

LAKEFRONT

FUTURES

THIS ISSUE

Near Term:

Bullish:	Cotton
Bearish:	Soybeans

Long Term:

Bullish:	Emini S&P
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Other:

Resilient Jewelry Demand
Despite Record High Gold Prices

November 22, 2024

Economic Focus

While global inflation appears to be slayed, global economic activity is softening (particularly in Europe). Combined with an “on hold” US Federal Reserve, that should mean the sharp uptrend in the dollar is set to extend. However, the status of the US economy is somewhat cloudy, with recent data choppy and momentum barely holding onto positive ground. Last week, US ongoing jobless claims broke out to the highest level since November 2021, while US initial jobless claims fell to the lowest level since April 2024. Also, from the jobs front, the October US nonfarm payroll reading of 12,000 was the softest since January 2021, with the August 2024 US nonfarm payroll reading the second lowest since January 2021. Therefore, two of the last three monthly nonfarm payroll reports have been very soft with the April through October nonfarm payroll increase the lowest seven-month tally since the pandemic. The US economy has maintained modest positive traction, which should temporarily extend with the coming holiday shopping season. Therefore, we see the US as the fastest horse in a slow field.

Unfortunately for physical commodity longs, the surging dollar, soft seasonal demand, and, in most cases, burdensome

supply are likely to see prices work lower. Certainly, energy prices could buck the downward trend as the Russian ICBM launch against Ukraine could result in some countries shifting their oil purchases away from Russia. Precious metals and Bitcoin are also likely to diverge with weak commodities. In addition to the Russian use of ballistic missiles against Ukraine, residual uncertainty

from the Iran/Israel conflict bubbles just below the surface, and with growing international economic uncertainty, it is clear that interest in “safe haven” assets has been revived. From a longer-term perspective, the veritable upside explosion in the dollar is beginning to foster concerns of an emerging market currency crisis, which should also benefit flight to quality instruments.

Next Issue

will be released
December 6, 2024

MAJOR ECONOMIC EVENTS

November 25

- NAHB Housing Market Index

November 26

- Case-Shiller Home Price Index
- New Home Sales
- Consumer Confidence
- FOMC Meeting Minutes

November 27

- Jobless Claims
- Gross Domestic Product
- Durable Goods
- Personal Income
- Goods Trade Balance
- Wholesale Inventories
- Pending Home Sales

November 28

- Thanksgiving Day Holiday

November 29

- Euro Zone CPI
- Canadian GDP



OVERVALUED/UNDERVALUED

Fundamental

Technical

COT

OVERVALUED

Natural Gas	Coffee	Hogs
ULSD	Cocoa	Coffee
Cocoa	Natural Gas	Cattle

UNDERVALUED

Soybean Oil	Soybean Meal	Notes
S&P 500	Soybeans	Canola
Soybean Meal	Copper	Cotton

OUR OPINION... MARKET BY MARKET

Market		*
Stocks	Nvidia earnings below expectations; choppy/lower.	S
Bonds	Downward bias; Fed inflation concern to slow cuts.	S
Dollar	EU business activity drop + uptrend momentum.	L
Euro	EU PMI plunge with German GDP barely positive.	S
Gold	Tech picture bullish again; more up despite \$ surge.	L
Silver	Heavy tech & fund resistance, support from gold	L
Copper	Despite lower Shanghai stocks, demand fears control.	S
Crude	Russia ICBM attack & higher Chinese imports.	L
Gasoline	Tight inventories & International supply issues.	L
Nat Gas	Short covering near complete, but a major low is in?	S
Soybeans	Bull news absent, further losses in the cards	S
Corn	FND pressure coming next wk, seasonal up in Dec	L
Wheat	Blk Sea escalation bullish, but strong \$ caps rallies	N
Hogs	Pullback short lived, test of contract highs on the way?	L
L Cattle	Strong feeder market supportive	L
Sugar	South Asian production increase will pressure.	S
Coffee	Brazilian drought continues to boost prices.	L
Cocoa	Dry West African growing conditions will support.	L
Cotton	Largest weekly export sales total of marketing year.	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 Dec Dow Jones 44,200/44,700 bull call @ 170

Buy Jan Bond 118.00 call @ 0-58

Buy Jan Gold \$2,800 call @ 9.00

Overvalued

Sell Jan Coffee 320.00 call @ 6.00*

Sell Jan Copper \$4.05 put @ 0.0735*

Sell Jan Bean Oil 41.00 put @ 1.70*

Trend Reversals

Buy Jan Natural Gas \$3.30/\$3.05 bear put @ 0.070

Buy Jan Coffee 275.00 put @ 3.90

Buy Jan Sugar 21.25 call @ 0.55

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
Silver Gold 10/25/24	Long a January Silver \$31.00/\$28.00 bear put spread at 0.332 and Long a December Gold \$2,800 call at 25.00.	ENTER a PROFIT STOP on the bear put spread at 65.00.
Bonds 10/25/24	Long a January Bond 121.00 call at 1-30 and Long a December Bond 116.00 put at 0-62.	Use an objective on the January call of 1-39 and an objective on the December put of 2-01.
Corn 10/25/24	Long 2 May Corn 430 Calls and Short 2 May Corn 490 Calls at a net cost of 17 1/2 cents per spread.	Look to take profits on the spread if May Corn futures hits 476, and risk 13 cents of the 18 cent cost of the position.
Gold 11/15/24	BUY a February Gold \$2,570/\$2,700 bull call spread at 25.00.	CANCEL STRATEGY.
Bonds 11/15/24	BOUGHT a January Bond 117.00/120.00 bull call spread for 0-47 and BOUGHT a February Bond 115.00/111.00 bear put spread for 0-58.	We intend to position for a short covering bounce, hopefully banking a gain on the shorter-dated bull call spread, which could reduce the exposure on the longer-term bearish position. Use an objective on the January bond call spread of 1-39 and hold the bear put spread into the end of the year.
Emini S&P 11/22/24	BUY a December Emini S&P 6020/6100 bull call spread at 26.00.	Use an objective of 71.00, and risk the trade to 14.00.

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.

BUYING THE BREAK!

While timing is particularly important entering into the long side of the stock market, we think the term “the trend is your friend” applies to equities. Furthermore, the market has recently corrected, and as can be seen from the charts, even steep corrections have not signaled an end to the uptrend.

With the latest COT positioning report reaching back toward neutral and near levels since December of last year, the market should have regained small spec and fund-buying fuel. From a fundamental perspective, the markets were overextended following the U.S. election as implementing pro-business policies and removing regulatory headwinds are unlikely to impact the environment in the near term. In addition to more certainty, or less uncertainty, investors continue to embrace massive communities from the tech sector. However, bullish sentiment toward tech/AI was ahead of reality into the November 11th high as an earnings “beat” from Nvidia failed to support the broad market, resulting in a 5% setback from the earnings report rally.

While the holiday shopping season might fail to live up to expectations, the markets usually anticipate a surge in retail activity, with online retailing likely to show a veritable explosion this year (at the expense of brick-and-mortar sales). We also believe that the recent surge in US interest rates in the treasury markets has run its course, and rates will likely fall in the coming weeks. While past action is not necessarily an indicator of future action, the day after Thanksgiving (Black Friday) could be a spark to rekindle buying of stocks. Furthermore, seeing the December S&P regain the psychological 6000

level could spark FOMO (fear of missing out), which in turn could lead to range-up action seen after recent corrections.

Long Term Strategy

BUY a December Emini S&P 6020/6100 bull call spread at 26.00 with an objective of 71.00. Risk the trade to 14.00.



SOY OUTLOOK: MINIMAL WEATHER THREAT FAVORS FURTHER DOWNSIDE

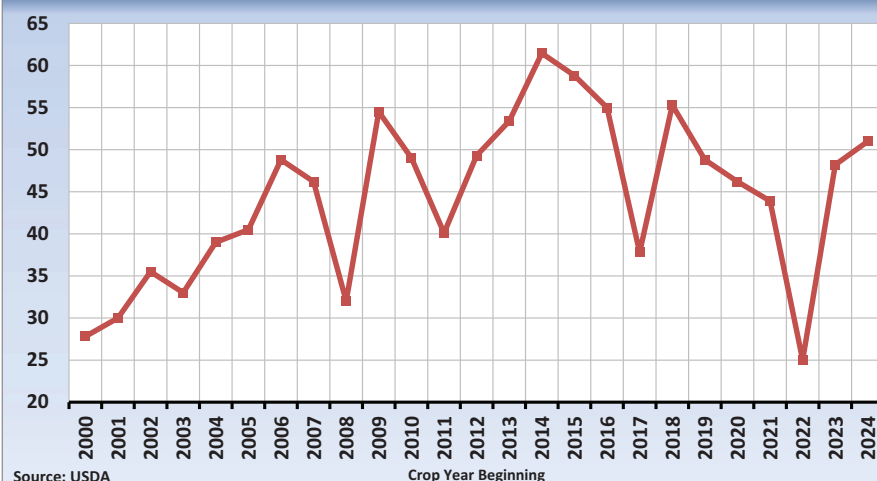
Earlier this month, tightening global vegoil supplies pushed bean oil to its highest price since April. However, prices have sold off sharply since due to uncertainty over President-elect Trump's biofuel tax credits, which has erased some recent support in soybeans. Now that the US harvest is over, South American weather and US demand are the two most important market forces. While Argentina still has some spotty dry areas, upcoming rains are expected to limit crop stress. Conditions are forecast to be favorable into mid-December as planting is nearing completion at 80%. Argentine beans are 36% planted, slightly ahead of schedule. According to USDA, current estimates of Brazil and Argentina's soy crops for 2024/25 are forecast to be 16 million tonnes higher than last year in Brazil and a 3 million tonne increase in Argentina, for a combined increase of 19 million tonnes year-over-year. That is the equivalent of an additional 700 million bushels of beans or nearly 20% of China's bean import total for the year.

This past week, Brazil and China cozied up with multiple new economic cooperation agreements as Brazil looks to increase market share during the current transition to the new Trump administration. If Brazil's weather is good, China will unquestionably favor purchasing their products. Furthermore, Argentina's President met with the Chinese leader this week on the sidelines of the G20 summit. However, no specific breakthroughs were reported. The meeting was significant since the Argentine leader had said on the campaign trail that he would not deal with communists. Argentina's economy has begun to improve, and inflation is coming down as the new president's policies begin to change years of mismanagement and overspending. Argentina's soy crush has been at a record high for the last 2 months, and the economic improvement and expectations for good crops this year will keep the country a fierce competitor with the US for soy product exports.

However, futures prices have paid little attention as the sales have not been large enough to expect any increase in USDA's export numbers. Furthermore, Chinese purchases are absent for January and beyond as they wait to see what Trump's tariff policy will be. Bullish news for the soy complex is hard to find, and heading into the final month of the year, we prefer to position for further downside potential.

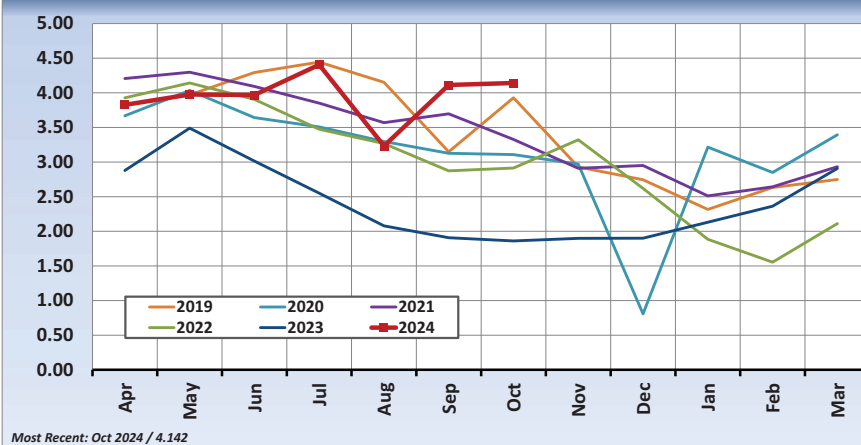
Argentina - Soybean Production

Million Metric Tonnes



Argentina Monthly Soybean Crush

Million Tonnes - Marketing Year Beginning



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SOY OUTLOOK: MINIMAL WEATHER THREAT FAVORS FURTHER DOWNSIDE

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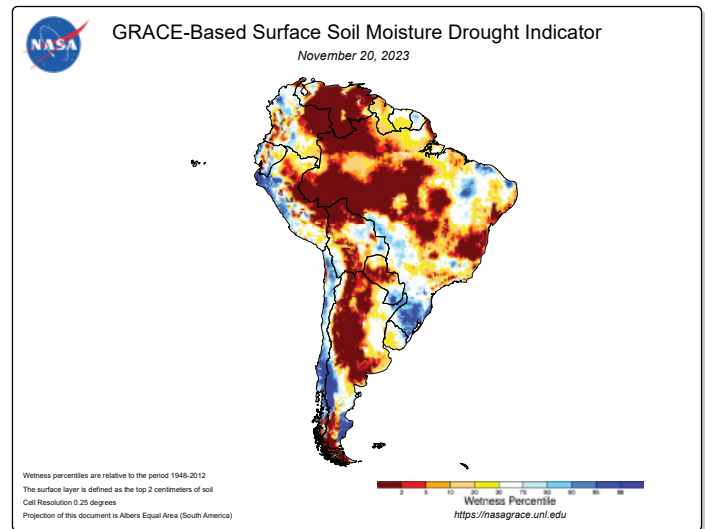
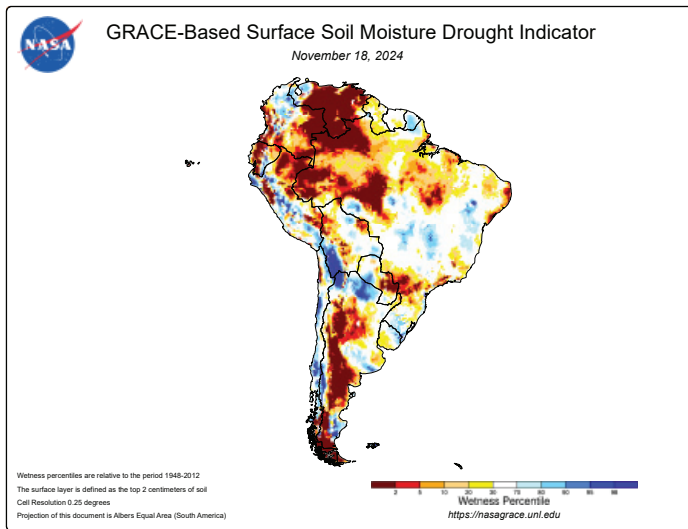
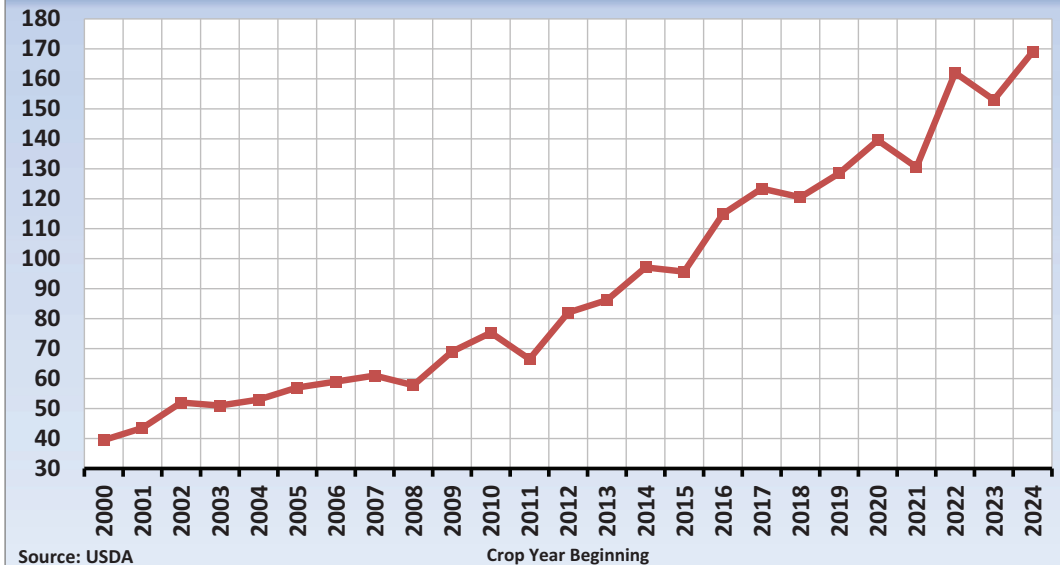
Suggested Trading Strategies

1) **Futures Trade:** **SELL** January Soybeans on a rally to 991. Risk 15 cents on the trade. Use an objective on the downside of 948.

2) **Option Trade:** If January Soybean futures rally to 988, **BUY** 2 January 990 put options at the market, which should be around 17 cents each. Once filled, **SELL** 2 January 1010 Call Options at the market, which should be around 12 ½ cents. Risk 15 cents on the entire position and take profits if January futures touch 948.

Brazil - Soybean Production

Million Metric Tonnes



COTTON CAN EXTEND A RECOVERY MOVE

Cotton prices are finishing a volatile week on an upbeat note as they have rallied more than 2.30 cents (up 3.5%) above Tuesday's 3-month low. Cotton's rebound has come despite a sharp rally in the US Dollar index to a 2-year high, as a stronger Dollar typically hurts US cotton exports. Cotton prices should extend their recovery with the market on track for a weekly reversal.

The latest weekly net export sales reading for cotton was 318,516 bales, the largest weekly total for the marketing year, more than double the previous weekly net sales total and the largest weekly net sales reading since January. More than half of that were net sales to Vietnam (141,600 bales) which was their highest one-week total since November 2022 while Pakistan had net sales of 55,300 bales.

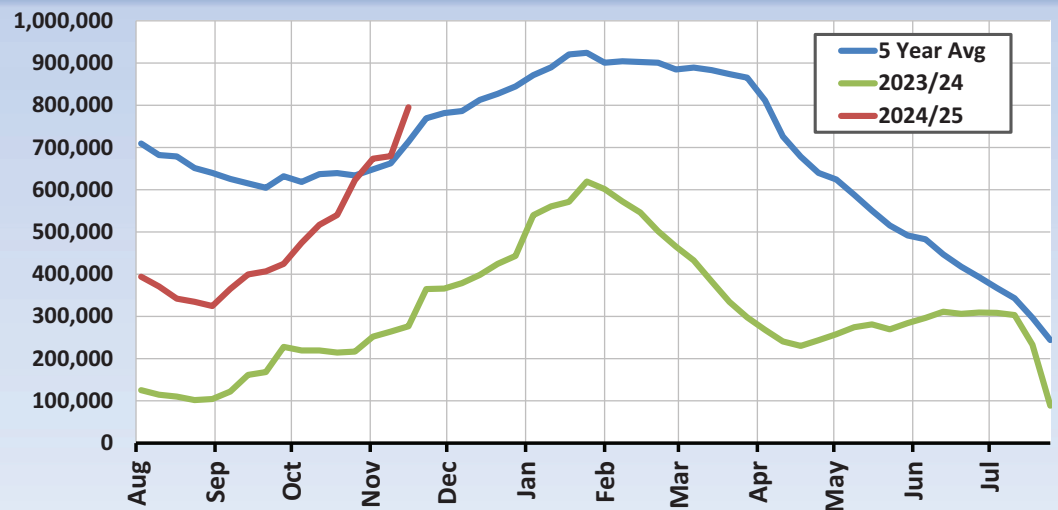
The USDA reduced its 2024/25 US cotton export forecast by 200,000 bales to 11.3 million, a 9-year low. For a second year, US exports are forecast to be smaller than Brazil's 2024/25 cotton exports (12.3 million bales in 2024/25). While there is risk of retaliatory tariffs next year, US cotton exports should remain far ahead of Australia (5.4 million bales in their 2024/25 exports forecast) despite tariffs and export market share is expected to hold steady.

Suggested Trading Strategies

- 1) **Futures Trade:** **BUY** March Cotton at 70.05 with an objective of 76.40. Risk the trade to 68.35.
- 2) **Option Spread:** **BUY** a March Cotton 71.00/75.00 bull call spread at 1.20 or better. Use an objective of 4.60 and risk the spread premium to 0.30.

US Cotton Export Sales to Vietnam

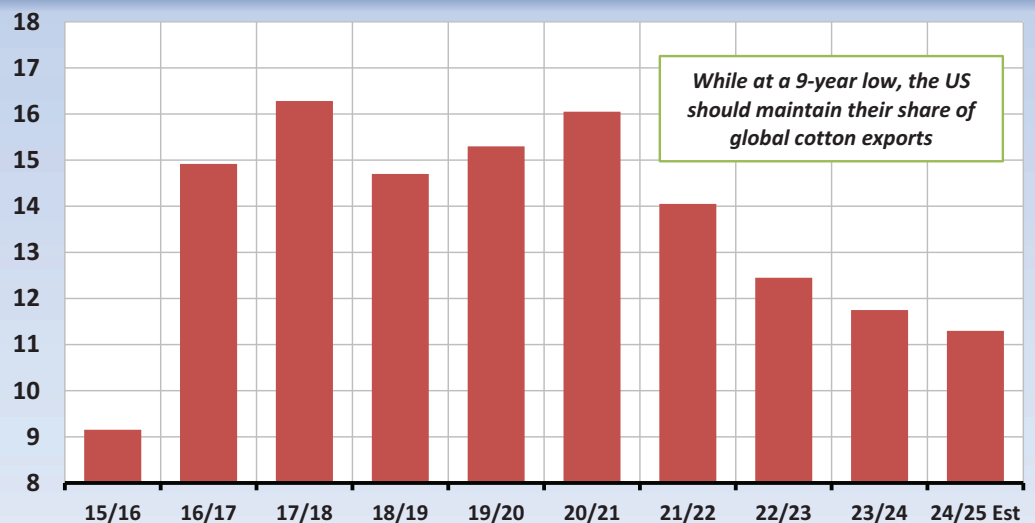
Outstanding Current Year Sales - By Marketing Year - Running Bales



Source: USDA

U.S. Cotton Exports

Million Bales by Season



Source: USDA

RESILIENT JEWELRY DEMAND DESPITE HIGH GOLD PRICES

While we usually consider gold an investment vehicle through futures, ETFs, bars, and coins, its most significant source of demand continues to be jewelry fabrication. This results in a divergence of demand prospects as gold prices move higher. While higher prices make gold a more attractive investment, they also make new jewelry more expensive for retailers to sell and less attractive for consumers to purchase.

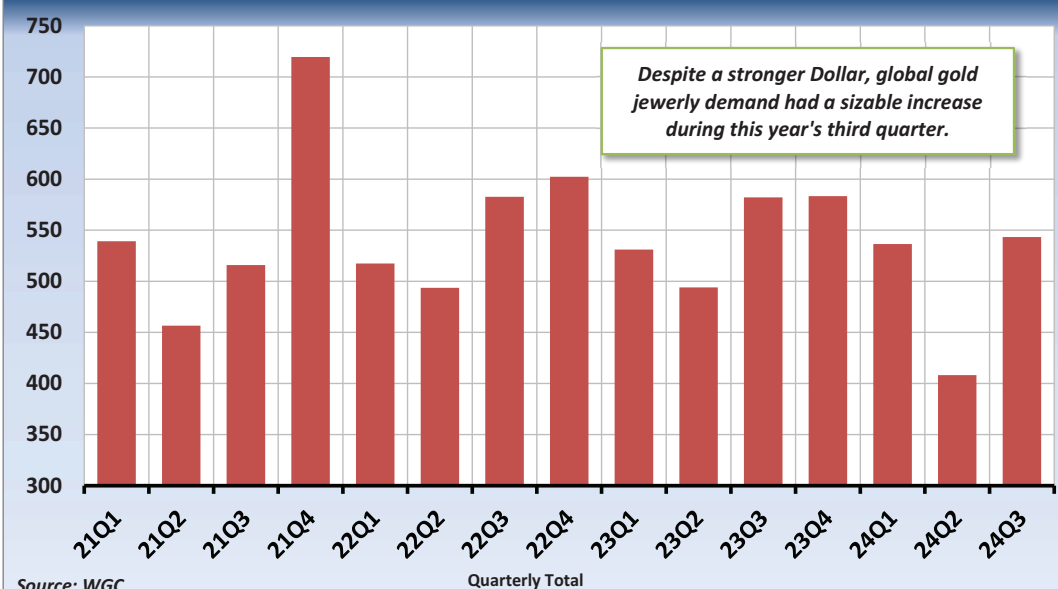
The World Gold Council (WGC) estimated overall global investment gold demand during the third quarter to be 364.1 tonnes, 132% higher than last year and the largest quarterly reading since the first quarter of 2022. Inflows to gold ETFs of 94.6 tonnes were the key factor in gold's quarterly investment demand surge, despite demand for bars and coins declined 9% from last year

The WGC pegged third-quarter global jewelry fabrication demand at 543.3 tonnes, a 7% decline from the third quarter of 2023. Keep in mind that front-month gold futures prices increased \$788 an ounce from the end of September 2023 to the end of September this year, a 42% increase. In addition, this was a 135.1 tonne increase (up 33%) from second-quarter global jewelry fabrication of 408.1 tonnes.

China and India combined accounted for 61% of global jewelry demand. China's lukewarm economy resulted in a second-quarter reading of 92.1 tonnes (a four-year low) and a third-quarter reading of 109.6 tonnes (down 33% from last year). In contrast, India's third-quarter jewelry demand was 171.6 tonnes, 10% higher than last year and its highest quarterly reading since the fourth quarter of 2023.

Global gold jewelry fabrication demand usually has its highest quarterly total during the fourth quarter. With India reducing its gold import duty and gold prices over \$100 below their late October record high, global jewelry fabrication demand should see another quarterly increase that could support gold futures prices over the rest of this year.

Global Gold Jewelry Fabrication Demand Thousand Tonnes





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COMMITMENTS OF TRADERS

Data As of November 19, 2024
Non-Commercial & Non-Reportable
Combined Futures & Options

Market	Net Position	Net Change	4-Wk Net Change	52-Wk Ranking
Grains				
CBOT Grains	-79,942	-30,166	72,240	51
Corn	73,782	-9,852	91,382	51
KC Wheat	-20,497	4,139	-9,525	35
Minn Wheat	-26,977	-5,891	-9,838	12
Rice	-1,827	958	-2,359	3
Soybeans	-95,032	-12,557	2,258	35
Soyoil	80,450	-28,200	14,450	50
Soymeal	-9,005	-28,816	-53,873	11
Wheat	-58,692	-7,757	-21,400	7
Livestock				
Cattle	92,439	1,474	5,902	52
Feeder Cattle	3,556	2,715	5,649	52
Hogs	110,904	-10,463	2,458	50
Metals				
Copper	22,836	-8,550	-12,854	19
Gold	269,955	-2,308	-46,196	28
Platinum	29,032	3,215	-14,493	37
Silver	60,819	-1,677	-20,435	20
Softs				
Cocoa	38,691	-1,407	1,840	34
Coffee	69,800	2,665	4,864	40
Cotton	-28,700	-18,838	-21,747	9
Milk	-8,686	-1,360	-6,933	23
OJ	5,954	63	-274	48
Sugar	100,449	12,829	-16,764	41
Currencies				
Canadian	-190,051	490	-15,683	3
Dollar	-2,022	-878	-3,291	3
Euro	-18,586	-41,831	9,674	2
Energies				
Crude Oil	228,299	-7,119	16,667	12
Gas (RBOB)	66,942	6,797	18,250	29
Heating Oil	-17,077	-4,703	665	2
Natural Gas	-155,348	-4,308	7,590	3
Financials				
Bonds	32,853	16,675	-1,948	34
E-Mini S&P	190,445	15,697	10,590	51
Dow Jones \$5	14,763	-2,897	1,846	24
T-Notes	-850,223	-71,537	-83,286	5
	Extreme	Ranking 1 = Shortest Short		
	5% of Extreme	52 = Longest Long		