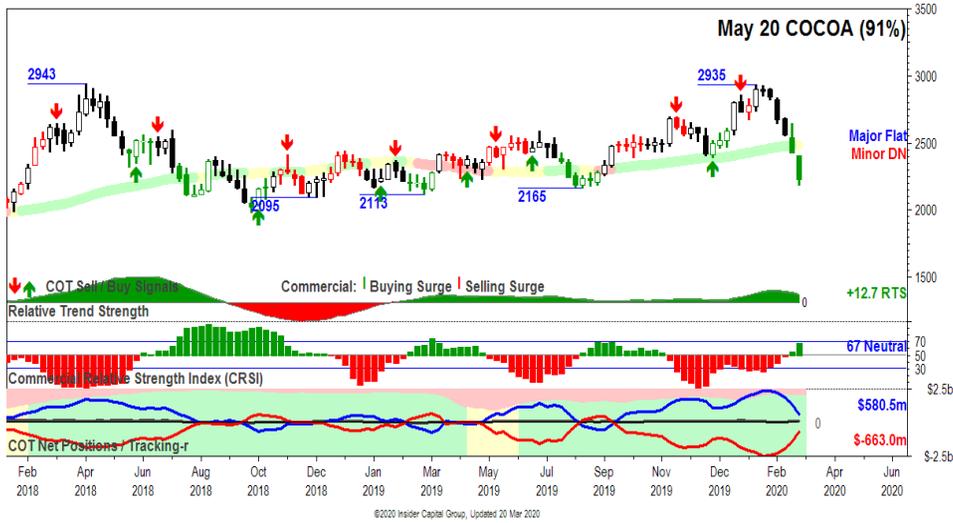
Net Positions: — Small      — Fund      — Commercial

## COFFEE C



COFFEE: Commercials were net buyers on a price drop at Tuesday's COT tabulation, per their counter-trend convention. The newest COT signal was a sell two weeks ago, still in effect. Technically, Relative Trend Strength has formed a small bullish divergence with price trend, a technical risk alert for market shorts. The commercial support level is the 97.40 low. Commercial resistance level is 142.45.

## COCOA



COCOA: This week saw surging commercial buying of \$773.8m against fund selling of \$773.8m. This placed total commercial buys and fund sales at a new record of highest weekly totals. The latest valid COT signal was a sell eight weeks ago. The major trend turned flat this week. Technically, RTS projects a bullish resolution. Commercial selling resistance lies at 2935. The commercial support level is 2165.

## SUGAR #11



SUGAR #11: Commercials bought \$3.5b over the past four weeks, noted by three green price bars, but no COT buy signal. The latest valid COT signal was a sell eight weeks ago. The major trend turned flat this week. Technically, Relative Trend Strength projects a bullish resolution. Commercial selling resistance lies at 15.29. The commercial support level is 9.91.

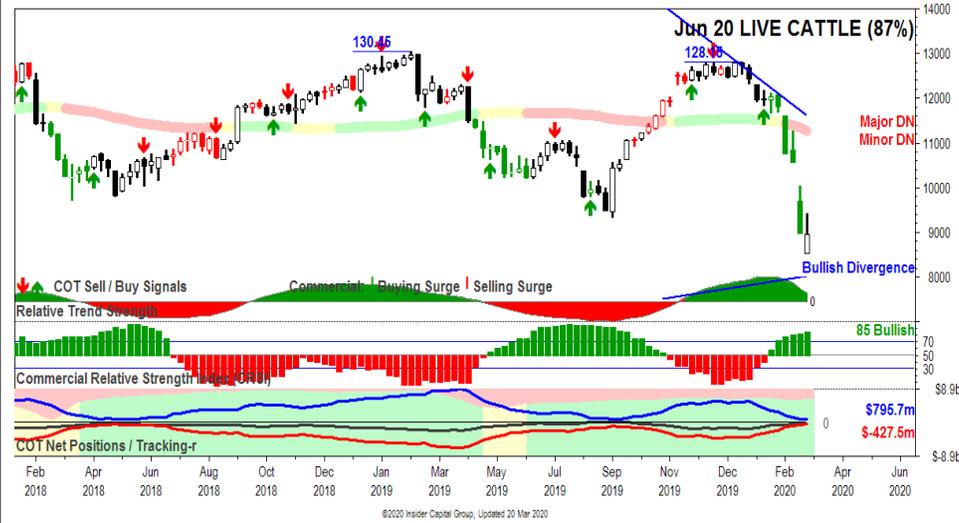
Net Positions: — Small      — Fund      — Commercial

# ORANGE JUICE



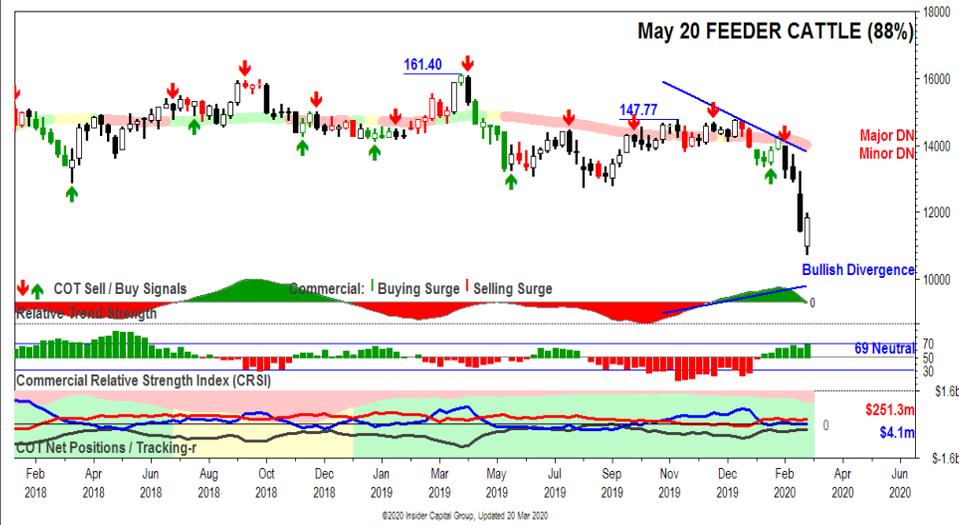
ORANGE JUICE: Commercial selling surged \$15.5m in futures and options over the past two weeks, painting a red price bar this week. The most recent COT signal was a buy five weeks ago, due to expire in the coming week. Technically, RTS has formed a bullish divergence with price trend, but as yet unaffirmed by a bullish zero crossing. Commercial buying support comes in near 91.60. The resistance level is 112.60.

# LIVE CATTLE



LIVE CATTLE: Commercials were net buyers on a price decline through Tuesday, the expected response. The most recent COT signal was a buy six weeks ago, which expired this week. Technically, Relative Trend Strength has formed a small bullish divergence with price trend, a technical risk alert for market shorts. Commercial resistance level is 128.15. Commercial buying support: 72.75.

# FEEDER CATTLE



FEEDER CATTLE: Commercials were net buyers on a down week as of Tuesday, their usual habit. The last COT signal was a sell three weeks ago, still in effect. Technicals: Relative Trend Strength made a bearish zero crossing, bringing momentum in line with the major trend. Prior commercial selling resistance was near 147.77. Buying support is near 106.12.

Net Positions: — Small — Fund — Commercial

# LEAN HOGS



LEAN HOGS: Commercials were net buyers on lower prices at Tuesday's close, their standard negative-feedback pattern. The most recent valid COT signal was a sell eight weeks ago. This week's price action formed an inside bar, adding trader attention to next week's price trend. Commercial selling resistance is 99.82. Commercial buying support: 57.77.

[END OF COMMENTARY]  
 See Chart & Table Keys on following 3 pages.

Net Positions: — Small      — Fund      — Commercial

# BULLISH REVIEW CHART KEY

*Bullish Review* charts are intended to display vital *Commitments of Traders* analysis through easy-to-comprehend indicators. They are based on data and proprietary algorithms deemed reliable but are not guaranteed. They are informational—not a substitute for a trade plan, and are intended for experienced futures traders who have a reliable system for entering and managing trades that might be suggested by *Bullish Review*.

## CHART PANE 1

**PRICES:** Price bars are open-high-low-close weekly candlesticks using CSI Data continuous nearest contract

**COMMERCIAL BUY/SELL-& CYCLE TURN INDICATORS:** Red candlesticks indicate a commercial selling surge and green candles, a buying surge. Under normal market conditions, when commercials sell aggressively enough, prices turn down; on sufficient commercial buying, prices turn up. How much is enough? The red and green arrows on the price chart represent COT sell and buy signals at short-term cycle lows and highs, respectively. These are trading cycle turn detectors, not cycle forecasts, and are based on proprietary algorithms. At times they seem almost magical. Under this methodology, you will only see

usually depends on the trend. The minor trend is indicated by the most recent buy or sell signal arrow. We have two tools to help determine the major trend. The first is the wide line on the price chart. A green line indicates a major uptrend, red a major downtrend, and yellow a side-ways or indeterminate trend.

When the major trend is green, a red arrow is expected to signal a correction (at most); a green arrow indicates a resumption in the major uptrend. Likewise, green arrows when the major trend is red suggest no more than a temporary rebound and red arrows, a resumption in the downtrend. The exceptions come at major trend changes, usually tipped off by an extreme spread in trader net positions.

As a rule of thumb, COT signals are considered valid for six weeks, but signals in the direction of the major trend can have significantly greater and longer impact.

One caution about turn arrows: they are considered provisional in the first week following the signal. A new high close above the high of the past two weeks will nullify a red down arrow; a new low close below the low of the past two weeks will invalidate a green up arrow. This is standard practice with cycle turn detector (sometimes called repainting).

In the case of our signals, fewer than 1 arrow out 5 (20%) are revoked on average. (Note: just because the arrow is validated after the first week does not guarantee against subsequent prices penetration!) To confirm (and sometimes lead) the major trend line, we use Relative Trend Strength indicator in Pane 2. (See next page.)

*Continued on page 11...*

1  
2  
3  
4



rolled to the highest volume and open interest delivery, with no roll adjustment. Open candle bodies indicate an up week (Friday's close above Monday's open); filled candles indicate down weeks. Lines extending from the candle body register the weekly high and low. Because of price differences between delivery months, large single bars or gaps may be misleading (especially in livestock futures).

COT signals when the timing cycle is favorable. This makes these signals unique. You won't find them anywhere else.

This indicator is designed to detect levels of commercial buying or selling sufficient to turn prices. It does not catch every turn, but the signals that are produced are typically timely and potentially quite valuable. How far prices react on a signal

## CHART PANE 2

### RELATIVE TREND

**STRENGTH (RTS):** When the RTS is green, momentum is positive; when red, negative. Crossing the zero line, turning the indicator from green to red, is a technical sell signal. Crossing to green is considered a technical buy signal. These signals are used to confirm major trend changes, but this indicator often serves as an advance warning of a major trend change. The indicator is price-independent so relative trend strength can be compared between markets. You may most easily make this comparison on the page 1 table where RTS has its own column.

## CHART PANE 3

**COMMERCIAL RELATIVE STRENGTH INDEX (CRSI):** This is an indicator I introduced in my book, *The Commitments of Traders Bible*, (Wiley 2008), Chapter 11, *Getting Technical*.

It is really quite simple. RSI is applied to the commercial net position (commercial long contracts minus short contracts). Although I have made a couple of enhancements to the indicator in *Bullish Review*, it uses the standard 30% and 70% signal levels. Above 70% indicates that commercial buying has reached an extreme level suggesting a buying climax and resulting price upturn. A below 30% reading suggests a potential selling climax and price downturn. This indicator, along with the red or green price bars are taken into account in changing a cycle arrow into a bold signal arrow.

## CHART PANE 4

**NET POSITION CHART:** The three lines in Pane 3 represent trader net positions as reported in the Commodity Futures Trading Commission's *Commitments of Traders Report*. (We use the "Legacy" Futures +

Options data, which have the longest trading history to compare.) Short contracts are subtracted from longs to arrive at respective net positions. Net positions are converted to notional (\$) value based weekly closing price.

Conveniently, each trader group tends to trade in its own herd. Because futures are zero sum markets, with a buyer for every seller, the red and blue lines tend to mirror each other's movements. Funds (blue lines) tend to be momentum traders, buying as prices go up, and selling on a down scale. It is their buying that typically powers uptrends and their selling is usually behind downtrends. Thus funds tend to be most heavily position—in the wrong direction—at market turns. Funds make trends, and commercials make trend changes. You can think of the funds as railroad engineers and commercials as the flagmen, who will let the engineer move the train (market) just so far before flagging him down. Thus, when blue and red lines are at opposite extremes, an interruption in the ongoing trend is likely—usually in favor of the commercial position.

**MOVING CORRELATION:** The blue line (representing funds) typically tracks price movement quite closely. We monitor this relationship between fund net position and price movement (*fund tracking*) through a correlation calculation using Pearson's product-moment coefficient. In simple terms, we rerun the correlation each week, using a moving look-back period. An indication of the quality of correlation over time is given by the correlation coefficient ( $r$ ). This is displayed as the green area chart behind the net positions.  $r$  ranges (not shown on scale) from +1 (indicating prices and funds are moving in unison)

to -1 (indicating a perfect negative correlation, with prices and fund net position mirroring each other). The zero line used for net positions is also the zero line for the correlation factor. A zero reading indicates that there is no relationship between price and fund movement. So if the chart pane is half yellow and half pink, zero correlation is indicated. There are no firm guidelines to the range of  $r$  representing significant correlation, but I generally view any reading above +0.7 as a significant correlation with -0.7 or below signifying negative correlation. I consider any reading between -0.5 and +0.5 as signifying no meaningful correlation exists.

[To tell what percentage of movement in one variable is accounted for by the other, simply square  $r$ . A 0.9 *correlation coefficient* ( $r$ ) yields a *coefficient of determination* ( $r^2$ ) of 0.81, meaning that 81% of the movement of one variable is explained by movement in the other. This does not imply cause and effect. However, after watching fund buying and selling power price trends for 45+ years, I can attest cause and effect.]

At a glance, a green pane tells us that the market seems to be operating normally. That is, funds are buying uptrends and selling downtrends, following (or more precisely, powering) the trend. When the green area turns yellow (as seen on the right side of the sample chart), it means that the normal correlation has disappeared and that we need to be cautious in analyzing net position movements. The amount of pink showing indicates the degree of correlation lost. A solid pink background indicates a negative correlation between funds and price movement. Non-correlation is the norm in a few markets (MW NK TY FB TY).

## Page 1 Table Key

COT Nov 19, 2013		Price Week			Fund Week		Price Trend		Cycles		Commercial Week		COT RSI		BUY	
PAGE	Futures	Close	Change	Percent	Bought	Sold	r	RTS	Major	Minor	Bought	Sold	Change	Current	SELL	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	
8	30-YR T-BONDS	131.29	-0.88	-0.47%	\$752.3m	>	-0.2	-9.2	↓	↑	-\$660.5m	>	-1	38	●	Expired
	10-YR T-NOTES	126.370	-0.480	-0.15%	\$1.2b	>	0.93	-4.7	↓	↓	-\$1.5b	>	-8	48	●	New Sell
	5-YEAR T-NOTES	121.220	0.000	+0.01%	\$5.9b	>	0.7	-2.4	↓	↑	-\$9.6b	>	-12	49	●	Prev Buy
9	2-YR T-NOTES	110.170	0.020	+0.03%	\$367.7m	>	0.71	-0.1	↑	↑	-\$526.6m	>	-2	51	●	Prev Buy
	EURODOLLARS	99.645	0.030	+0.03%	-\$20.0b	>	0.73	-0.2	↓	↓	\$21.6b	>	1	64	●	5 weeks remain
	NIKKEI 225	155.40	2.10	+1.37%	-\$16.8m	>	0.1	1.1	↑	↑	\$200.0m	>	6	57	●	ing
✓ =	IMPORTANT!	UP WEEK			BUYING	>>>>	Fund	Price	Price		BUYING	IMPACT	One		WEEKS	
	SEE COMMENTARY	DOWN WEEK			SELLING	IMPACT	Track	Trend	Cycle		SELLING	>>>>	Week	Current	TO GO	
													Move	Reading		

1. These are the contracts reported in the *Commitments of Traders Futures & Options Combined* report. Where both a full-size and e-mini contract are reported, they are combined in this table (and charts), with the trader positions and open interest of the larger contract adjusted to small contract equivalence.

### PRICES

- Friday's closing price (or close for last trading day of the week if Friday is a holiday).
- Net price change from Friday's close one week prior.
- Percentage change in price for the week.

### FUNDS

- Relates to fund net positions (typically hedge or commodity funds). The change in notional dollars of fund net position (long - short) from previous week. The COT tabulation is typically as of Tuesday's close. Green cell background means funds were net buyers, Red indicates net sellers for the week.
- A graphic indication of the relative change in the fund net position for the week. The change is calculated as a percent of total non-spreading open interest. A green ">" indicates net buying, red (">") indicates net selling. Each ">" indicates a 10% (or less) change. (>> = 10 to 20%, >>> = 20 to 30%, etc.) This provides a quick scan for markets that showed significant fund trading activity on the week. Normally 2 bars (>>) is considered significant in terms of price movement impact potential; 3 (>>>) or more would be considered an unusually large change (+- 20% or more).

### PRICE TREND / TRACKING

- The current correlation "r" value between price and fund movement. Since funds are trend-followers we expect to see a positive correlation of 0.5 or better, indicated by a green square. A yellow background indicates little or no correlation, while a red background indicates a negative correlation. The range is +1 (perfect correlation) to -1 (perfect negative correlation), with 0 indicating no correlation.

### RTS (RELATIVE TREND STRENGTH)

- Compare trend strength between markets. Cyan background indicates a change from positive to negative or visa-verse. This could be a timely technical buy or sell warning, but is not COT related.

### PRICE CYCLES

- The minor cycle is in the direction of the most recent arrow on price chart. The major trend is based on the trend line color. **NOTE: Cyan (blue) cell background highlights an indicator reversal or new signal.**

### COMMERCIALS

- Net commercial buying or selling for the week (see #5 above for description).
- Graphic representing the relative amount of commercial buying or selling (see #6 above).
- Relative Trend Strength (RTS) rating change from prior week.
- RSI indicator applied to the commercial net position. Above 70% is a commercial buying extreme and potential price upturn; below 30% is a commercial selling extreme and potential trend downturn.
- Most recent commercial signal; green = buy, red = sell. Signals typically impact prices for about 6 weeks. The bars shown indicate the number of week's impact likely remaining. Thus a new signal has six bars (|||||●). When no bars are shown (●), the most recent signal has expired.