



THIS ISSUE

Near Term:

Bullish:	Corn RBOB Euro British Pound
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Bearish:	Soybeans
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Other:

Passenger Air Travel Remains in Uptrend.

September, 2024

Economic Focus

More Global Slowing – Limited Support from Rate Cuts!

Signs of global slowing (particularly in jobs) are surfacing with the market expectation of central bank easing. Fortunately, for US commodity bulls and US commodity producers, the US dollar has seen solid pressure recently and is likely to forge new lows for the year, which could improve US export prospects. However, market sentiment expects the US Fed to ride to the rescue on September 18th with nearly equal odds (from the CME FedWatch Tool) for a 25 or 50 basis point cut.

Obviously, many commodity markets continue to face a wall of supply combined with ongoing demand concerns from a slowing Chinese economy periodically appearing as a dominating bearish force. On the other hand, over the last month, Chinese economic data has not shown patently negative readings, with most readings barely clinging to year-over-year growth but coming in below expectations.

In the coming week, the trade will be presented with Chinese inflation readings for August, imports and exports (expected to show soft imports and soft exports), and perhaps most importantly, new Chinese loans. While the Chinese central government recently allowed local governments to expand debt significantly to fund large infrastructure projects (as a

means of stimulus), any impact could be slow to surface.

In conclusion, traders should expect physical commodities to remain under pressure. Grain and precious metals markets are overvalued and likely to retrench by the end of the month.

MAJOR ECONOMIC EVENTS

September 9

- Chinese CPI/PPI
- Wholesale Trade
- Consumer Credit

September 11

- Consumer Price Index

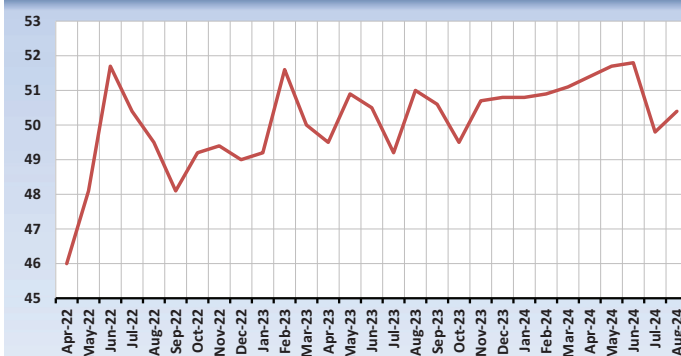
September 12

- ECB Meeting
- Producer Price Index
- Jobless Claims

September 13

- Import & Export Prices
- Consumer Sentiment

Caixin China Manufacturing PMI Seasonally Adjusted



Source: S&P Global / Bloomberg

OVERVALUED/UNDERVALUED

Fundamental

Technical

COT

OVERVALUED

Crude Oil	Soybeans	Cattle
Gold	Corn	Hogs
Copper	Cattle	Gold

UNDERVALUED

Equities	Coffee	Soybeans
Treasuries	Cocoa	Cotton
RBOB	Euro	Minn Wheat

OUR OPINION... MARKET BY MARKET

Market		*
Stocks	Bad economic data bullish for equities ahead of Fed.	S
Bonds	Fed Watch not signaling 2 cuts, but the markets are.	L
Dollar	US slowing & looming rate cut = downside extension.	S
Euro	Winning by default; buy ECB rate cut inspired break.	L
Gold	Buying the rumor of global easing + Dollar weakness.	L
Silver	The bias is up, with a return to \$30.54 a possible top.	L
Copper	Slow China, Slow US manufacturing = more down.	S
Crude	OPEC potential output boost won't balance supply.	S
Gasoline	Spec & Fund long nearing lowest ever; sold out soon.	L
Nat Gas	Range trade in Nov futures: buy \$2.44, sell \$2.62.	S
Soybeans	Rally stalling, looming harvest points to a pullback.	S
Corn	Technicals say harvest low in, but harvest headwinds.	L
Wheat	Russian prices stagnant, but breaks may find support.	L
Hogs	Daily downturn this week points to a further pullback.	S
L Cattle	Significant bearish turn on demand worries.	S
Sugar	India's monsoon rainfall 8% above long-term average.	S
Coffee	Dry conditions will reduce Brazil's 2025/26 crop.	L
Cocoa	ICCO increases 2023/24 supply deficit up to 462K.	L
Cotton	Dry conditions in Delta/SE US 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.

OPTIONS SCAN

Undervalued

Buy Sept S&P 5520/5600 bull call @ 20.00

Buy Dec Coffee 240.00/255.00 bull call @ 4.50

Buy Nov Sugar 19.00 put @ 0.45

Overvalued

Sell Oct Bond 129.50 call @ 0-31*

Sell Nov Soybean 1050 call @ 17*

Sell Dec Wheat 610 call @ 19*

Trend Reversals

Buy Dec Cocoa 7700/8500 bull call @ 155

Buy Dec Live Hog 72.00/65.00 bear put @ 2.20

Buy Dec Cattle 176.00/169.00 bear put @ 2.00

Only use these strategies during periods of high liquidity.

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

TRADERS TOOLBOX

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 75.00 and risk the trade to a profit stop of 51.00.
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.	December Chicago Wheat HIT OBJECTIVE at 573 for a profit of 32 1/4 cents on the strategy.

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.

RBOB TOO CHEAP!

While the premise of our bullish view toward RBOB is based heavily on oversold technical conditions and a return to what has been solid value recently, there are supportive fundamental issues in place. From the technical side of the equation, gasoline futures (adjusted into the September 5th low) might have posted the first net spec and fund short in modern history as prices declined by \$0.16 from the beginning of the September reading! Also, analysis of the November RBOB contract has bounced from the \$1.90 level, open interest has fallen to the second lowest reading of 2024, stochastics are near a buy signal, and the RSI monthly is near the lowest level since April 2020 during the height of pandemic inspired recession fears.

From the fundamental side of the equation, EIA gasoline stocks are poised to fall below year-ago levels and are 5 million barrels below five-year average levels. Since late April, implied demand has generally held above 8.8 million barrels per day. Also, the US refinery operating rate is expected to fall aggressively from a seasonal perspective. In fact, during September and October of last year, the US refinery operating rate fell from just under 94% to 85%. Furthermore, it is possible that new lows for the year in the dollar ahead will result in a modest increase in US exports.

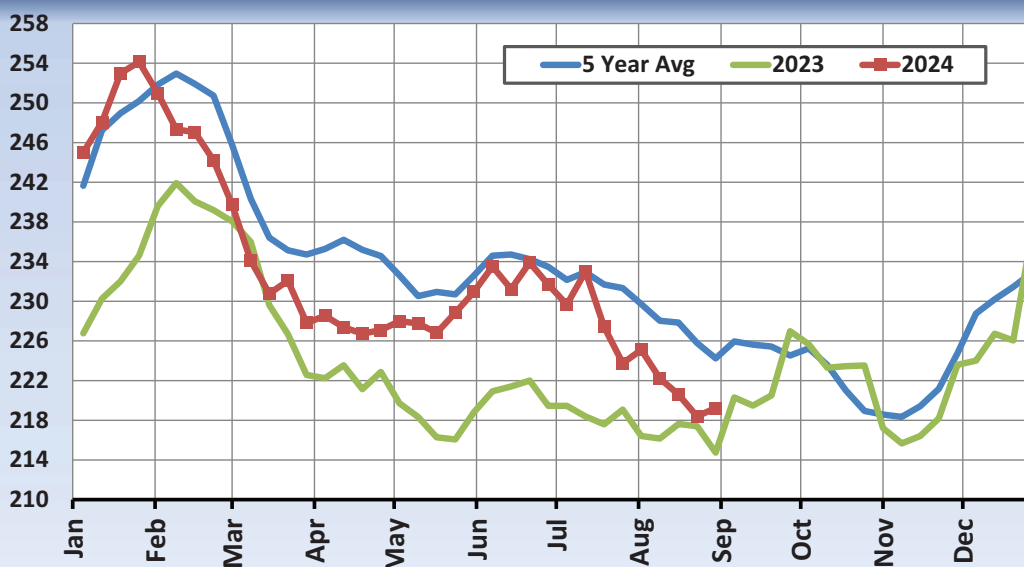
We see the gasoline market at or near a key low with a possible stop loss buying inspired rally capable of producing a seven-cent rally.

Suggested Trading Strategy

BUY November RBOB \$1.97/\$2.17 bull call spread at \$0.045 with an objective of \$0.08. Risk the trade to \$0.02.

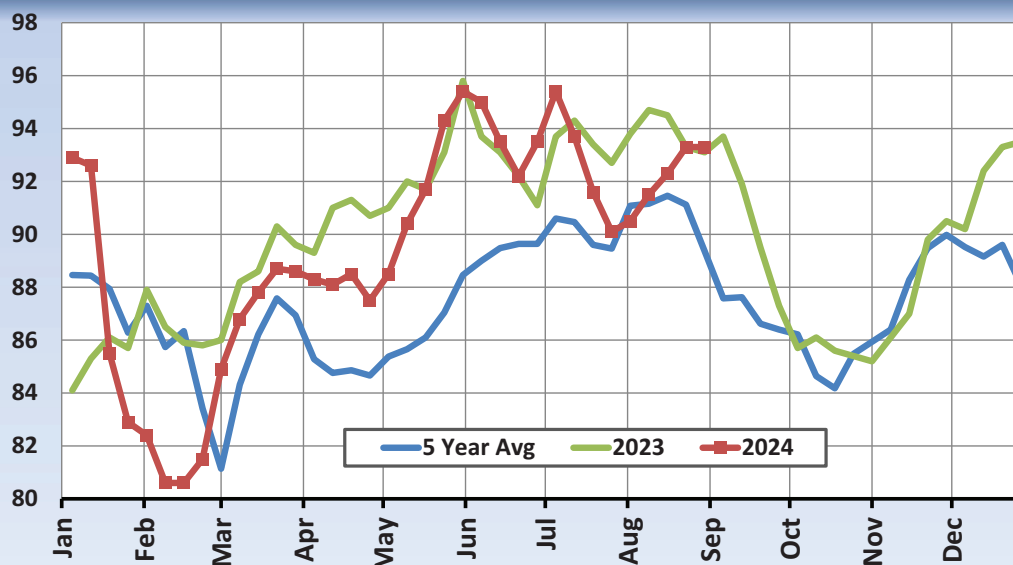
US RBOB Gasoline Stocks

Current vs. Last Year vs. Average - Million Barrels



US Refinery Operating Rate

Current vs. Last Year vs. Average - Percent



SOYBEANS: HARVEST HEDGE PRESSURE TO RAMP UP

November Soybean prices this week rallied \$0.36 a bushel from Monday's low to Friday's high as dry finishing weather for the US crop may be trimming yields. However, harvest hedge pressure looks to increase dramatically over the next few weeks, resulting in significant headwinds on rallies into fall.

US export competitiveness due to the recent weakness in the US Dollar has encouraged Chinese purchases of US beans over the last two weeks. China is expected to favor US beans through January, after which early harvested South American beans begin to become available. Chinese crush margins have improved significantly to 2-month highs this week, prompting the potential for additional imports. Furthermore, China's antidumping investigation into Canadian canola is expected to reduce Chinese canola imports dramatically and could result in higher soybean imports.

Several private analysts released their US yield estimates this week. StoneX came in at 53.0 BPA, up from 52.6 in their previous estimate. Allendale yield came in at 53.33 BPA. Both crop surveys were likely done before the latest dry spell across the Midwest, which is expected to continue for at least the next 10 days. We expect yield estimates would be slightly lower if the surveys were done this week after the recent dry conditions.

The US harvest is ahead and may increase bearish headwinds over the next few weeks, especially since November prices have rallied \$0.76 a bushel since the lows in mid-August. Thursday, September 12, USDA will release its September supply/demand report, which will turn the focus back to the burdensome US ending stocks, unless USDA cuts yield more than expected. Furthermore, Midwest dryness has dropped river levels, and barge freight rates to the US Gulf are surging higher. This adds to the cost of exporting beans from the Gulf, reducing US competitiveness.

The bottom line is that the recent bean rally may have come far enough, and harvest hedge pressure will likely result in a downward price correction over the next few weeks.

Suggested Trading Strategy

SELL 1 November Bean Futures on a bounce to 1015. Once filled, **SELL** 1 November 1040 Bean call, which will should be around \$0.17 or better. Risk 16 cents on the entire trade. Take profits on the entire position if November futures touch 972.

November Soybeans - Monthly Changes - 2014 to Present - cents/bu

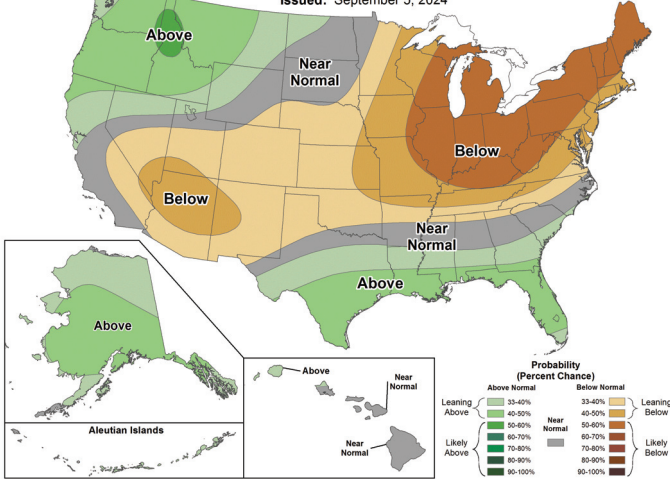
Month	Monthly Price Move		Average	Number of Months	
	Maximum	Minimum		Higher	Lower
Jan	97 3/4	-66 1/2	-4 1/2	6	5
Feb	80	-66 1/2	17	6	5
Mar	53	-64 1/4	-3	5	6
Apr	94 1/4	-56 1/4	15 1/4	4	7
May	48	-117	-8 3/4	4	7
Jun	196 3/4	-154 1/4	15 3/4	7	4
Jul	52 1/2	-150 1/4	-35 3/4	4	7
Aug	61	-75 1/2	-31 1/2	2	9
Sep	70	-111	-15 1/4	6	4
Oct	133 1/4	-20 1/4	25	7	3





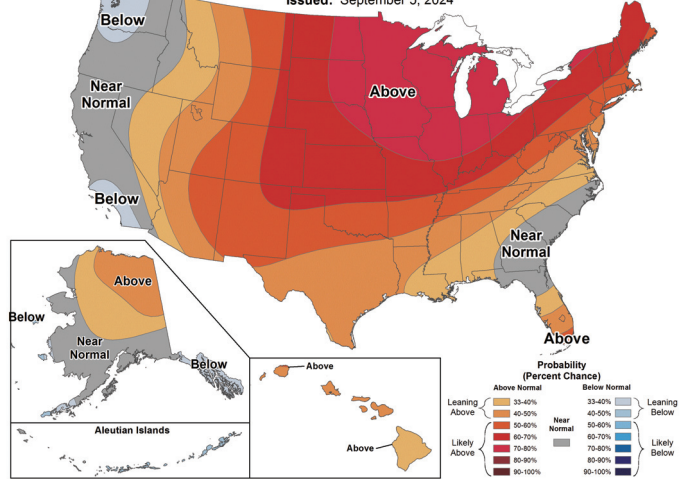
6-10 Day Precipitation Outlook

Valid: September 11 - 15, 2024
Issued: September 5, 2024



8-14 Day Temperature Outlook

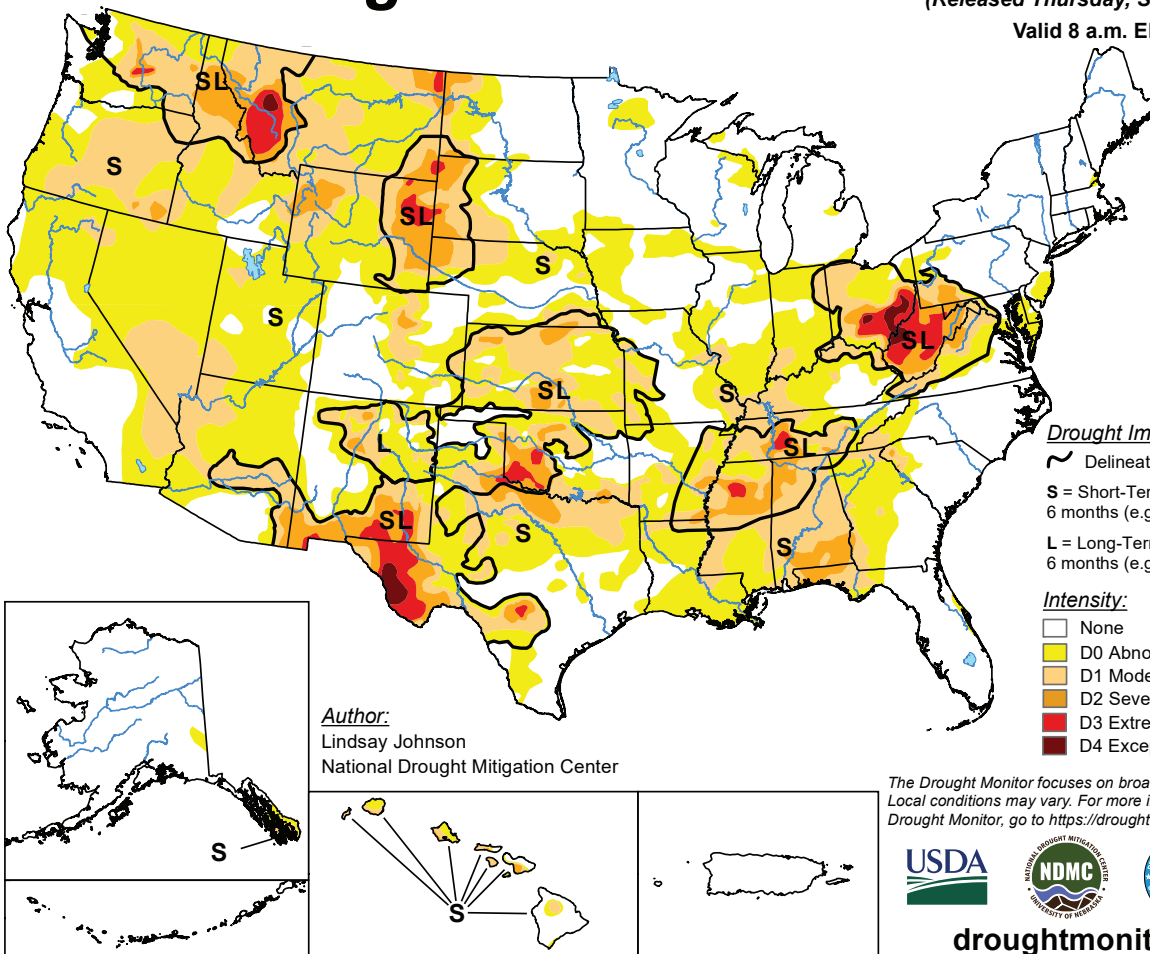
Valid: September 13 - 19, 2024
Issued: September 5, 2024



U.S. Drought Monitor

September 3, 2024
(Released Thursday, Sep. 5, 2024)

Valid 8 a.m. EDT



Author:
Lindsay Johnson
National Drought Mitigation Center

Drought Impact Types:

- ~ Delineates dominant impacts
- S** = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L** = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

- None
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. For more information on the Drought Monitor, go to <https://droughtmonitor.unl.edu/About.aspx>



droughtmonitor.unl.edu

CORN: WILL BULLISH TECHNICALS OVERCOME HARVEST PRESSURE?

A much-improved technical outlook dominated trade in corn after the weekly upside reversal a week ago was confirmed with a higher weekly close this week. This adds to the notion that prices have made a potential early harvest low. Corn open interest has fallen to its lowest level since the start of the year, and Managed Money traders have significantly reduced their net short position.

The US crop is speeding to maturity with recent dry weather, which looks to continue for at least ten days. Farmer sources in the eastern corn belt indicate the dry/warm conditions have shut the crop down early. Crop size ideas have peaked, and traders may now look for USDA to trim yields slightly in the September 12 Supply/Demand report despite higher private analyst yield estimates this week. StoneX estimated the US corn yield to be 182.9 BPA, up from their previous forecast of 182.3, and Allendale estimated the yield to be 182.53 in their crop survey done in the last half of August. Both are under USDA's August Supply/Demand report yield of 183.1.

Census Bureau export data this week indicated the actual US shipment pace is stronger than export inspections would suggest. Therefore, we anticipate that the USDA may raise US exports by 20-40 million bushels in the September 12 report. With the Fed rate cut on the table for the September 18 FOMC meeting, price pressure on the US Dollar may continue to boost US export potential.

As mentioned last week, long-term bear trends typically end with a bullish technical formation that results in short covering. Now that the weekly upside reversal is confirmed, prices should find a base of support on breaks. Since December prices have already bounced \$0.30 off the contract lows, further significant upside potential may have to wait until the gut slot of harvest is behind us. Anticipated US carryout numbers suggest December corn prices are undervalued below 4.00.

December Corn - Monthly Changes - 2014 to Present - cents/bu

Month	Monthly Price Move		Average	Number of Months	
	Maximum	Minimum		Higher	Lower
Jan	27 1/2	-23 1/2	- 3/4	6	5
Feb	33 3/4	-21	3 1/4	6	5
Mar	76 1/2	-19 1/2	6 3/4	5	6
Apr	86 1/4	-38 3/4	9 1/2	5	6
May	62 3/4	-51 3/4	-4 3/4	4	7
Jun	63 1/2	-91 3/4	-15 1/2	4	7
Jul	18 1/4	-58 1/4	-20	3	8
Aug	50 1/2	-40 1/4	-8	3	8
Sep	21 1/4	-44	2 1/2	6	4
Oct	56	-9 1/2	13 1/2	8	2

December Corn - Continuation - Weekly



CBOT Corn Open Interest - Contracts



Option/Futures Trade Suggestion

BUY 1 December Corn on a pullback to 404. Once filled, **BUY** 1 November Corn 405 put option at the market, which should be around 13 cents. The put will mitigate the downside futures risk to

a maximum of 12 cents and can be used in lieu of a stop loss on the long futures. If December Futures pull back to 390, take profits on the put and keep the long position, risking a close below 388 and the long futures.

US DOLLAR WEAKNESS WILL BENEFIT EURO AND POUND

Following the August employment situation report, the US dollar survived a retest of its August low during its whipsaw price action. The CME's Fed Watch tool showed the chances for a 25-basis point rate cut at 71% and a 50-basis point rate cut at 29% mid-morning Friday. Looking into the future, however, the Fed Watch tool projects a 70% chance for 75 basis points in rate cuts by the November FOMC meeting and an 89% chance for 100 basis points in rate cuts by the December FOMC meeting. As a result, the US dollar's near-term rebound is likely to be short.

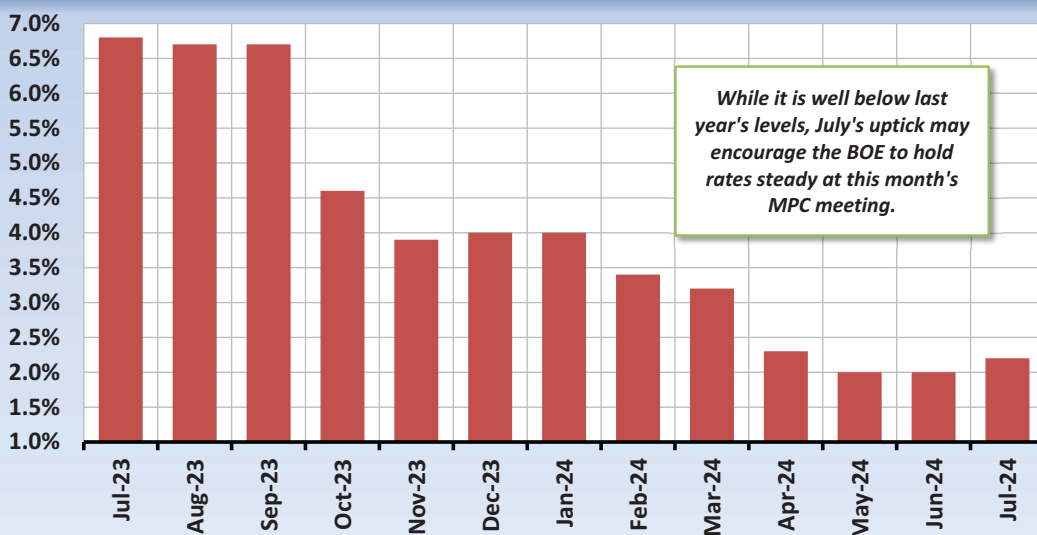
A significant beneficiary of the US dollar's weakness will be the Euro. While the market expects the ECB to cut rates at next week's policy meeting, Eurozone core CPI has been stable over the past six months, which should reduce the chances for a rate cut at the October ECB policy meeting. That, in turn, can help lift the Euro toward a retest of its December 2023 highs over the next few weeks.

The Bank of England cut UK rates by 25 basis points at their August MPC meeting but also said they will move cautiously with further

loosening of monetary policy until they are sure that UK inflation will remain subdued. UK year-over-year CPI reached a 3-year low of 2.0% in June and then jumped to 2.2% in July. There is a strong chance that the BOE will hold rates steady at their September meeting, and that should help lift the Pound to a new 2 1/2-year high by the end of this month.

UK CPI

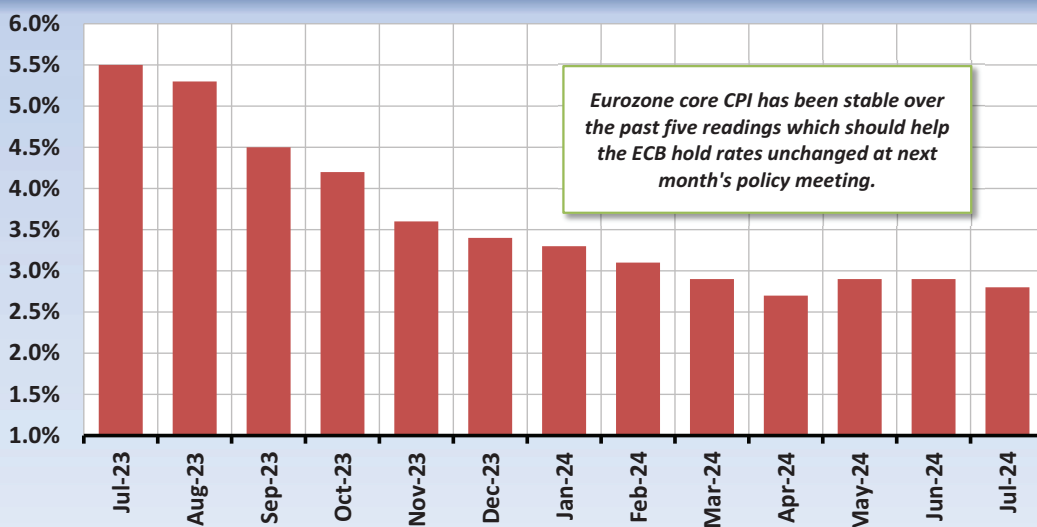
Year-over-Year % Rate/Monthly



Source: UK National Statistics

Eurozone Core CPI

Year-over-Year % Rate/Monthly



Source: Eurostat

Suggested Trading Strategies

- 1) **Option Spread:** **BUY** a November Euro 1.1200/1.1400 bull call spread at 0.0044 or better. Use an objective of 0.0170 and risk the entire spread premium on the strategy.
- 2) **Option Spread:** **BUY** a November British Pound 1.3250/1.3500 bull call spread at 0.0064 or better. Use an objective of 0.0260 and risk the entire spread premium on the strategy.

PASSENGER AIR TRAVEL SHOULD REMAIN IN AN UPTREND

The US Transportation Security Administration (TSA) showed an average daily passenger count of 2.564 million in August, down from July's average (2.710 million) and June's average (2.733 million). Those were the two highest daily average readings since the start of the COVID-19 pandemic. June and July are usually the months with the most air passengers.

Air travel was one of the industries most negatively impacted by COVID-19. The average daily passenger count fell from 2.136 million in February 2020 to 136,261 in April 2020. The daily average climbed back above 1 million in March 2021. By July 2021, it had climbed back above 2 million. Since February 2023, every month has posted an average daily passenger count of over 2 million.

Since March 2021, the average daily passenger count has been larger than the previous year's total for that month. The largest year-over-year gains occurred when daily averages during Q2 and Q3 2021 were compared to initial COVID-19 "lockdown" months. In contrast, the three smallest year-over-year increases occurred in 2024, with two occurring in July (up 134,902) and August (up 133,412).

In the second quarter, US airline seat capacity was 6.5% larger than during the second quarter of 2019, indicating their confidence that passenger demand will continue to improve. While it is too early to gauge this year's high, which usually occurs in summer, US airlines' peak monthly load factor (percentage of seat capacity filled by passengers) during 2022 was 90% in June, and last year, it was 88.1% in July.

Although not as strong as in the post-COVID years, US passenger air travel should remain on an uptrend during the next few years. Major US airlines have committed to purchasing new commercial aircraft, not only as replacement planes but also to expand their jet fleet. Larger numbers of passenger jets should boost upcoming US durable goods readings, while expanding air travel will also strengthen demand for jet fuel.



TOP 12 COFFEE EXPORTERS

The USDA expects global 2024/25 green coffee exports to reach 145.24 million 60-kilo bags, an increase of 3.77 million from the 2023/24 season and a new record high total.

Courtesy of the USDA, these are the world's top 12 coffee exporters (in 60-kilo bags):

Brazil	46,651,000
Vietnam	26,500,000
Colombia	12,000,000
Indonesia	7,550,000
India	6,340,000
Uganda	6,300,000
Honduras	5,000,000
Ethiopia	4,800,000
Peru	4,100,000
European Union	3,600,000
Guatemala	2,860,000
Mexico	2,750,000



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COMMITMENTS OF TRADERS

Data As of September 3, 2024
Non-Commercial & Non-Reportable
Combined Futures & Options

Market	Net Position	Net Change	4-Wk Net Change	52-Wk Ranking
Grains				
CBOT Grains	-359,725	77,466	113,679	27
Corn	-141,466	59,661	83,701	45
KC Wheat	-21,257	5,044	6,042	41
Minn Wheat	-24,739	3,026	2,073	28
Rice	-935	-587	-1,184	1
Soybeans	-179,054	14,252	17,622	12
Soyoil	-13,517	19,283	43,867	31
Soymeal	48,681	17,379	30,109	23
Wheat	-39,205	3,553	12,356	43
Livestock				
Cattle	39,227	-2,486	-7,510	9
Feeder Cattle	-8,146	703	1,060	5
Hogs	32,925	6,586	24,774	34
Metals				
Copper	21,032	-6,734	-2,318	28
Gold	308,415	-13,960	7,466	49
Platinum	8,369	-13,618	-8,365	8
Silver	60,498	-9,292	-270	28
Softs				
Cocoa	30,753	392	4,101	23
Coffee	66,114	-4,578	4,349	35
Cotton	-34,971	-663	1,752	4
Lumber	#N/A	#N/A	#N/A	#N/A
Milk	1,710	571	3,441	52
OJ	5,229	27	799	45
Sugar	65,209	28,772	54,339	23
Currencies				
Canadian	-62,340	45,089	118,787	26
Dollar	17,905	351	788	34
Euro	159,224	1,896	87,559	47
Energies				
Crude Oil	239,367	-35,788	-35,900	11
Gas (RBOB)	15,987	-5,099	960	4
Heating Oil	11,945	-37	-1,493	2
Natural Gas	-85,132	-6,980	-20,973	23
Financials				
Bonds	87,865	7,193	3,954	52
E-Mini S&P	20,615	21,444	13,719	36
Dow Jones \$5	7,192	-3,264	3,399	21
T-Notes	-824,309	-135,528	-233,986	1
	Extreme	Ranking 1 = Shortest Short		
	5% of Extreme	52 = Longest Long		