



THIS ISSUE

Near Term:

Bullish: Bonds
Soybeans
Corn
Wheat

Bearish: Sugar

Other:

Personal Savings Decline May Lead to Stronger Risk Sentiment

August 30, 2024

Economic Focus

A Shift in Market Focus! While inflation could suddenly resurrect, signals suggest inflation will work lower over time. As inflation intensity moderates, the trade will shift its focus to the pace of the US economy, with frequent headlines discussing a soft landing or recession. Therefore, it is not surprising to see the financial markets running in front of the Fed with expectations of two rate cuts before year end. However, the August nonfarm payroll readings will be a major junction for the interest rate, currency, equity, and precious metal markets, with a Goldilocks reading (not too hot and not too cold) needed to add another measure of dovishness without fomenting recession fear. Equities, treasuries, and gold should maintain generally positive price slopes.

Physical Commodities: Pressure on physical commodities is largely the result of oversupply, especially in grains. However, expectations of massive

production and record yields combined with a temporary softening of Chinese imports leave both supply and demand in the bear camp. On the other hand, corn and soybean, and to a lesser degree wheat, prices are reaching extremely cheap levels, especially with high input costs proving to be sticky. Fortunately for producers and those in the bull camp, a possible reduction in acres in Brazil

and Argentina could begin to build a case for a major low. Unfortunately for producers and bulls, strengthening demand is unlikely to provide anything but classic technical short covering. Given the massively oversold condition of grain markets, there is the potential for a noted rally off pure technical factors, which could rekindle chatter that the grain markets are not following fundamentals!

MAJOR ECONOMIC EVENTS

September 2

- Labor Day Holiday

September 3

- ISM Manufacturing Index
- Construction Spending

September 4

- International Trade Balance
- JOLTS Survey
- Factory Orders
- BOC Meeting
- Fed Beige Book

September 5

- ADP Employment Survey
- Jobless Claims
- Non-Farm Productivity
- ISM Services Index

September 6

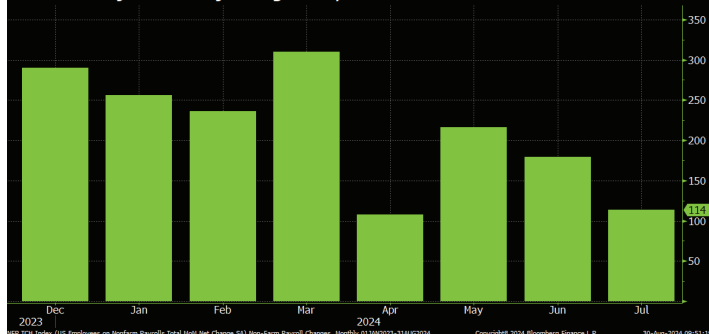
- Employment Situation
- Canadian Unemployment

OUR OPINION... MARKET BY MARKET

Market		*
Stocks	Corrective tilt as Nvidia/rate cuts fail to lift prices.	S
Bonds	Fundamental trend remains up; buy dips to 123-11.	L
Dollar	Dovish Fed bias & softening data = more downside.	S
Euro	Temporarily vulnerable with data favoring the bears.	S
Gold	\$ and rate trends favor more all-time highs ahead.	L
Silver	Bull trend w/two-sided volatility; buy support at \$29.37.	L
Copper	August rally against soft demand fundamentals.	S
Crude	Weakness despite Libyan stoppage & ME fighting.	S
Gasoline	End of summer demand season, negative charts.	S
Nat Gas	Nominal spec & fund short; more new lows likely.	S
Soybeans	China buying turns focus towards demand.	L
Corn	US exports good, key resistance for Dec @ 404.	L
Wheat	Daily key reversal this week, technicals strengthening.	L
Hogs	Pork exports jump, but Dec prices overbought.	N
L Cattle	Consumer beef demand headwinds; sell rallies.	S
Sugar	Late August rally should provide selling opportunity.	S
Coffee	Weekly key reversal should follow-through next week.	S
Cocoa	Ivory Coast production will improve next season.	S
Cotton	Hot & dry Texas weather will provide support.	L

* For traders/commercials who need to be in a market, L = Long, S = Short, N = Neutral. These reflect our opinions for the next 7 days. They may contradict longer term viewpoints expressed elsewhere in this publication.

Non-Farm Payroll Monthly Changes - 1,000 Jobs



INVERTED YIELD CURVE EQUALS RECESSION OR SHIFTING TREASURY DURATION?

According to a recent story on Reuters, the US Treasury Department has been shortening the duration of its debt structure by offering a significant supply at shorter maturities. The Federal Reserve Bank of Kansas City recently produced a paper suggesting it is overly heavy long-duration assets and is shortening duration with larger auctions in treasury bills and notes.

Some analysts suggest the capacity to avoid the repercussions of the exploding US debt has been avoided because of the ability to manipulate the composition of US debt instruments. According to general market sentiment, shortening US treasury debt can reduce the effect of rising interest rates on bond investors, which should reduce volatility in the interest rate markets. In our opinion, signs of falling inflation, evidence of slowing, a shortening of treasury durations, and the August high-to-low correction of six points should set the stage for a reassuring recovery in treasuries. Perhaps even a retest of the 2024 high price and return to the lowest yields of the year.

Suggested Trading Strategy

BUY December bonds at 122-24 (the first retracement level of the July/August rally) with an objective of 127-01. Risk the position to 121-22.

10-Year Treasury Constant Maturity Minus 2-Year Treasury Constant Maturity - Percent, Daily, Not Seasonally Adjusted



Source: Fed. Reserve Bank of St. Louis - FRED

TRADERS TOOLBOX

OVERVALUED/UNDERVALUED

Fundamental	Technical	COT
OVERVALUED		
Copper	British Pound	Gold
Dollar Index	Soybean Oil	Coffee
Soybeans	Hogs	Silver
UNDERVALUED		
Bonds	Wheat	Cotton
Cattle	Bonds	Soybeans
Platinum	Corn	Corn

OPTIONS SCAN

Undervalued

- Buy Oct Soybean 980 put @ 9
- Buy Dec Dollar Index 100.50 put @ 0.850
- Buy Dec British Pound 1.32 put @ 0.0200

Overvalued

- Sell Sept S&P 5530 put @ 42.00*
- Sell Oct Sugar 19.75 call @ 0.65*
- Sell Dec Silver \$26.00 put @ \$0.45*

Trend Reversals

- Buy Nov Copper \$4.22/\$4.14 bear put @ 0.0370
- Buy Dec Bond 125.00/129.00 bull call @ 1-03
- Buy Nov Soybean 990/930 bear put @ 11

Only use these strategies during periods of high liquidity.

* When selling options, only risk to double the premium received.

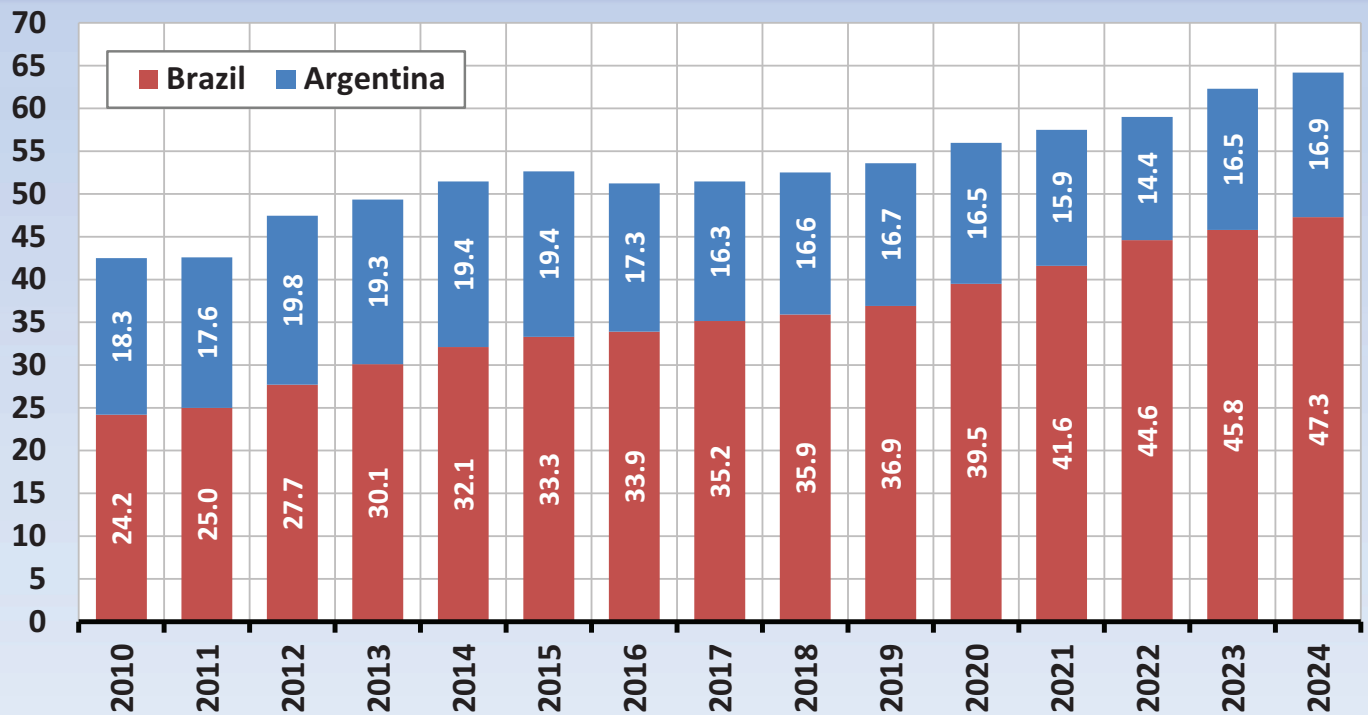
SOYBEANS: IS THE BUMPER CROP PRICED IN?

This past week, the soybean complex featured reduced price pressure as traders digested the bumper crop confirmed by the Pro Farmer crop tour. A pickup in US exports has temporarily shifted the focus from supply to demand. The recent drop in the US dollar gives US exports a much-needed advantage, evident in this week's weekly export sales report, which showed that combined old and new crop sales were the 3rd highest for any week since the end of 2022. Are the solid new crop sales a one-off, or do they represent a new, stronger export trend? We believe exports will be more consistent now that US prices are the cheapest and Brazil bean supplies are depleted from record exports to China in mid-summer.

COFCO estimated this week that Brazil's soybean new crop planted area will have the smallest year-over-year increase in the last decade. Low prices are part of the reason. However, new EU rules banning bean and bean product imports from deforested areas are another reason for reduced crop area expansion.

Brazil planting typically starts in mid-September, and this week, Brazil's Weather Service called for hot/dry conditions for August, September, and October. Usually, the dry season runs from May to November, but this year started in April, a month earlier than usual, reducing soil moisture reserves more than average. Widespread rains

Brazil & Argentina Soybean Harvested Area Million Hectares - Crop Year Starting



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SOYBEANS: IS THE BUMPER CROP PRICED IN?

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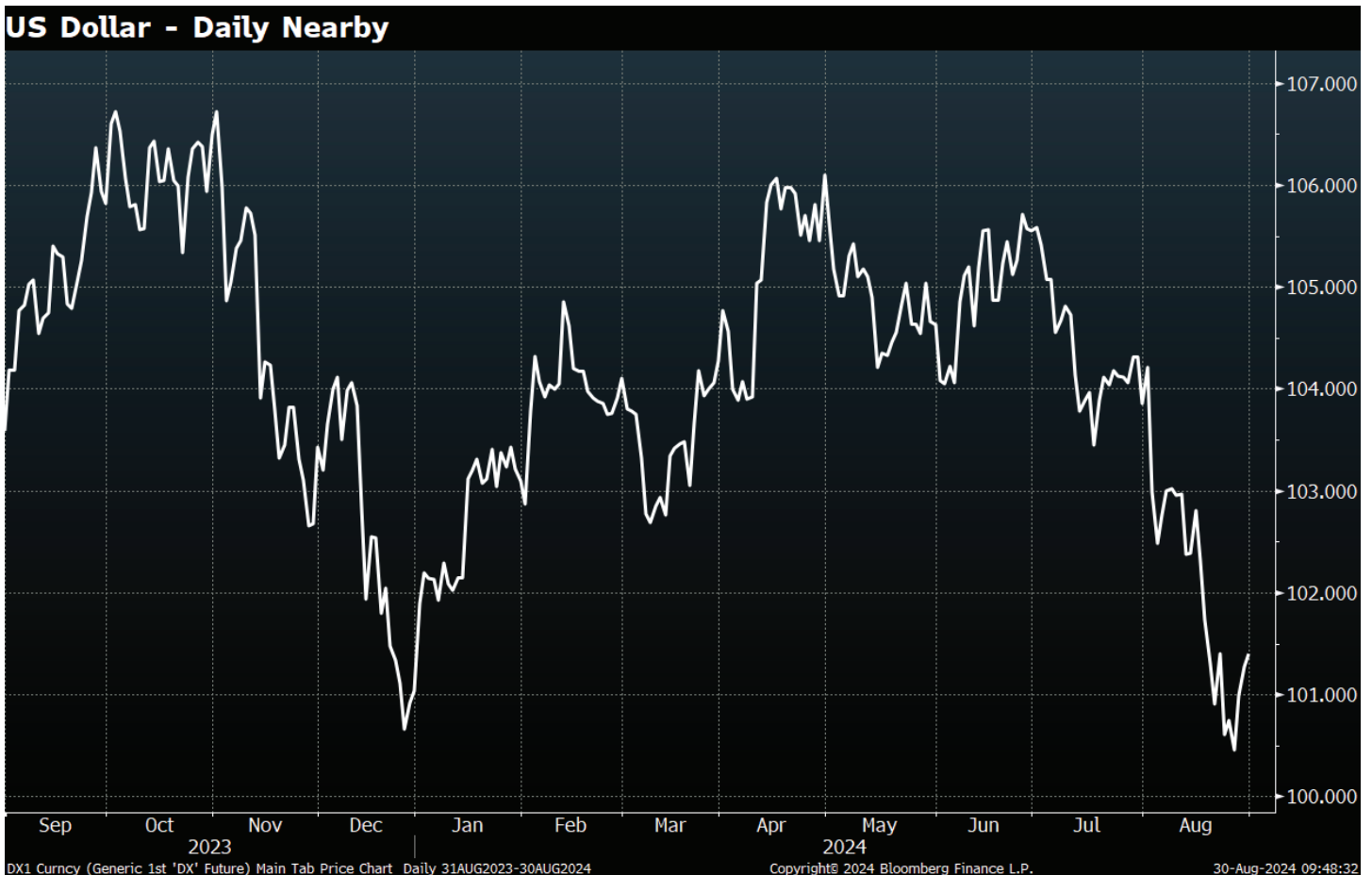
will be needed before planting can begin in earnest. Argentina's Rosario Grain Exchange is already warning that coming La Niña conditions this fall could threaten the season's soy crop.

The Argentine Labor Secretary extended the suspension of the oilseed workers' strike to September 9 to allow further negotiations. If there is no deal, resumption of the strike after that date is likely, which could be a supportive influence for soybeans and soymeal. Although the mid-August strike only lasted a few days, it is expected to reduce Argentina's August soy product exports by up to 20%. In addition to the potential resumption of the Argentine strike, US East Coast and US Gulf port workers' contracts expire on October 1, and there is already talk of a walkout. Furthermore, low water levels on the Mississippi River are worsening just as a big harvest approaches. Grain transportation may be a significant harvest issue over the next few months.

As the calendar turns to September, seasonal price patterns improve. It's too early to say whether November beans have made a harvest low. If prices cannot break as reports of strong yields come in from early harvest, that would be a sign the market could extend higher into winter.

Suggested Trading Strategy

BUY 1 November Bean Futures at 999. Once filled, **SELL** 1 November Soybean 1030 call at the Market, which should be around 15 ½ cents. Risk 15 cents on the entire position. If November Futures touch 1047, take profits on the entire position.

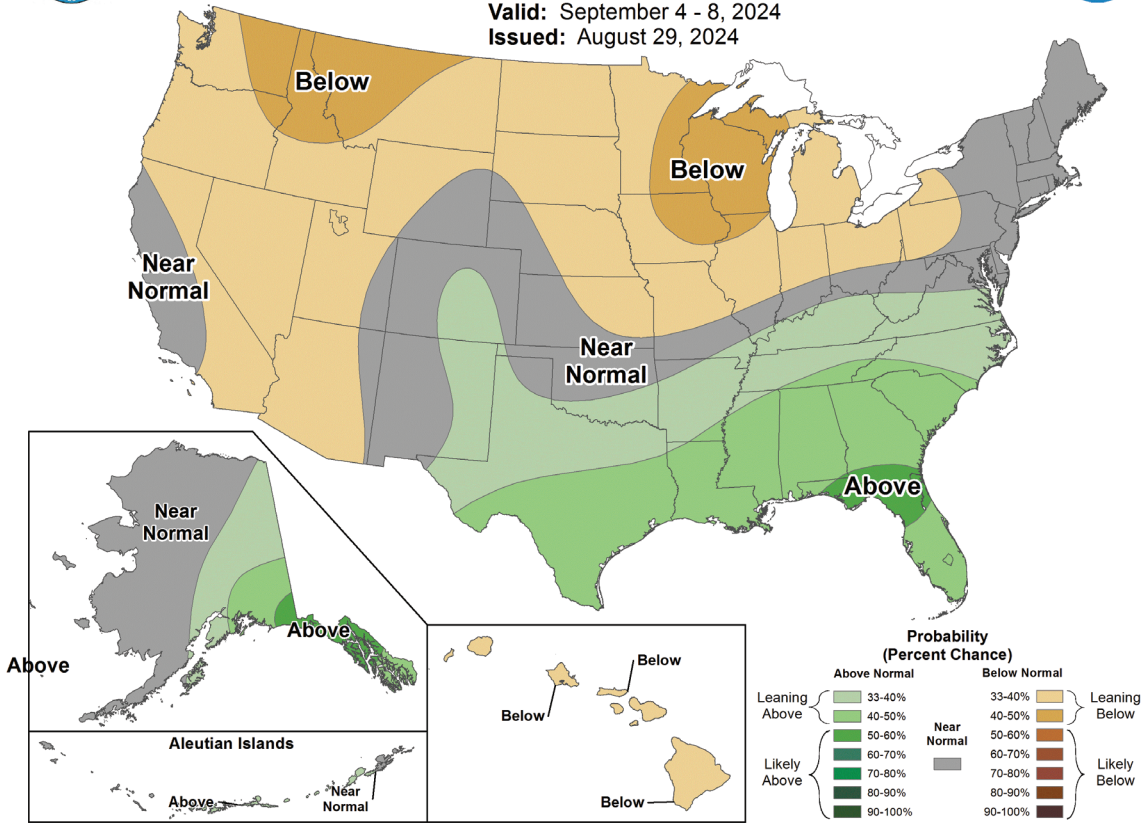




6-10 Day Precipitation Outlook



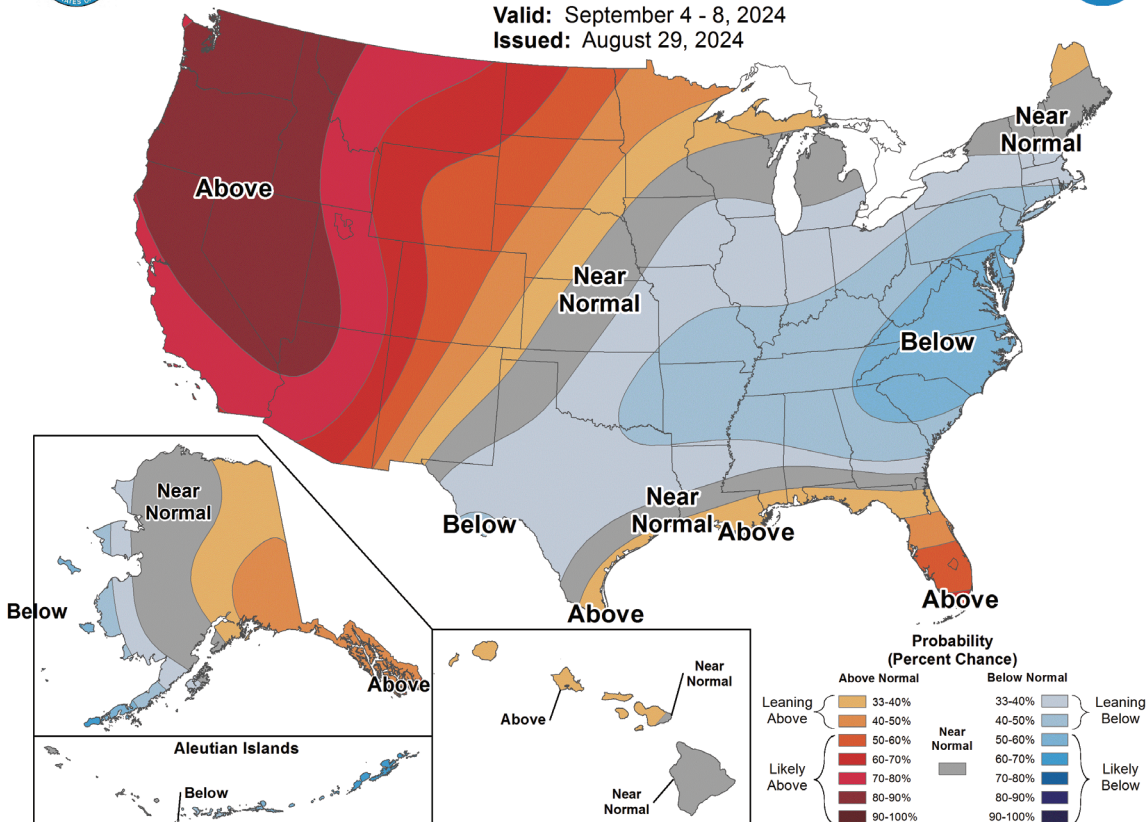
Valid: September 4 - 8, 2024
Issued: August 29, 2024



6-10 Day Temperature Outlook



Valid: September 4 - 8, 2024
Issued: August 29, 2024

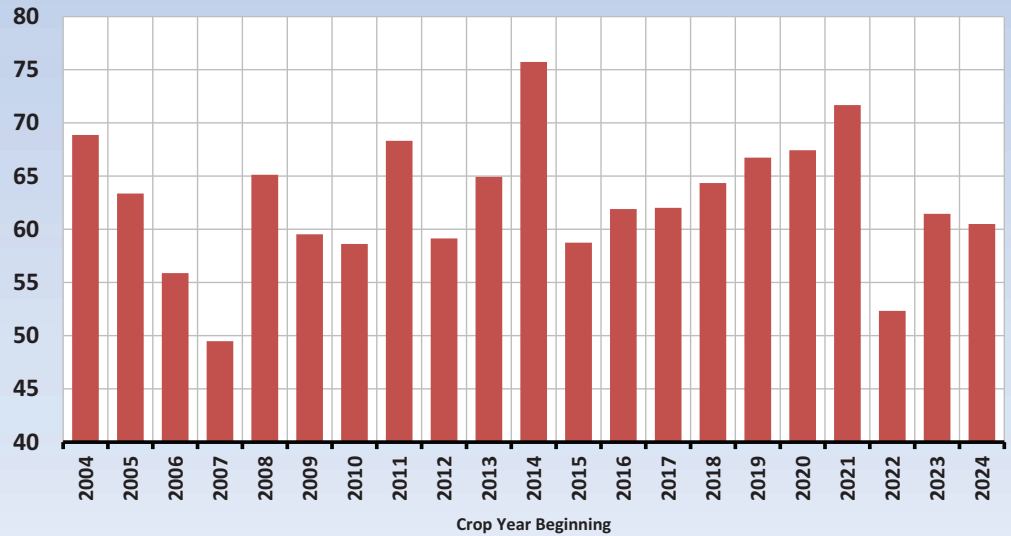


FEEDGRAINS: SLOWLY SHIFTING FROM BEARISH FUNDAMENTALS

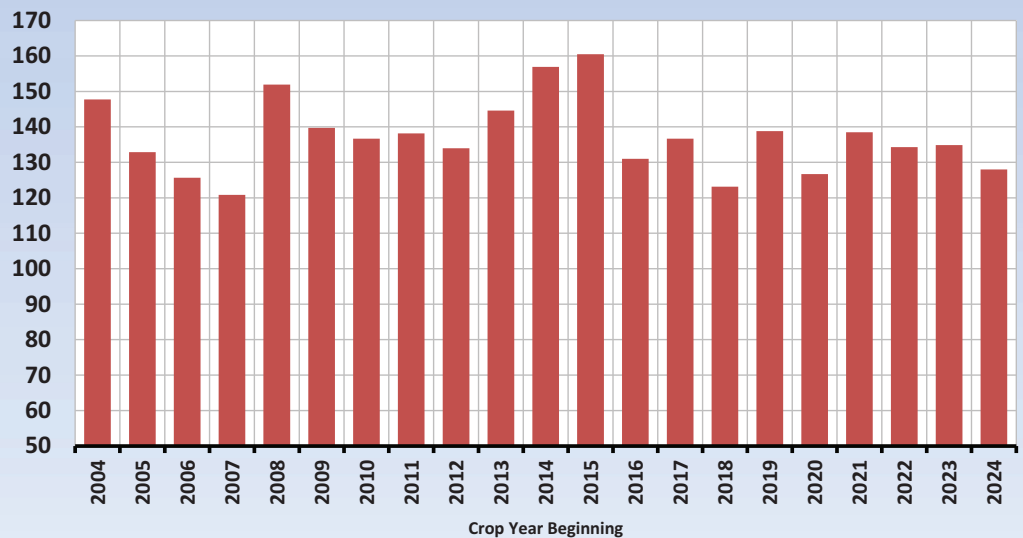
Bearish global grain supply trends have been entrenched for some time but are slowly beginning to shift as corn and wheat crops in the EU, Black Sea, and Russia are all expected to have lower production than last year. Technical trends can shift quickly, while fundamentals tend to turn slower. A few short covering rallies have occurred this year. Still, Managed Money funds have maintained unusually large net short positions across the grain complex, even through the riskier summer weather months. We think the worst of the bearishness is now behind us.

EU countries have struggled with excessively wet crop conditions for wheat. This week, the EU commission dropped usable wheat production for 2024/25 to 116.1 million tonnes, down from 120.8 last month. Argus lowered the French SRW crop to 25.17 million tonnes, down 23% from last year and on top of a 7% cut to the German crop. In addition, Ukraine's farm ministry said their crop production may drop by 15%. Weather problems have also been noted in Russian spring wheat areas. In our opinion, global exporter prices have found a bottom, and exporters outside the US will have reduced

EU Corn Production Million Metric Tonnes



EU Wheat Production Million Metric Tonnes



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FEEDGRAINS: SLOWLY SHIFTING FROM BEARISH FUNDAMENTALS

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supplies while the US supplies are ample. For this reason, we expect the US export share to rise over the next six months.

Ukraine has been a significant competitor of the US for global corn export share. With the Ukraine crop expected to be down at least 15% from last year, the US should receive additional export business. US corn export prices are already competitive and have been very consistent over the last few months. Last week's weekly export sales for new crop corn outperformed even the highest guess, and we think a demand-led market could be in the offing once harvest is over.

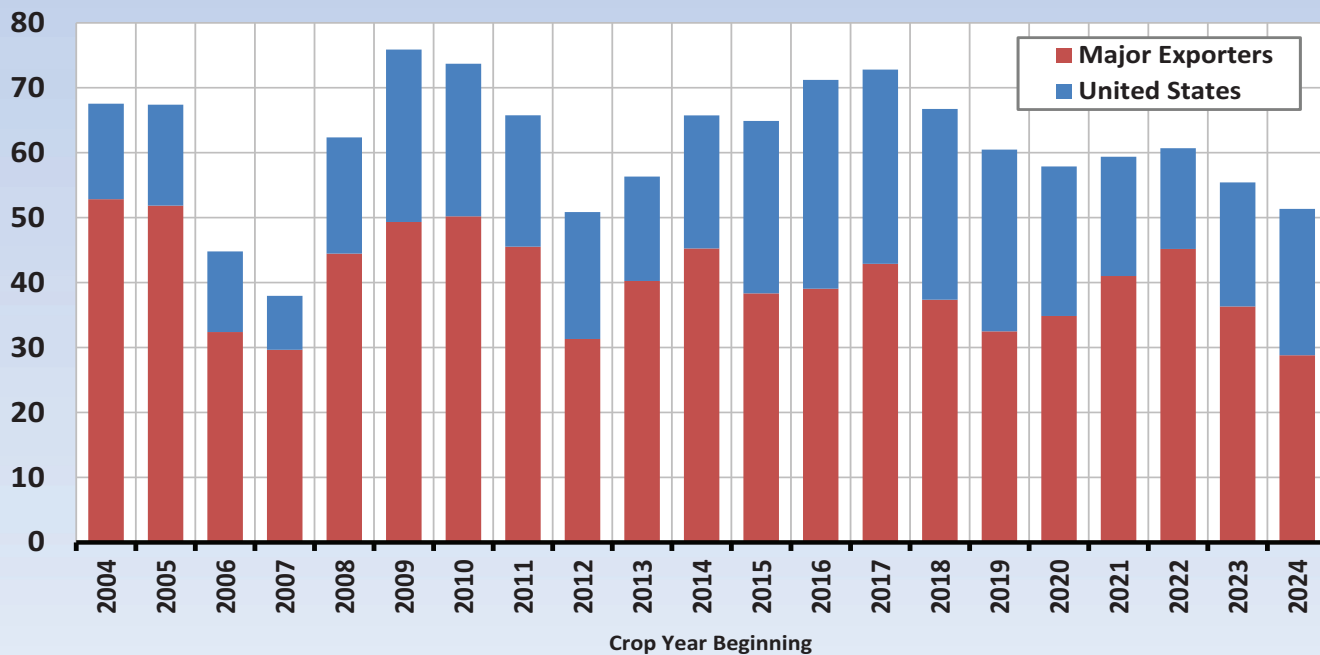
Long-term bear trends typically end with a bullish technical formation that results in short covering. This week, a potential weekly chart upside reversal was formed in December corn and

December Chicago wheat. Also, plunging open interest in corn this week indicates the market reached sold-out levels, just above long-term support at 380. The technical outlook for both markets is on an improving track.

Suggested Trading Strategies

- 1) **BUY** December Corn Futures at 398. Risk 13 cents from entry. Use an objective of 429.
- 2) **BUY** December Chicago Wheat on a pullback to 544. Risk 14 cents from entry. Use an upside objective of 579.

Wheat Major Exporters + US - Ending Stocks Million Metric Tonnes



LATE AUGUST RALLY PROVIDES SELLING OPPORTUNITY IN SUGAR MARKET

After reaching a 17-month low last week, sugar prices had a sharp rally, climbing more than 2.30 cents (+12%) over the following six sessions. While bullish near-term supply news fueled this upsurge, the global supply outlook remains bearish. With prices already overvalued at current levels, a further rally after the US holiday weekend provides an opportunity to approach the short side of the sugar market.

The catalyst for the sugar rally was the news that fires were sweeping across cane fields in Sao Paulo state, Brazil's largest cane-producing region. Criminal gangs started fires in retaliation for Brazil's government's anti-crime measures. The fires were intensified due to the condition of this season's cane crop during Brazil's "dry" season. These fires will not only reduce this season's sugar production in those areas, but they will negatively impact next season's output. The total area of fire damage is estimated at roughly 80,000 hectares versus Brazil's total planted area of 7.65 million hectares, or about 1%.

According to the trade group Unica, Brazil's Center-South cane crush and sugar production for July and the first half of August has come below last year's pace. Even so, the 2024/25 season's Center-South cane crush and sugar production are 4.8% and 5.4% ahead of last season, respectively.

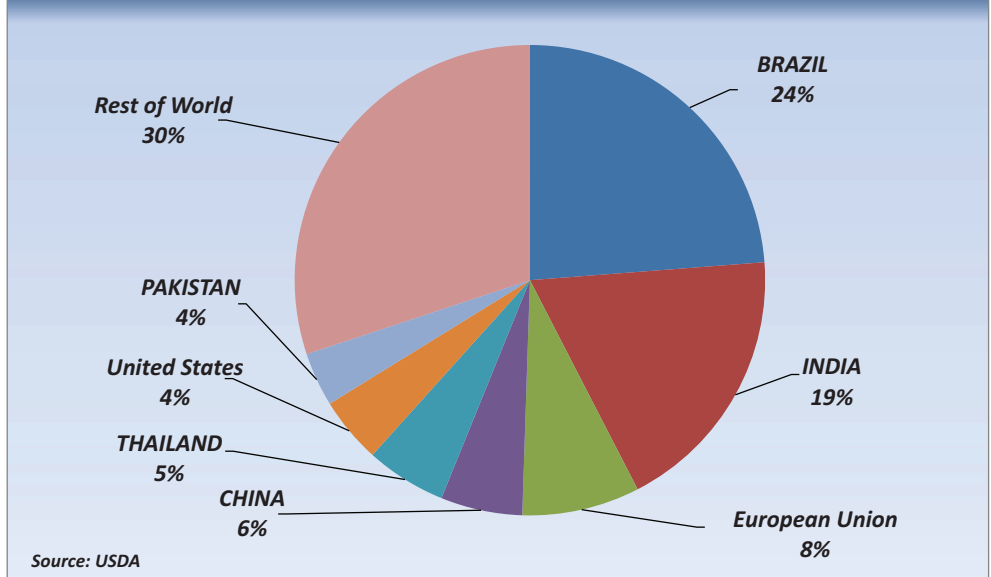
India's monsoon rainfall through Friday is 7% above the long-period average, which should benefit their upcoming 2024/25 cane crop and offset this week's news that they will allow cane juice to be used in ethanol production next season. With the USDA projecting increased 2024/25 production from Thailand (up 16%), China (up 5%), and Pakistan (up 3%), the market could reach lower prices during the fourth quarter.

Suggested Trading Strategies

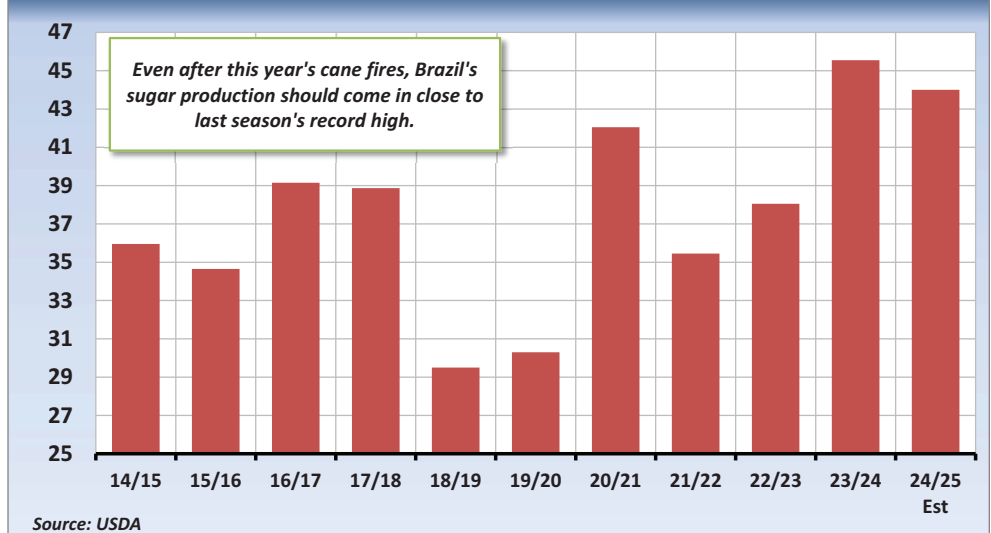
Futures: **SELL** March Sugar at 20.25 with an objective of 17.10. Risk the trade to 21.05.

Option Spread: **BUY** a December Sugar 19.50/17.50 bear put spread at 0.40 or better. Use an objective of 1.65 and risk the entire spread premium on the strategy.

World Sugar Production 2024/25 Season By % Share



Brazil Sugar Production Million Tonnes by Season



PERSONAL SAVINGS DECLINE MAY LEAD TO STRONGER RISK SENTIMENT

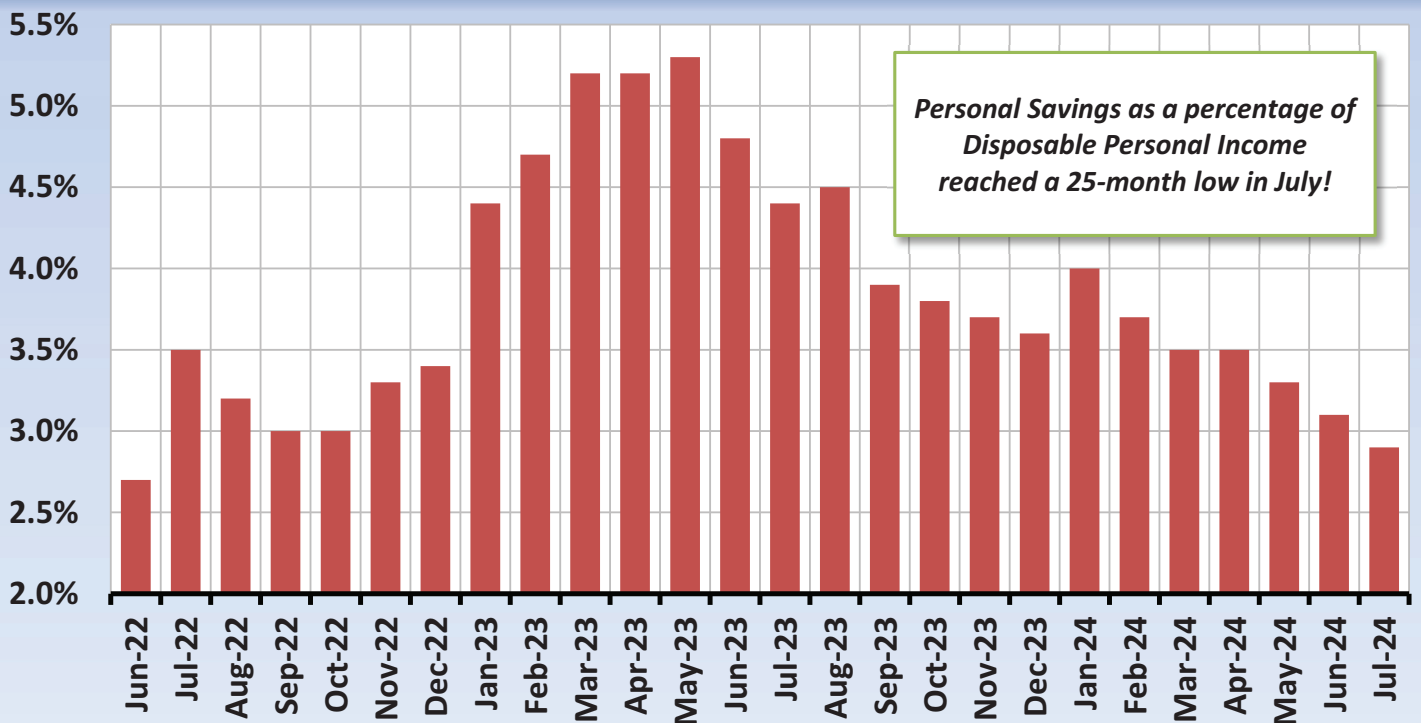
Friday's US Personal Income & Expenditures report showed that July's Personal Savings was \$598.8 billion, the lowest since October 2022. The Bureau of Economic Advisors (BEA) defines Personal Savings as "personal income, less personal outlays and personal current taxes." Personal savings as a percentage of disposable personal income fell to 2.9%, the lowest reading since June 2022 and the second lowest since April 2008.

While personal savings as a percentage of disposable personal income has seen a longer-term decline, there has been a trend in which more prosperous times lead to lower personal saving rates, and periods of uncertainty bring higher rates. From 1959 through 1985, it stayed within 8.7% (September 1959) and 17.3% (May 1975). From 1985 through early 2020, there were only three readings above 10% and a record low reading of 1.4% in July 2005.

The early days of the COVID pandemic saw a sharp increase to a reading of 33.6% in April 2020, more than double the previous record high. Much of that was due to government support programs that went directly into bank accounts. The six highest monthly readings occurred from April through July 2020, then in January and March 2021, as monthly readings stayed above the 10% level between March 2020 and April 2021.

Since reaching that 15-year low in June 2022, personal saving as a percentage of disposable personal income has held within a relatively tight range, with a high of 5.3% in May 2023 and a high over the past calendar year of 4.0% in January. July 2024's 25-month low could indicate that confidence in the US economy has improved. As a result, it could boost risk sentiment for many US financial and commodity markets over the rest of this year.

U.S. Personal Savings Monthly/% Rate of Disposable Personal Income



Personal Savings as a percentage of Disposable Personal Income reached a 25-month low in July!

Source: Bureau of Economic Advisors

Long Term Trades

UPDATES TO PRIOR LONGER-TERM TRADE STRATEGIES

Original Trade Date	Trade	Action
Gold 7/19/24	Long an October Gold \$2,460/\$2,600 bull call spread at 18.90.	Use an objective of 91.00 and risk the trade to 15.00.
Gold 8/2/24	Long a December Gold \$2,640/\$2,770 bull call spread at 16.00.	Use an initial objective on the short call of 9.00. Use an initial objective on the spread of 90.00. The initial risk for the bull call spread is 7.00.
Wheat 8/16/24	Long 1 December Chicago Wheat at 547. Previously Short 1 December Chicago Wheat 590 call at 17 cents that was Bought Back at 10 3/4 cents.	Use an objective of 573, and risk the trade to 527.

Trade recommendations are only suggestions. This is not to be construed as a trading system or tracking account. No representation is being made that any account will or is likely to achieve profits or losses to those shown. By reading or following this report, you acknowledge and accept that all trading decisions are your own sole responsibility, and The Hightower Report or anybody associated with The Hightower Report cannot be held responsible for any losses that are incurred as a result. Trade fills are hypothetical. Traders may not be able to enter or exit the trades exactly at the prices indicated due to liquidity or market slippage.

TOP 12 SUGAR PRODUCERS

The USDA expects global 2024/25 sugar production to reach 186 million tonnes, an increase of 2.5 million from last season and the second highest total on record.

Courtesy of the USDA, these are the world's top 12 sugar producers (in tonnes):

Brazil	44,000,000
India	34,500,000
European Union	14,971,000
China	10,400,000
Thailand	10,240,000
United States	8,375,000
Pakistan	6,860,000
Russia	6,600,000
Mexico	5,500,000
Australia	4,200,000
Turkey	3,150,000
Egypt	2,700,000





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COMMITMENTS OF TRADERS

Data As of August 27, 2024
Non-Commercial & Non-Reportable
Combined Futures & Options

Market	Net Position	Net Change	4-Wk Net Change	52-Wk Ranking
Grains				
CBOT Grains	-437,191	43,132	19,243	21
Corn	-201,127	35,738	11,285	24
KC Wheat	-26,301	5,358	2,740	35
Minn Wheat	-27,765	-2,287	-2,100	9
Rice	-348	-237	-574	2
Soybeans	-193,306	11,985	-2,780	8
Soyoil	-32,800	16,402	22,134	21
Soymeal	31,302	5,020	-30,404	18
Wheat	-42,758	-4,591	10,738	42
Livestock				
Cattle	41,713	-1,949	-13,481	9
Feeder Cattle	-8,849	1,222	-116	3
Hogs	26,339	15,547	12,688	30
Metals				
Copper	27,766	1,627	83	32
Gold	322,375	-2,132	50,860	51
Platinum	21,987	2,178	8,347	36
Silver	69,790	2,766	7,203	37
Softs				
Cocoa	30,361	2,953	2,998	20
Coffee	70,692	2,990	9,428	44
Cotton	-34,308	4,985	3,350	4
Milk	1,139	692	3,182	52
OJ	5,202	509	641	45
Sugar	36,437	50,749	42,446	16
Currencies				
Canadian	-107,429	60,051	78,180	12
Dollar	17,554	1,182	1,719	34
Euro	157,328	44,666	87,433	45
Energies				
Crude Oil	275,155	-601	759	20
Gas (RBOB)	21,086	5,481	8,551	4
Heating Oil	11,982	4,753	-1,185	2
Natural Gas	-78,152	-11,371	-28,772	27
Financials				
Bonds	80,672	-5,211	31,307	50
E-Mini S&P	-829	30,206	-80,126	33
Dow Jones \$5	10,456	2,849	3,108	27
T-Notes	-688,781	38,184	-144,106	8
	Extreme	Ranking 1 = Shortest Short		
	5% of Extreme	52 = Longest Long		