



ALONDRA UNION - COMMODITY RISK & COLLATERAL REPORT

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

Analysis date: 18 October 2026 | Observation date: 13 October 2026

Maximum Recommended Collateral Recognition	65% (ILLUSTRATIVE; not an approved limit)
Alondra Direction	FLAT (3)
Volatility Regime	HIGH - preliminary classification retained from prior review
BVLII Oracle Output	FLAT / HIGH VOLATILITY (provisional)
IND Group	10
Common observations	293 synchronized weekly observations
Data period	26 Jan 2021 - 13 Oct 2026
Latest Forecast	-28.98
Latest Spot	660.50

1. Executive purpose

This report supports institutional review of commodity-linked collateral, guarantee capacity and fiduciary risk. Alondra supplies commodity-market intelligence; BVLII combines normalized signals with other risk factors; an authorized human fiduciary retains final responsibility. The September review is extended through 13 October 2026 without treating preliminary classifications as validated production rules.

2. Data architecture and traceability

The operative snapshot is read from SPECIES.dbf; the historical Forecast and Spot series come from SE_10_F.DBF and SPOT_10.DBF, joined by CFTC contract 001602 and observation date. DBS.txt supplies field definitions. The previous report used AUR_Pr.ods for its September classification. Differences in historical dates are reconciled by intersection, not by filling missing prices.

3. Integrated historical view

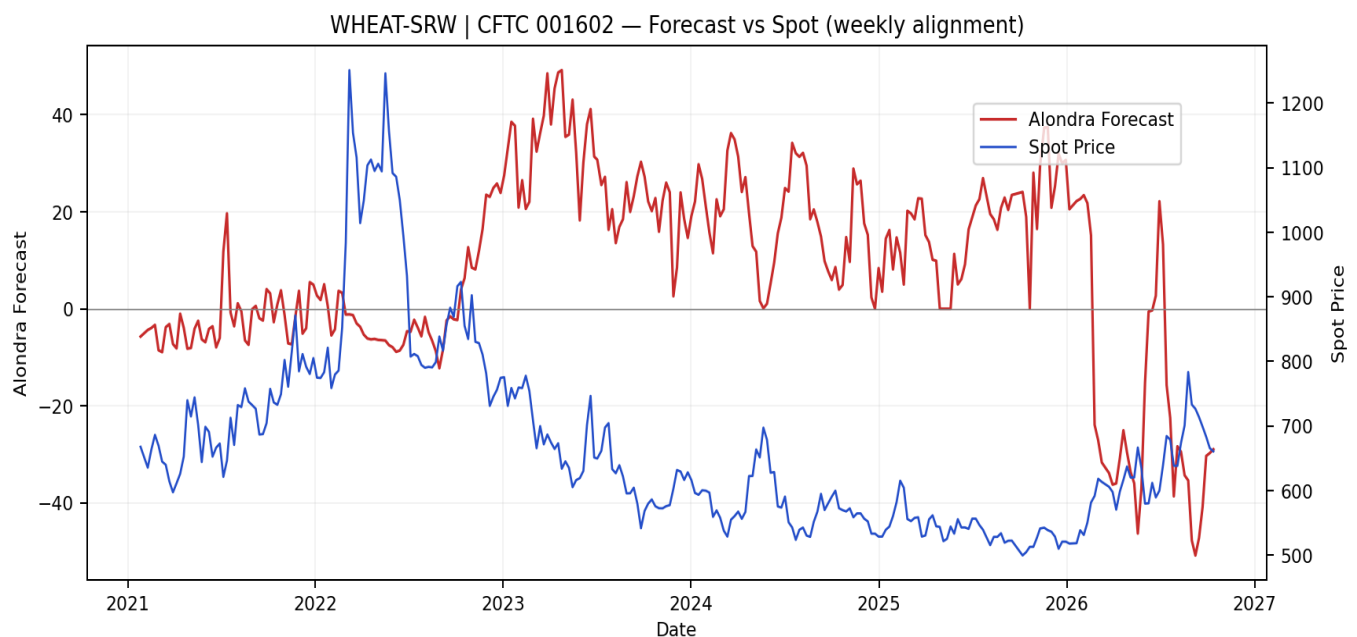


Figure 1. Alondra Forecast (red) and Spot Price (blue), aligned by observation date. Separate vertical axes reflect different measurement scales. The latest paired values are Forecast -28.98 and Spot 660.50. On 1 September they were -47.77 and 733.00, respectively: Forecast increased 18.79 points while Spot declined 9.89%. This divergence is descriptive, not proof of price anticipation.

4. Linear correlation test

Across 293 synchronized observations, contemporaneous Pearson correlation between Forecast and Spot levels is -0.33, while Spearman rank correlation is -0.45. Comparing the Forecast level with subsequent Spot percentage returns at 1-12 week horizons gives Pearson coefficients from -0.05 to +0.01. These tests do not, by themselves, establish an economically actionable linear forecasting relationship.

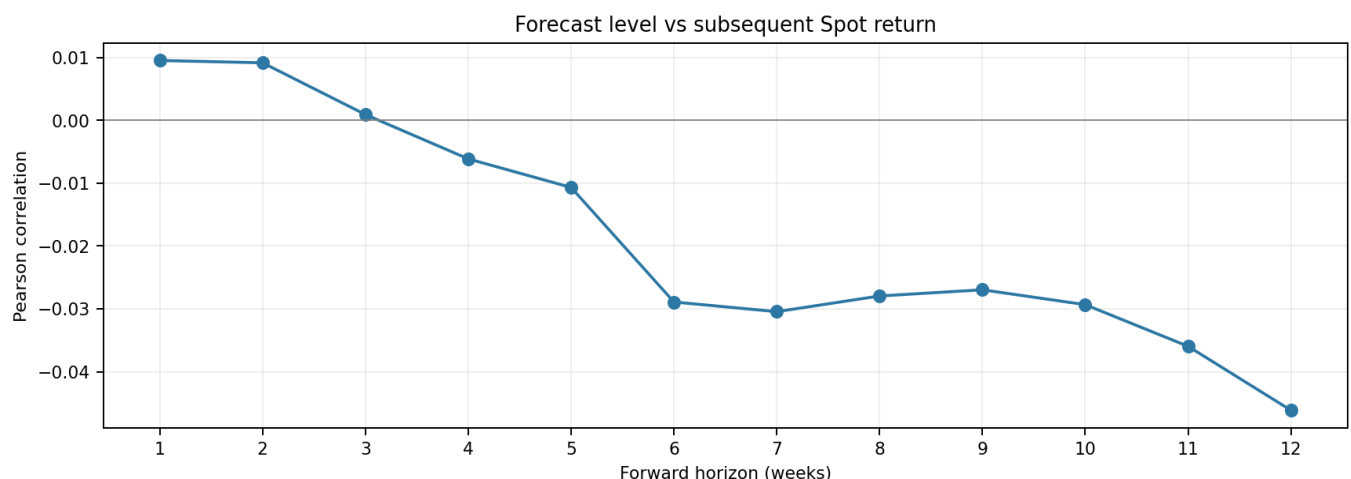


Figure 2. Linear forward-lag test, recomputed on the October 2026 aligned series.

5. Peak-and-valley event study

An exploratory screen using a minimum Forecast prominence of 20 points identifies 10 peaks and 10 valleys in the synchronized sample. The prominence threshold is a research convention, not an Alondra production setting. Event returns at 1, 2, 4, 8 and 12 weeks should be assessed with non-overlapping samples and out-of-sample checks before any institutional inference.



6. 2025-2026 regime transition

6.1. Technical interpretation

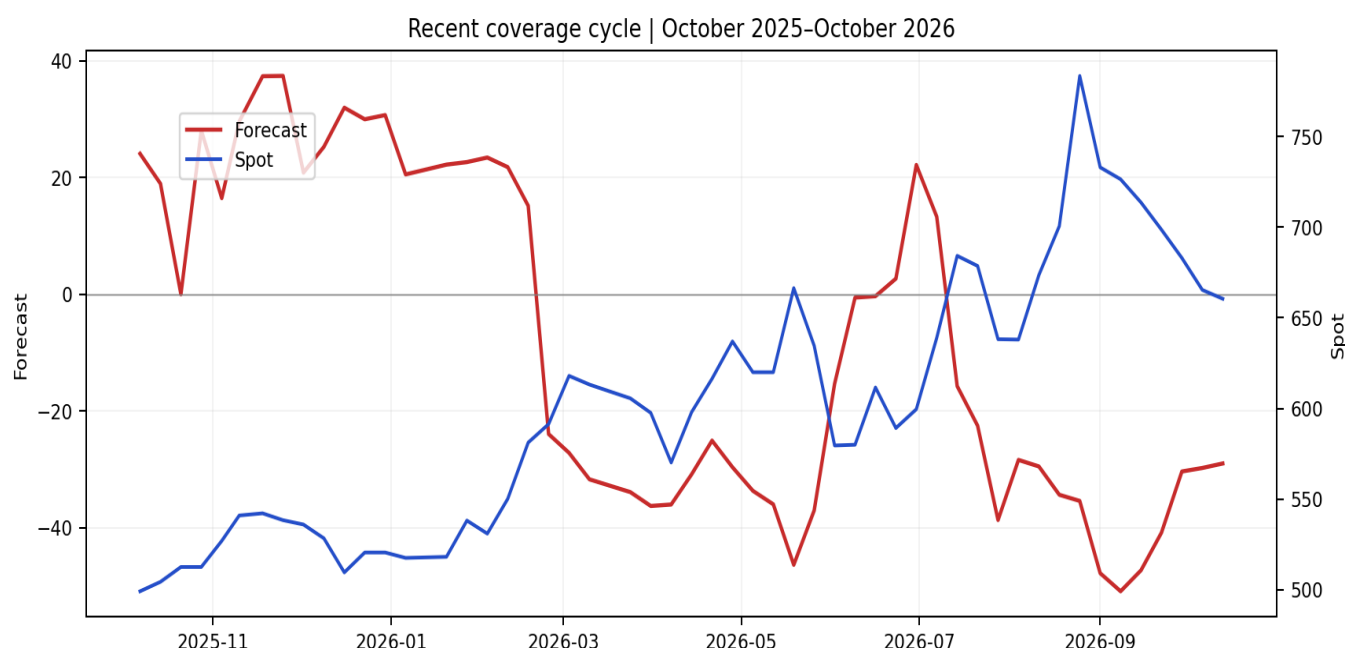


Figure 3. Enlarged recent cycle through 13 October 2026.

The previous review recorded a Forecast valley of -46.34 on 19 May 2026, a rebound to +22.16 on 30 June, and a Spot rise from 599.60 on 30 June to 783.40 on 25 August (+30.65%). Subsequently, the Forecast fell to -50.87 on 8 September and recovered to -28.98 by 13 October while Spot declined from 726.40 to 660.50 (-9.07%). This alternating sequence warrants testing of coverage-cycle geometry rather than a fixed peak-to-price rule.

6.2. Practical interpretation — understanding the market signal

In simple terms, Alondra may be detecting changes beneath the surface of the commodity market before those changes become fully visible in market prices.

Consider what happened with wheat during 2026. On May 19, the Alondra Forecast was deeply negative, at -46.34. Just six weeks later, on June 30, it had climbed to +22.16. Something important had changed in the behavior of market hedging positions.

Yet wheat prices had not followed the same movement. On June 30, the Spot price stood at 599.60. Over the following eight weeks, it climbed to 783.40, an increase of 30.65%. In other words, the coverage oscillator had already undergone a substantial reversal while the subsequent price increase was still developing.

Now consider the opposite movement. While wheat prices were rising during July and August, the Alondra Forecast was already deteriorating. By September 1, it had fallen to -47.77. The Spot price subsequently declined from 733.00 on September 1 to 660.50 on October 13.

This is the essential observation: the behavior of hedging positions and the behavior of market prices do not necessarily change direction at the same time.

For a bank, a collateral provider, or a fiduciary institution, this distinction could be extremely valuable.

Suppose an institution accepts wheat as collateral for a financing operation. The current market price may appear satisfactory, but the Alondra oscillator could already be indicating a deterioration in the underlying hedging environment.

Instead of waiting for a significant decline in the collateral market value, the institution could use that information to review its exposure, reassess collateral recognition, or request additional risk analysis.



Alondra does not claim that every reversal of its oscillator will be followed by a corresponding price movement. The historical sequence described here is an observation, not proof of a reliable forecasting rule.

Nevertheless, it illustrates the central proposition behind Alondra Union: understanding the evolution of commodity hedging positions may provide information about market risks that cannot be obtained from price movements alone.

For BVLII, the objective is therefore not to speculate on wheat prices, but to identify potential changes in the commodity risk environment early enough to support more prudent financing and collateral decisions.

7. Proposed Alondra-to-BVLII institutional interface

Field	Proposed output for 001602
Commodity	WHEAT-SRW
CFTC Contract	001602
Direction / code	FLAT / 3
Volatility regime	HIGH (preliminary, not revalidated)
Observation date	13 Oct 2026
Structural status	N: adequate supply / no identified shortage
Tendency	-1: net selling over the specified 12-week window
LT_W / LT_S	614 / not populated in current master record
Interpretation	Neutral direction; coverage-oscillator recovery alongside declining Spot

The master record also reports RESULF -1.46, PVBC_A +0.70 (20 May 2025), and PVSC_A -9.13 (21 October 2025). These are algorithmic coverage extremes, not extrema of the plotted Forecast series. LT_S is not populated in the supplied master record; the previously reported value of 34 needs independent verification. LT_S, when available, is a historical lag statistic and must not be treated as a 34-week price prediction.



8. Collateral recognition framework for institutional review

Alondra is a prudential oracle, not a trading instruction or automatic guarantee engine. Illustrative recognition levels from the previous institutional review are reproduced unchanged; they are not validated model parameters or approved fiduciary limits.

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

A neutral directional classification can reflect either genuinely stable conditions or uncertainty during an unstable coverage cycle. Such regimes need not have equal collateral value. Any production haircut requires separate policy approval, model validation and contractual treatment.

9. Governance and decision chain

Alondra: observation and normalized commodity-oracle signal. BVLII: integrated collateral and risk recommendation across relevant oracles and transaction attributes. Fiduciary / authorized human authority: final decision on collateral recognition, guarantees and material credit actions. Alerts may prompt revaluation but do not automatically modify legally committed obligations.

10. Institutional review questions

The next diligence stage should address AUR reproducibility; provenance and timestamps; reconciliation of unmatched weekly records; LT_W and LT_S implementation; stability of extrema and event rules; formal LOW/NORMAL/HIGH volatility thresholds; out-of-sample validation; haircut governance; audit trails; version control; and escalation and fiduciary approval procedures.

11. Preliminary institutional conclusion

For WHEAT-SRW 001602, the provisional institutional signal remains FLAT / HIGH VOLATILITY. The October data show a recovering Forecast and a declining Spot, while the master oscillator retains a negative structural result and net-selling tendency. These observations may be informative for regime monitoring but do not establish a reliable directional price forecast. BVLII may use the signal as one prudential input, subject to integrated risk analysis and human fiduciary authority.

Source files: SPECIES.dbf; SE_10_F.DBF; SPOT_10.DBF; DBS.txt; previous AU-WHEAT-SRW Institutional Risk Report v4. All collateral-recognition percentages are illustrative. Internal analytical report; not investment advice.



12. Technical Interpretation of the Alondra Coverage Oscillator — FAQ

What is the purpose of Alondra?

Alondra is a commodity-coverage oscillator designed to interpret futures and options-on-futures positioning published by the CFTC, and to produce a separate dynamic indicator of potential price direction. It is not a price-only moving-average system.

What are the static and dynamic numerical series?

The static series integrates weighted net hedging positions of Commercial, Non-Commercial and Non-Reportable participants into one numerical series per commodity. The dynamic series is derived from the static series and uses a simple harmonic oscillator concept and historical buyer/seller coverage extremes to construct a Forecast index.

Why are Commercials given particular importance?

In the developer model, Commercials are participants linked to physical commodity activity and receive greater weight than the other CFTC participant categories. The exact proprietary weighting is not disclosed.

What does the Algorithmic Number (RESULF) represent?

It summarizes weighted net coverage. Under the original Alondra interpretation, negative values indicate predominance of selling hedges and relative abundance, whereas positive values indicate buying-hedge predominance and possible emerging scarcity. These are model interpretations, not direct inventory measurements.

What do N and P mean?

N denotes a predominantly negative net-coverage regime; P denotes a positive regime. The original developer describes N-series as historically easier to forecast. These labels should not be read as unconditional trading instructions.

What are PVBC_A and PVSC_A?

Peak Value Buyer Coverage and Peak Value Seller Coverage identify the highest and lowest values of the static algorithmic series over the reference history beginning in January 2015; their dates are stored separately. They are not peaks of the dynamic Forecast.

What is LT_W?

Latency Time in Weeks describes the number of weeks over which the static net-coverage indicator returns to a comparable value, determining a historical analysis interval. The source describes longer intervals as potentially more stable; that reliability claim requires empirical testing. In one legacy calculation the operative interval is capped at 240 weeks, although the master field can hold a larger value.

What is LT_S?

It is the estimated temporal lag between the dynamic Forecast series and subsequent futures-price movements, based on a maximum-correlation procedure and periodically recalculated, historically around every six months. The supplied current master record has no populated LT_S value; therefore this report does not assign a numerical LT_S for WHEAT-SRW.

How should Forecast be interpreted?

Forecast is an index of anticipated upward or downward price pressure derived from coverage dynamics. Its numerical value is not a guaranteed future percentage price change, and the entire trajectory, reversals and extrema matter more than a single observation.

What are TENDENCY, AUR and GP metrics?

TENDENCY summarizes recent net buying or selling conditions; AUR is an operative directional classification. GP_WEEK evaluates a weekly Spot move with the sign convention of the signal; GP_ACUM1 and GP_ACUM2 sum weekly signal-adjusted percentage variations for medium- and short-term assessments. They are not compounded, realized portfolio returns.



What forecasting accuracy and latency did the developer report?

The original overview cites historical accuracy ranges of 87–92% for N species and 72–78% for P species, plus dynamic-series horizons commonly described as 1–6 weeks; the glossary separately mentions 1–10 weeks and at least 75% accuracy. These are historical developer claims, not independently validated results in this report. Their samples, definitions, transaction costs and out-of-sample performance must be documented before institutional reliance.

How does BVLII use Alondra?

Alondra supplies a normalized commodity signal; BVLII integrates it with credit, collateral, tenor, logistics, country and counterparty risks. The fiduciary or authorized human authority retains final decision-making responsibility. Illustrative collateral recognition percentages are not approved limits.

Methodological note: The conceptual description and historical accuracy claims above are attributed to the original developer Glossary of Terms and Brief Overview of the Algorithm. Quantitative statements in Sections 3–6 derive from the supplied October datasets. No proprietary algorithm formula is reproduced.