ALONDRA UNION - COMMODITY RISK & COLLATERAL REPORT

Institutional Review Format - WHEAT-SRW - CBOT - CFTC Contract 001602

Maximum Recommended Collateral Recognition	**65% (ILLUSTRATIVE)**
Alondra Direction	FLAT (3)
Volatility Regime	HIGH - preliminary analytical classification
BVLII Oracle Output	FLAT / HIGH VOLATILITY
IND Group	10
Common observations	287 weekly observations
Data period	26 Jan 2021 - 1 Sep 2026
Latest Forecast	-47.77
Latest Spot	733.00

1. Executive purpose

This report is designed as an institutional review document for parties assessing commodity-linked collateral, guarantee capacity and fiduciary risk. It separates the commodity-market oracle from the ultimate credit or fiduciary decision. Alondra evaluates the commodity environment; BVLII consumes a normalized signal; the fiduciary or risk authority retains final decision-making responsibility.

The current Alondra direction for contract 001602 is FLAT. The historical Forecast is simultaneously displaying an unusually unstable regime. For institutional consumption, the proposed normalized message is therefore FLAT / HIGH VOLATILITY.

2. Data architecture and traceability

Three internal sources are combined. **AUR_Pr.ods** supplies the operative AUR classification and IND grouping. **SE_10_F.DBF** supplies the historical Alondra Forecast. **SPOT_10.DBF** supplies the corresponding Spot history. CFTC contract 001602 is the common identifier. The operative signal is read from AUR_Pr.ods and is not inferred retrospectively from the chart.

3. Integrated historical view

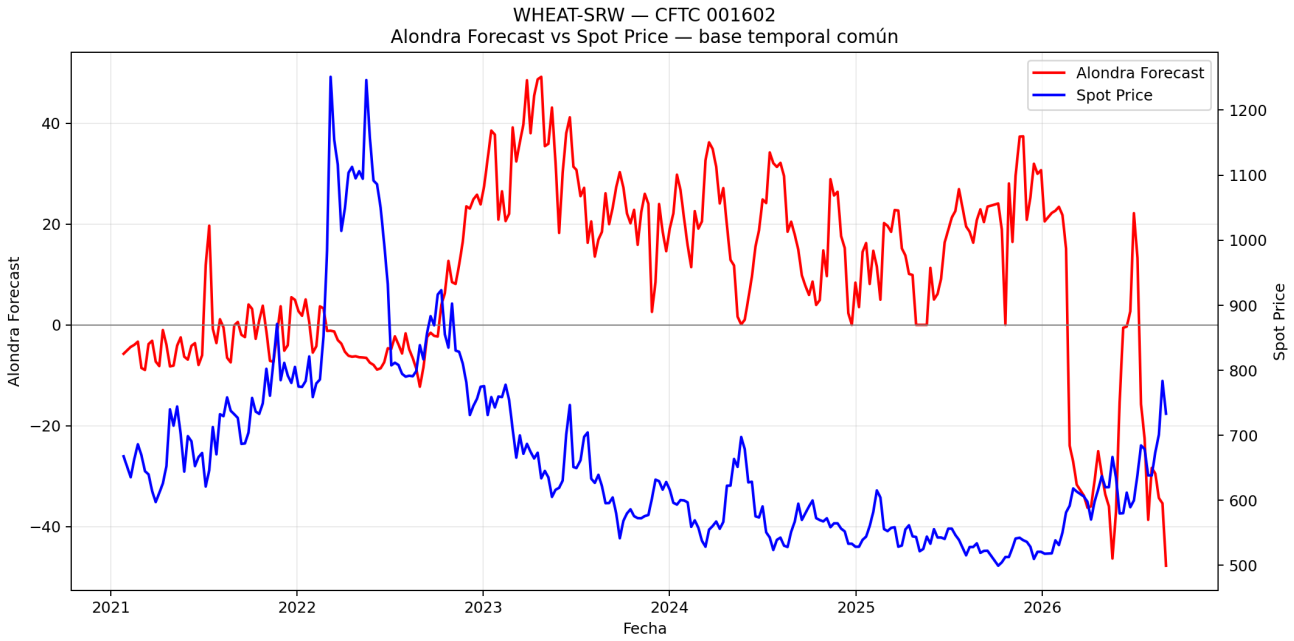

Figure 1. Alondra Forecast (red) and Spot Price (blue), synchronized on a common weekly time base. Separate vertical axes are retained because the series measure different phenomena.

4. Linear correlation test

A conventional contemporaneous test gives a Pearson correlation of approximately **-0.34** between Forecast and Spot levels and a Spearman rank correlation of approximately **-0.45**. A forward-lag test comparing the Forecast level with subsequent Spot returns from one to twelve weeks produces coefficients close to zero, approximately **-0.01 to -0.05**.

Accordingly, the evidence does not support a simple linear forecasting rule. This is not treated as a model failure: Alondra is a coverage oscillator rather than a direct price regression. Its potentially useful information may instead be concentrated in extremes, reversals, zero crossings and changes of regime.

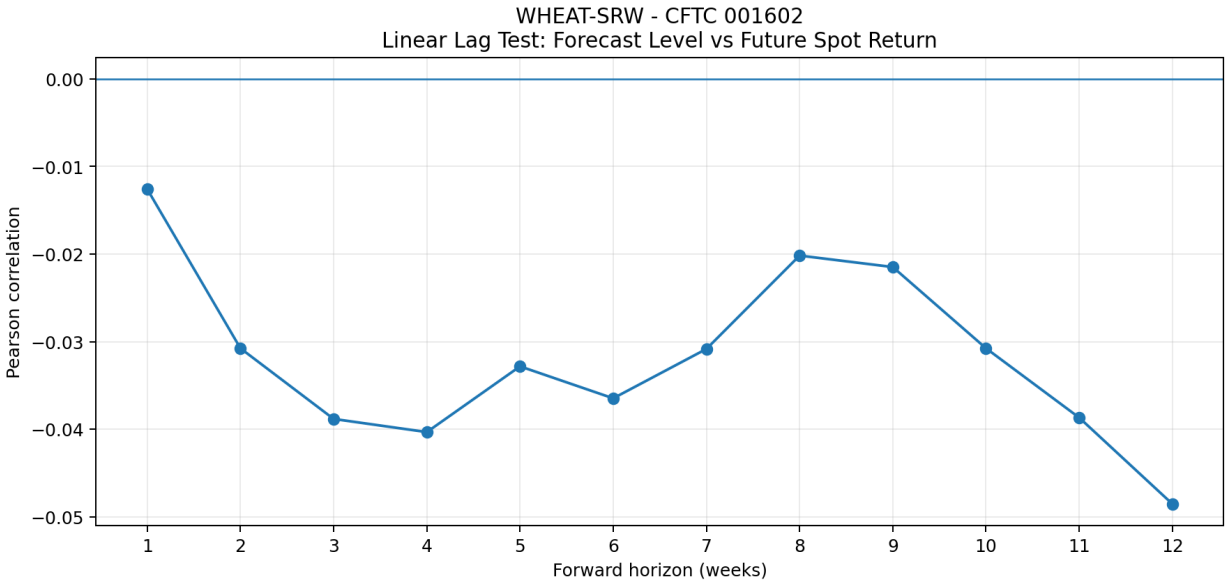

Figure 2. Linear lag test. Near-zero coefficients motivate the separate event-based analysis.

5. Peak-and-valley event study

An exploratory event study identified 19 significant local extrema using a minimum prominence of 20 Forecast points: 10 peaks and 9 valleys. The threshold is an analytical screening convention for this report and is not an Alondra production parameter. Subsequent Spot behavior was reviewed at 1, 2, 4, 8 and 12 weeks after each event.

The events do not support a mechanical rule such as 'peak equals price increase' or 'valley equals price decline.' Instead, they suggest that the position of an extreme within the preceding coverage cycle may matter more than its sign alone.

6. 2025-2026 regime transition

The recent sequence is particularly notable. The Forecast reached a deep local valley of **-46.34 on 19 May 2026**, reversed sharply and reached **+22.16 on 30 June 2026**. Spot was 599.6 on 30 June and reached 783.4 on 25 August, an increase of **30.65%** over eight weeks.

During much of that Spot advance, however, the Forecast was already deteriorating again, eventually reaching **-47.77 on 1 September**. This supports a working hypothesis that Alondra may identify regime transitions through the geometry of coverage extremes and reversals rather than through a simple linear price relationship.

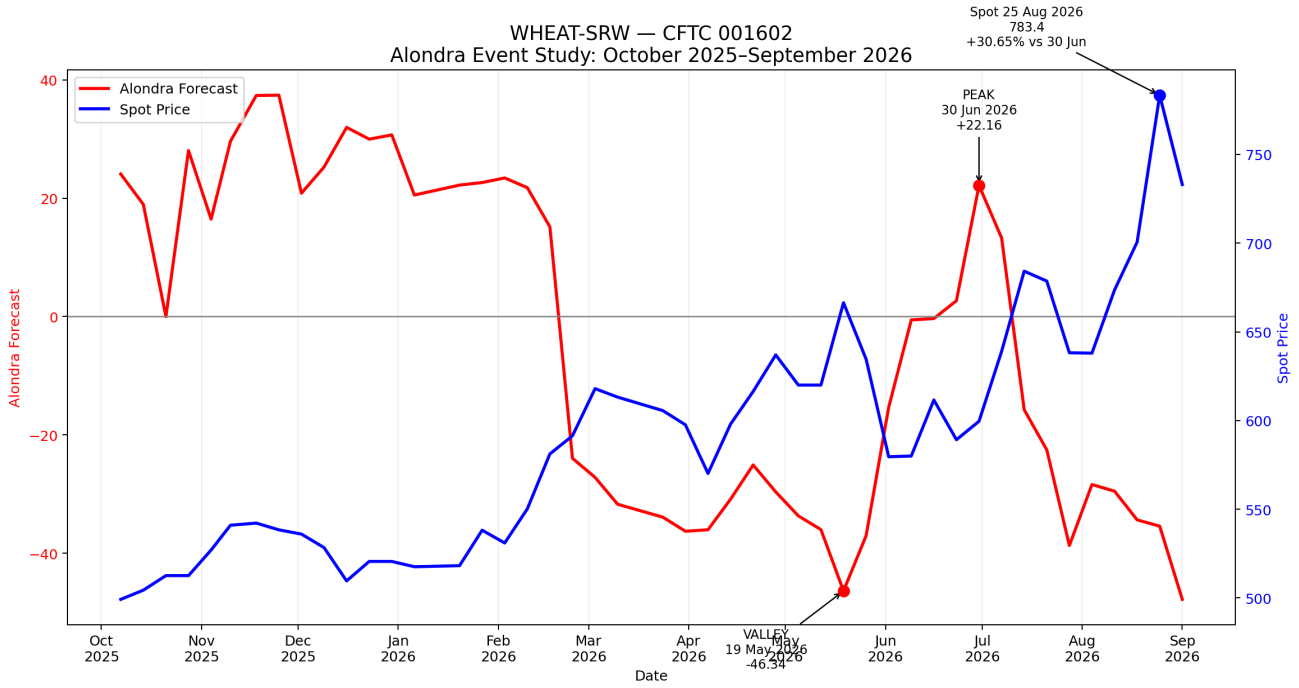

Figure 3. Enlarged recent cycle: Forecast valley, rapid reversal, subsequent Spot advance, and renewed Forecast deterioration while Spot remained elevated.

7. Proposed Alondra-to-BVLII institutional interface

For an institutional risk engine, Alondra should not transmit the entire internal analytical process as the operative decision variable. It should provide a normalized commodity-oracle message that BVLII can combine with borrower, tenor, collateral, country, logistics, counterparty and other risk oracles.

Field	Proposed output for 001602
Commodity	WHEAT-SRW
CFTC Contract	001602
Direction	FLAT
Direction Code	3
Volatility Regime	HIGH
Observation Date	1 Sep 2026
Interpretation	Directional uncertainty with elevated market/coverage instability

The volatility label above is a **preliminary analytical classification** derived from the observed instability of the recent Forecast. A formal production taxonomy and thresholds for LOW / NORMAL / HIGH volatility remain to be specified and validated.

8. Collateral recognition framework for institutional review

The proposed use of the oracle is prudential rather than speculative. Alondra does **not** determine whether BV should buy or sell wheat, and it does **not** determine the final percentage of a GF1/F1 guarantee. Its role is narrower: to inform BVLII how much confidence may prudently be placed in the commodity component of a collateral package under the current market regime.

For illustration, a FLAT / HIGH VOLATILITY wheat regime could justify a lower maximum collateral-recognition ratio than a FLAT / LOW VOLATILITY regime. The percentages below are policy examples only; they are not validated Alondra parameters or approved fiduciary limits.

Direction	Volatility	Illustrative BVLII reading	Illustrative maximum recognition
FLAT	LOW	Stable commodity environment	70%
FLAT	NORMAL	Moderate uncertainty	67.5%
FLAT	HIGH	Directional uncertainty + elevated instability	65%

The distinction is material. A commodity can be FLAT because it is genuinely stable, or FLAT because opposing forces have destroyed directional clarity while volatility remains high. Those two states should not necessarily receive the same collateral value.

9. Governance and decision chain

Alondra -> Commodity observation and normalized oracle. Alondra classifies direction and market regime.
BVLII -> Integrated risk and collateral analysis. BVLII combines Alondra with the remaining relevant oracles and transaction characteristics, and prepares a recommended recognition/coverage level.
Fiduciary / authorized human authority -> Final decision. Material guarantee, collateral and credit decisions remain subject to identifiable human fiduciary authority.

A deterioration such as **FLAT / HIGH -> SELL / HIGH** could therefore trigger revaluation, an exposure alert and a revised BVLII recommendation. It should not, by itself, cause an automatic liquidation or automatic change to a legally committed guarantee. Contractual triggers, cure periods, margin rules and fiduciary approvals would have to be separately defined.

10. Institutional review questions

For an institutional collateral provider, fiduciary administrator or implementation partner, the next diligence stage should focus on: reproducibility of the AUR signal; data provenance and timestamp controls; formal definition of volatility regimes; stability of event rules across commodities; out-of-sample validation; collateral valuation and haircut governance; exception/escalation procedures; audit trail; model-version control; and the precise boundary between automated recommendation and fiduciary approval.

11. Preliminary institutional conclusion

For WHEAT-SRW 001602, the proposed Alondra oracle output is **FLAT / HIGH VOLATILITY**. The current evidence does not establish a simple linear forecasting relationship, but the event study identifies potentially informative regime-transition behavior. In a BV/BVLII architecture, that signal can be used as one prudential input to determine how much of the commodity's current value should be recognized for collateral purposes, while the final GF1/F1 coverage decision remains an integrated BVLII recommendation subject to human fiduciary authority.

Source files: AUR_Pr.ods; SE_10_F.DBF; SPOT_10.DBF. Internal analytical and design report. Illustrative collateral-recognition percentages are conceptual policy examples only and require legal, fiduciary, risk, model-validation and contractual approval before production use. This report is not investment advice.