BearingA

THE READ · TRACK 1 · OPERATING-LAYER

Commodity Trading Desk
— *the operating read*

Bearing as the truth filter on a bank commodity desk: the active configuration set, overlaid on the book, drilled against fifty years of corpus.

€4.2B	d = +2.015	p < 0.001	05 Jun 2026
NORTHBANK BOOK	COHEN'S EFFECT	LRT	READ DATE

Reading *the read.*

Every claim in this sheet carries its corpus precedent, named counterparties, and statistical floor. Nothing is asserted that cannot be traced.

VISUAL LANGUAGE

Oxblood	The Bearing read — projection & risk
Teal / ink	Consensus, the book, baseline
Phase	Pre-form → Escalating → Threshold → Activated

TERMS

PHM-CMP-####	Corpus configuration pack
Trace	Five-layer cannot-be-wrong drill
d · LRT p	Effect size · likelihood-ratio test
Kalman state	Live configuration estimate

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03	Brent & TTF — directional reads	06	Correlation matrix breakdown

Same book. Same moment. *Two readings.*

The desk's positions do not change between these two columns. What changes is what the desk can see — the configuration set overlaid on the book turns a diversified, in-band snapshot into a dated, sized, pre-positioning decision.

WITHOUT BEARING · THE STANDARD READ

Energy long delta	within VaR band
Gold / silver long	DXY inverse holding
EM short / DXY long	diversified
Book VaR	€12.4M · in limit
Correlation matrix	stable
Facilitation book	steady flow

A complacent snapshot: positioned, in-band, diversified. Nothing flags the converging regime.

WITH BEARING · TRUTH FILTER ON

Energy long delta	**6–10 wks to activation · size up**
Gold / silver long	**DXY inverse OVERRIDDEN**
EM short / DXY long	**undersized for activation**
Book VaR	**understates by +43%**
Correlation matrix	**breaks in 19–23 days**
Facilitation book	**+€640M · pre-position**

The same book, dated and sized: pre-position facilitation, buy vega, scale energy into the window.

From configuration *to position.*

A compound signal is a single geopolitical configuration — like the Hormuz escalation — that transmits into several markets at once. Bearing reads it as a first-class object and translates it through five steps into dated, sized, named reads the desk can act on.

01 **Configuration** — the event is identified and catalogued as a corpus object (`PHM-CMP-0089`), not a headline. Its drivers and transmission channels are known.

02 **Phase** — an HMM regime model places it on the cycle: Pre-formation → `Escalating` → Threshold → Activated. A Kalman state estimate tracks it live as it moves.

03 **Precedent** — the phase is matched against 50+ years of analogues (2008-Q3, 2022, 2011 sovereign-stress). The corpus says how far, how fast, and in which direction — with a measured separation (`Cohen's d = +2.015`).

04 **Cascade** — the configuration is composed across the book: the term structure, the vol surface, the correlation matrix, and the facilitation flow all reprice against the same compound.

05 **Read** — the output is operational: dated, sized, named, each carrying its five-layer trace and a likelihood-ratio floor (`LRT p < 0.001`).

WORKED EXAMPLE · HORMUZ COMPOUND · ESCALATING

Term structure	**front months lift · backwardation steepens**
Vol surface	**IV lags realized · 12–18 vol pts**
Correlation	**energy↔credit breaks · 19–23 days**
Facilitation	**+€640M client hedge cover**

Four signals, *one configuration set.*

The Hormuz compound is escalating; capital flight is approaching threshold. Both transmit into the book at once. Here is what the desk is positioned for — and what consensus is not yet pricing.

SIGNAL 01 · FACILITATION BOOK

+€1.28–1.64B

Book growth over 6–10 weeks · 40–52%. TotalEnergies, Shell, RWE, ENI raise hedge cover precisely as inventory risk peaks.

SIGNAL 02 · CORRELATION REGIME

19–23 days

To energy-credit matrix breakdown. Diversification benefit in VaR disappears at the moment compound risk peaks.

SIGNAL 03 · OPTIONS LAYER

12–18 vol pts

Implied-realized gap across TTF, Brent, gold. The surface has not yet repriced for activation — vega window open.

SIGNAL 04 · BOOK VAR

+43%

Standard VaR understatement at activation (€12.4M → €17.7M). Historical correlations are blind to the converging regime.

`Overall · compound active · pre-position window`

`Highest-value action · pre-position facilitation + buy vega`

`Decision window · 3–6 wks · capital flight first`

What the desk did *with Bearing on.*

Twelve weeks against a modeled European tier-1 desk. Each marker is an operating decision the read informed — pre-positioning, blind-spot coverage, scaling into the window.

W-12	W-10	W-8	W-6	W-4	W-2	W 0	W+2	W+4	W+6–10	W+12
Baseline	Alpha captured	+€42M net	Blind spot covered	Within band	Scaled in	Window open	Forecast	Activation	Main window	Cycle close

NET ALPHA · TRAILING

+€42M

Captured against consensus pricing across the 12-week window.

PHASE POSITION

Escalation

HMM regime at escalation · 6–10 weeks to activation against the 2008-Q3 analogue.

DEFENSIBILITY

d = +2.015

Separation from the pre-formation regime · LRT p < 0.001.

Brent · *crude*

Front-month long, front-summer spread long. Escalation phase positions Brent structurally above consensus at the 6–10 week horizon — the gap is the alpha-capture window.

Position	**Long front + cal spread**
Conviction	**High**
2008-Q3 analogue	**$32 / bbl → resolution**
2020-Q1 analogue	**$24 / bbl**
VaR cost	**within €18M limit**

EXEC · enter (established, +12% over 2–3 wks) · scale at phase confirmation · hedge Q3-Q4 vs Q1-Q2 · exit on phase transition.

TTF · *European gas*

Front-month + summer spread + options. Re-routing and refill dynamics compose against the same compound; the vol surface lags realized by the widest margin of the four.

Position	**Long front + summer**
Options	**OTM calls · vega**
IV vs realized	**lagging · widest**
Driver	**Hormuz · re-routing**
Window	**6–10 wks**

EXEC · vega via OTM calls · asymmetric payoff against the 2021–22 TTF vol regime.

Gold · *the override*

Two transmission channels into the position: cross-compound safe-haven and capital-flight approaching threshold. **The standard DXY-gold inverse is overridden** — Bearing reads it from configuration state, not price.

Position	Long spot + Dec futures
Channel 1	Cross-compound · sustaining
Channel 2	Capital flight · pre-threshold
DXY-gold corr	-0.43
Override	inverse overridden

Copper · *the divergence*

LME + COMEX HG. Correlation breakdown in the other direction — the EU restructuring channel disproportionately benefits copper vs aluminium / zinc. Position-direction divergence opens within base metals.

Position	Long LME / COMEX HG
Driver	EU auto / restructuring
Copper ↔ base	0.67 → 0.45–0.55
Window	42–70 days
Read	divergence opening

The book grows *when risk peaks.*

35–60% increase in client hedge cover forecast as named energy majors respond to Hormuz escalation. Net desk position will concentrate — plan for sizing, not surprise.

COUNTERPARTY	EXPECTED FLOW	TIMING	MECHANISM
TotalEnergies · jet/diesel/gas	+€280M	2–4 wks	Forward-cover ratio 67% → 81% on escalation confirmation.
Shell · products + LNG	+€210M	3–5 wks	Refining + LNG hedge demand rises with crack spreads.
RWE · gas + spark spread	+€420M	1–3 wks	Utility gas hedge ratios 60% → 92% over 5 weeks (2021–22 analogue).
ENI · oil + gas	+€140M	3–5 wks	Integrated forward-cover on the same compound.
Lufthansa · jet fuel calls	+€115M	4–6 wks	Airline fuel hedging via call structures into the window.

AGGREGATE EXPECTED FLOW · 6 MORE COUNTERPARTIES **+€640M**

TRACE · 2008-Q3 client behaviour pack · 2022 corpus · named energy-major hedging policy disclosures · configuration-to-hedge-demand model.

Your VaR is about *to lie to you.*

Historical correlations are calibrated against periods *between* configurations — not against activation. At every documented boundary in the corpus, regimes shift 0.3–0.5 within 4–6 weeks. Your diversification benefit disappears precisely as compound risk peaks.

CORRELATION PAIR	HIST (12M)	AT ACTIVATION	CROSSOVER	MECHANISM · PRECEDENT
Energy ↔ Credit (CVA)	0.21	0.61–0.74	19–23 days	2008-Q3: 0.18→0.71 / 5.5 wks. 2022: 0.22→0.64 / 4 wks.
Gold ↔ DXY	-0.43	+0.05 to +0.25	Live now	Inverse overridden by safe-haven cascade. 2011: +ve for 9 wks.
Energy ↔ Agri	0.12	0.42–0.55	28–42 days	EU import substitution + input cost. 2022: 0.14→0.49 / 6 wks.
DXY ↔ EM crosses	0.58	0.85–0.92	21–42 days	Capital flight → correlated EM moves. 2014-15 / 2018 analogues.
Copper ↔ LME base	0.67	0.45–0.55	42–70 days	Breakdown in the other direction · EU restructuring channel.
Cross-asset vol	0.34	asymmetric	14–28 days	Energy vol first; gold vol follows to a different ceiling.

WHAT THIS MEANS FOR THE DESK

The compound is active. The window is open. *Pre-position, don't react.*

Bearing reads geopolitical configurations as first-class objects — phase position, corpus-anchored precedent, and cascade composition across the book. Every claim in this sheet is traced, named, and dated.

D = +2.015	P < 0.001	50+ YRS
COHEN'S EFFECT	LIKELIHOOD-RATIO	COMPOUND CORPUS

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