GC Futures Curve Basis M1-M2 Z

Backwardation/contango regime is a documented commodities risk-premium driver and supply-tightness indicator.

David Stendahl · Market Lab Analytics · November 6, 2026

What this signal is

Backwardation/contango regime is a documented commodities risk-premium driver and supply-tightness indicator.

The composite is bounded between minus one and plus one through tanh. On 2020-03-26 it reached its series maximum plus 0.996 and on 2023-05-19 its series minimum minus 1.000.

Today the composite reads near +0.24. See live page for current state.

• • •

How the inputs compose

Backwardation/contango regime is a documented commodities risk-premium driver and supply-tightness indicator.

The engine also computes four confirming features: five-day velocity, 60-day volatility regime, 60-day correlation with gold returns, 63-day lag-1 autocorrelation.

• • •

What the state-conditional returns have actually done

The gold forward-60-day return baseline (unconditional) is mean plus 2.55 percent, median plus 2.10 percent.

> **Reference baseline (4,962 gold-aligned forward-60-day windows over the live engine window)**
>
> Gold forward-60-day return baseline: mean plus 2.55 percent, median plus 2.10 percent. Phase 0 source: Z32400 engine parquet joined with COMEX gold back-adjusted continuous closes.

Near curve steep (Phase +1), 2,818 trading days, returned on average plus 2.01 percent.

Normal (Phase +0), 533 trading days, returned on average plus 1.37 percent.

Near curve flat (Phase −1), 1,611 trading days, returned on average plus 0.25 percent.

• • •

Three cases that frame how to read the signal

Case 1: 2020-03 composite series maximum

On 2020-03-26 the composite reached its series maximum plus 0.996. Gold subsequent 60-day behavior aligned with the near curve steep regime pattern.

Case 2: 2023-05 composite series minimum

On 2023-05-19 the composite reached its series minimum minus 1.000. Gold subsequent 60-day behavior aligned with the near curve flat regime pattern.

Case 3: March 2020 COVID shock window

The March 2020 COVID liquidity shock drove violent regime shifts across gold drivers. The composite oscillated as the underlying mechanism repriced.

• • •

How to use the signal today

This is a regime detector on a 60-day forward horizon.

Three best uses. First, as a regime filter for gold exposure (Phase +1 equals near curve steep). Second, as a cross-check against positioning and price-momentum signals. Third, as a transition-window warning, pairing with price-based signals for conviction.

• • •

Methodology notes

Backwardation/contango regime is a documented commodities risk-premium driver and supply-tightness indicator.

The 2006 start reflects the earliest reliable source coverage.

• • •

What this signal does not cover

Four caveats. The signal is a regime detector, not a timing signal. State-conditional means hold on average, not for every individual window. Regime persistence varies with macroeconomic backdrop. Individual windows can run much longer or shorter than mean sample. State-conditional edges are backward-looking empirical averages. Future regimes may differ. The baseline is COMEX gold back-adjusted continuous (GC_1240BD).

Not investment advice. Signal readings and empirical statistics are derived from publicly available data sources. (c) 2026 David Stendahl.