PA Term Structure Continuous

Palladium (NYMEX) term structure summarises current-vs-deferred supply/demand. Structural carry that persists out to M1-M12 indicates persistent oversupply or rate-rise expectations; uniform backwardation indicates tight

David Stendahl · Market Lab Analytics · November 6, 2026

What this signal is

Palladium (NYMEX) term structure summarises current-vs-deferred supply/demand. Structural carry that persists out to M1-M12 indicates persistent oversupply or rate-rise expectations; uniform backwardation indicates tightness propagating through the curve.

The composite is bounded between minus one and plus one through tanh. On 1998-05-14 it reached its series maximum plus 1.000 and on 1998-05-26 its series minimum minus 1.000.

Today the composite reads near −0.30. See live page for current state.

• • •

How the inputs compose

Palladium (NYMEX) term structure summarises current-vs-deferred supply/demand. Structural carry that persists out to M1-M12 indicates persistent oversupply or rate-rise expectations; uniform backwardation indicates tightness propagating through the curve.

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

• • •

What the state-conditional returns have actually done

The palladium forward-60-day return baseline (unconditional) is mean plus 1.40 percent, median plus 1.11 percent.

> **Reference baseline (8,960 palladium-aligned forward-60-day windows over the live engine window)**

> Palladium forward-60-day return baseline: mean plus 1.40 percent, median plus 1.11 percent. Phase 0 source: Z5071 engine parquet joined with NYMEX palladium back-adjusted continuous closes.

Contango regime (Phase +1), 2,488 trading days, returned on average plus 3.11 percent.

Normal (Phase +0), 3,843 trading days, returned on average plus 2.03 percent.

Backwardation regime (Phase −1), 2,630 trading days, returned on average minus 1.17 percent.

• • •

Three cases that frame how to read the signal

Case 1: 1998-05 composite series maximum

On 1998-05-14 the composite reached its series maximum plus 1.000. Palladium subsequent 60-day behavior aligned with the contango regime regime pattern.

Case 2: 1998-05 composite series minimum

On 1998-05-26 the composite reached its series minimum minus 1.000. Palladium subsequent 60-day behavior aligned with the backwardation regime regime pattern.

Case 3: March 2020 COVID shock window

The March 2020 COVID liquidity shock drove violent regime shifts across palladium 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 palladium exposure (Phase +1 equals contango regime). 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

Palladium (NYMEX) term structure summarises current-vs-deferred supply/demand. Structural carry that persists out to M1-M12 indicates persistent oversupply or rate-rise expectations; uniform backwardation indicates tightness propagating through the curve.

The 1990 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 NYMEX palladium back-adjusted continuous (PA_1240BD).

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