



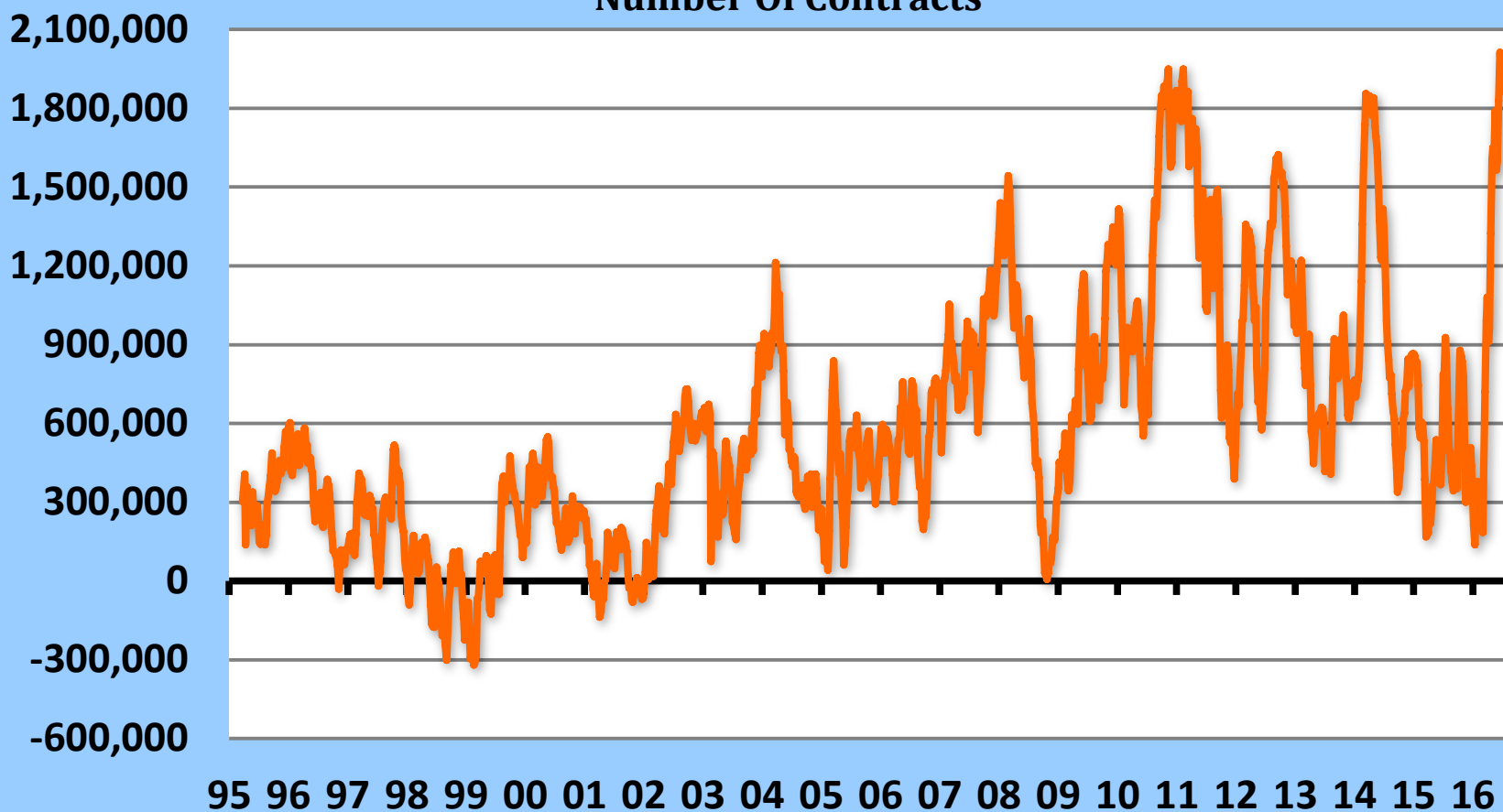
US Commodity Markets: Major Crossroads Directly Ahead

David Hightower

President, The Hightower Report



Non-Financial - COT - Futures and Options Non-Commercial and Nonreportable Combined Net Position Number Of Contracts



The Hightower Report | Source: CFTC

Max: 2,013,618 (6/14/2016) - Min: -318,945 (2/16/1999) - Most Recent: 1,865,490 (06/28/2016)



Big Markets Big Breaks

- Soybeans
- Corn
- Crude oil
- RBOB
- Hogs
- Bean Oil
- Wheat



Pork Fundamentals

- US pork exports during May totaled 458.83 million pounds, the highest since April 2015.
- US Exports reached 23.6% of total US production, the highest percentage since June 2014.
- Pork Exports to China totaled 72.9 million pounds, the highest total since January 2012.
- Pork exports to China have risen steadily since Dec when the monthly total was only 17.6 million.
- Chinese Hog herd expanding again.



China Still A Force

- China's appetite for commodities is not waning, according to analysis by the WSJ.
- China still consumes “roughly $\frac{1}{8}$ of the world's oil, $\frac{1}{4}$ of the world's gold, $\frac{1}{3}$ of the world's cotton, and $\frac{1}{2}$ of all the major base metals.”
- The Energy Information Administration predicts China will account for over a quarter of the world's increased demand in oil this year, despite the slowdown.

-Wall Street Journal

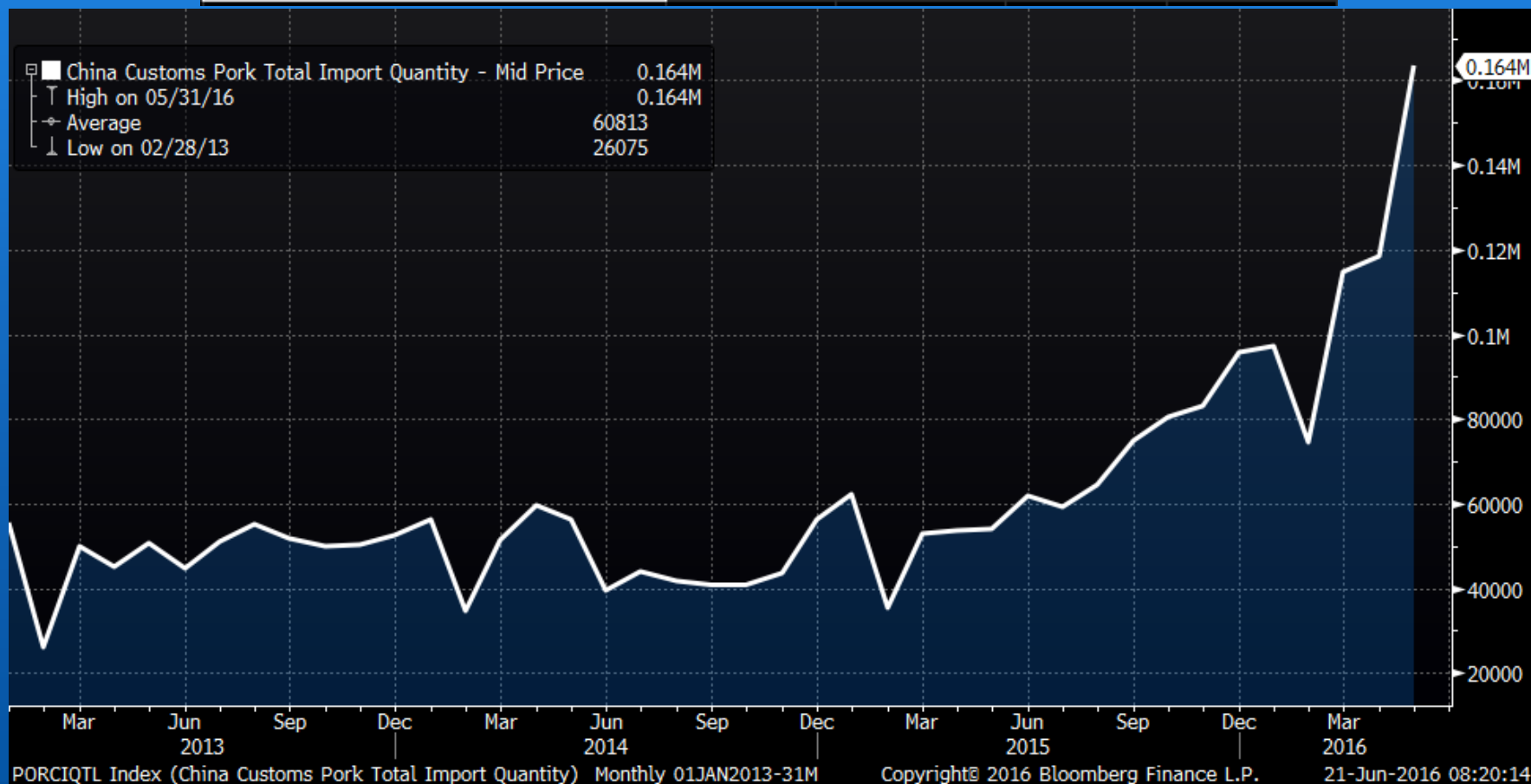


However, Many Commodity Imports Readings Through May are Doing Well This Year

- Copper ore/concentrate imports up 33.7% year-to-date.
- Iron ore imports up 9.1% year-to-date.
- Crude Oil imports up 16.5% year-to-date.
- Coal imports up 3.1% year-to-date.
- Natural Gas imports up 23.1% year-to-date.
- Rubber imports up 40.9% year-to-date.
- Soybean imports up 14.5% year-to-date.
- Edible Vegetable Oil imports up 3.9% year-to-date.

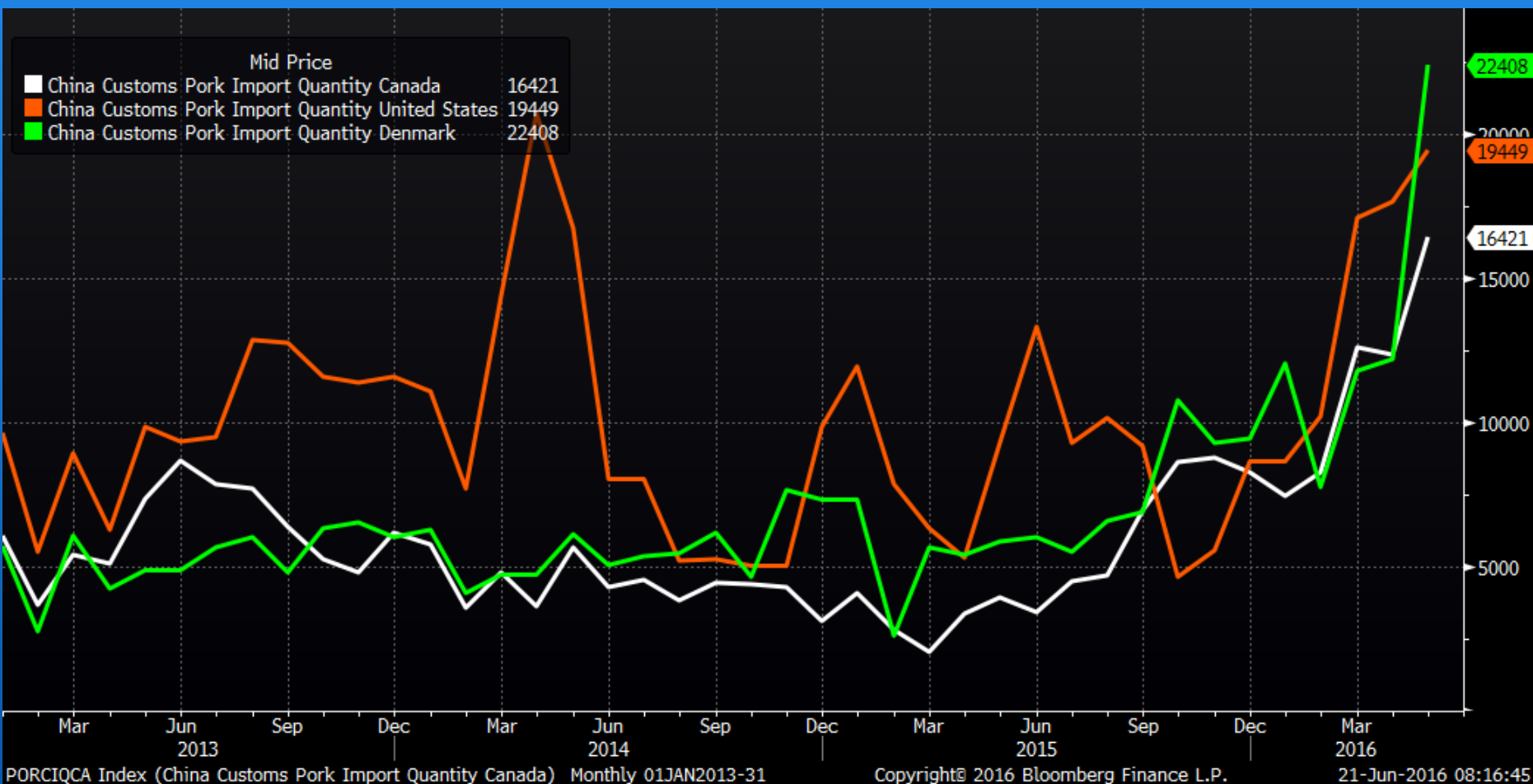


Short Name	Curr Px	Chg Pct 1M	Chg Pct 1Yr	Time
IMPORTS				
China Pork Total IM Quantity	163502	+37.89%	+202.12%	5/31
China Pork IM Qty USA	19449	+10.16%	+110.12%	5/31
China Pork IM Qty France	8599	+16.49%	+339.40%	5/31
China Pork IM Qty Canada	16421	+32.91%	+320.08%	5/31
China Pork IM Qty Denmark	22408	+83.99%	+284.29%	5/31



The Hightower Report

Futures Analysis & Forecasting





December 2016 Lean Hogs



LHZ6 Comdty (LEAN HOGS FUTURE Dec16) Daily 08JUL2015-07JUL2016

Copyright© 2016 Bloomberg Finance L.P.

07-Jul-2016 09:55:21

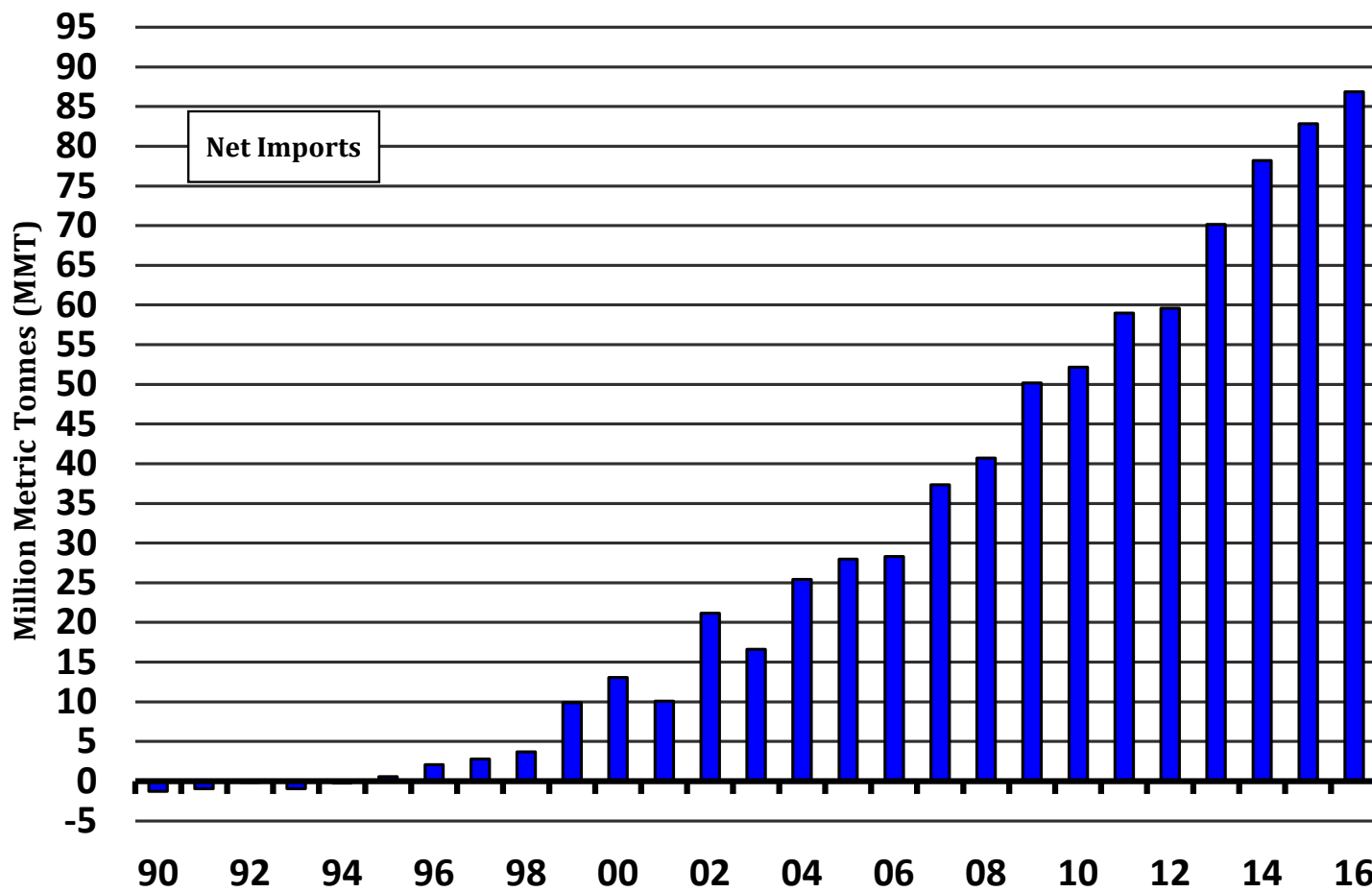


Soybeans

- June 10th Report Ushered in a Top
- Brazil Production Unchanged, US Production could rise, but probably won't yet.
- Nov Prices from fell from \$11.86 to \$10.40, - 1.40. Still 60 cents above pre-bullish USDA report level.
- \$10.00 (pre-USDA report level) could be fair value.
- August weather still key.



China Soybean - Net Import / Export



Most Recent: 86.85 As Of 06/10/2016

Crop Year Beginning

The Hightower Report



November 2016 Soybeans



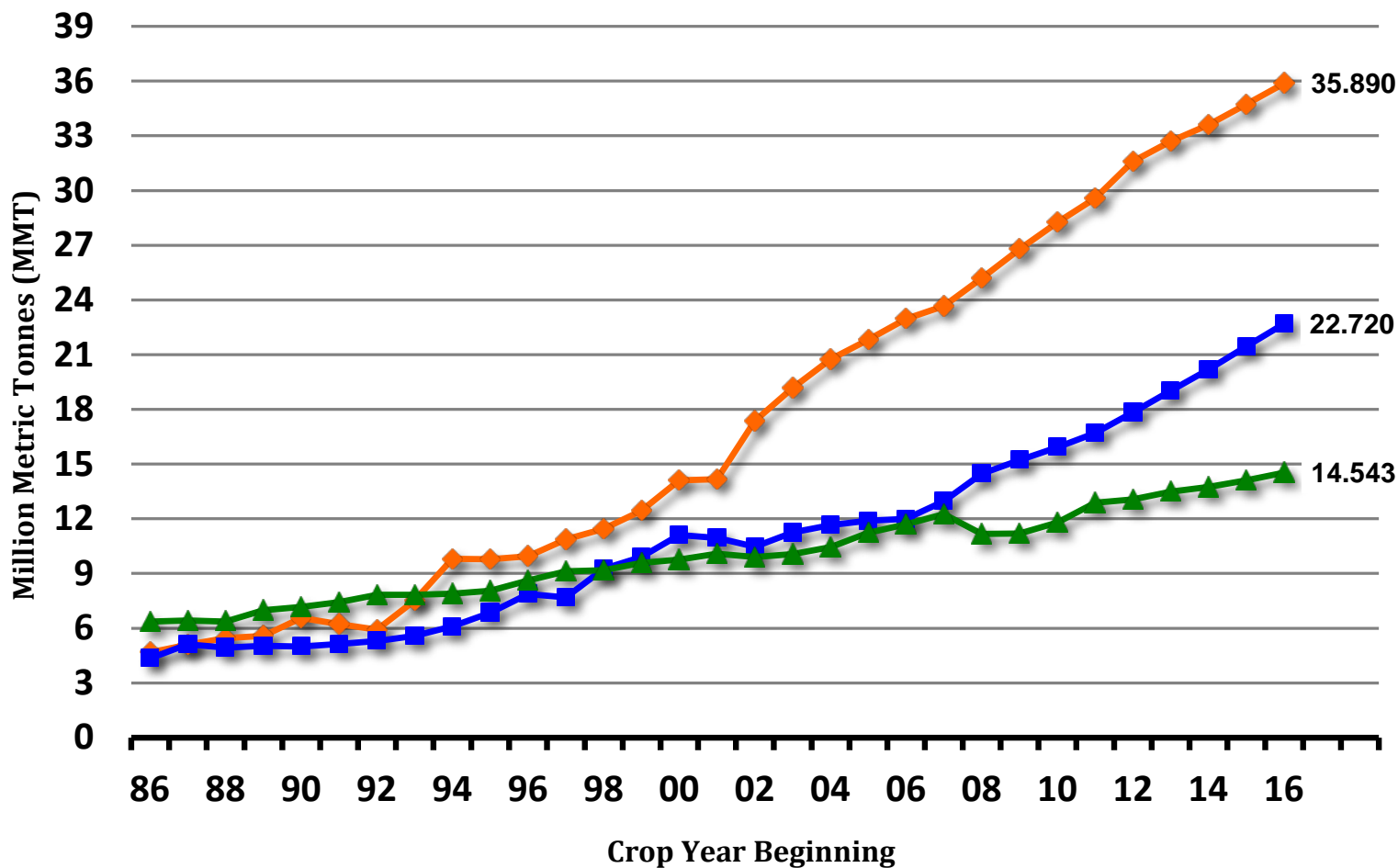
S X6 Comdty (SOYBEAN FUTURE Nov16) Daily 08JUL2015-07JUL2016

Copyright© 2016 Bloomberg Finance L.P.

07-Jul-2016 09:57:24



Vegetable Oil - Major Consumers



The Hightower Report

Most Recent: As Of 06/10/2016

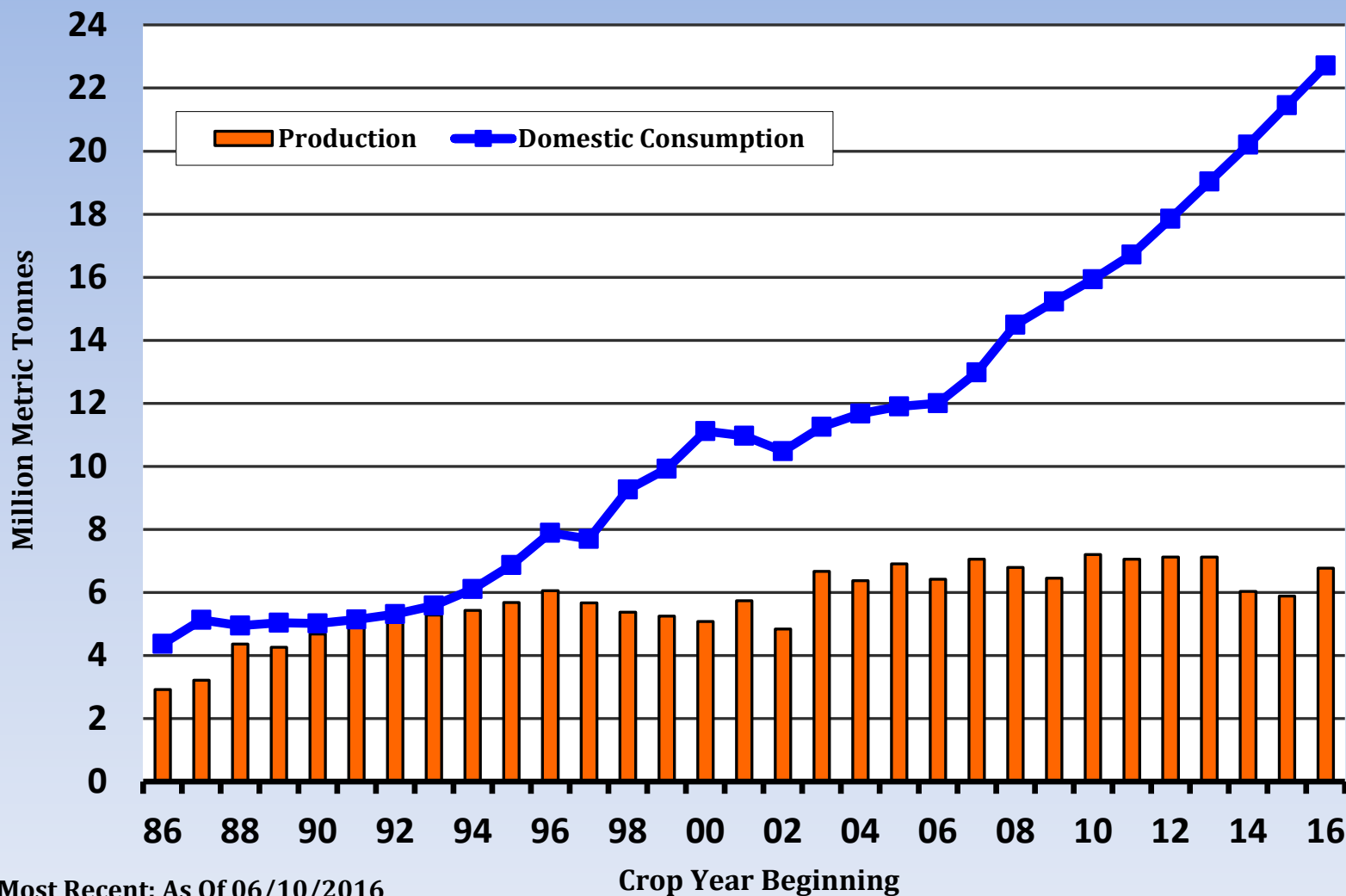
—◆— China

—■— India

—▲— United States



India Vegetable Oil - Production vs Usage



Most Recent: As Of 06/10/2016

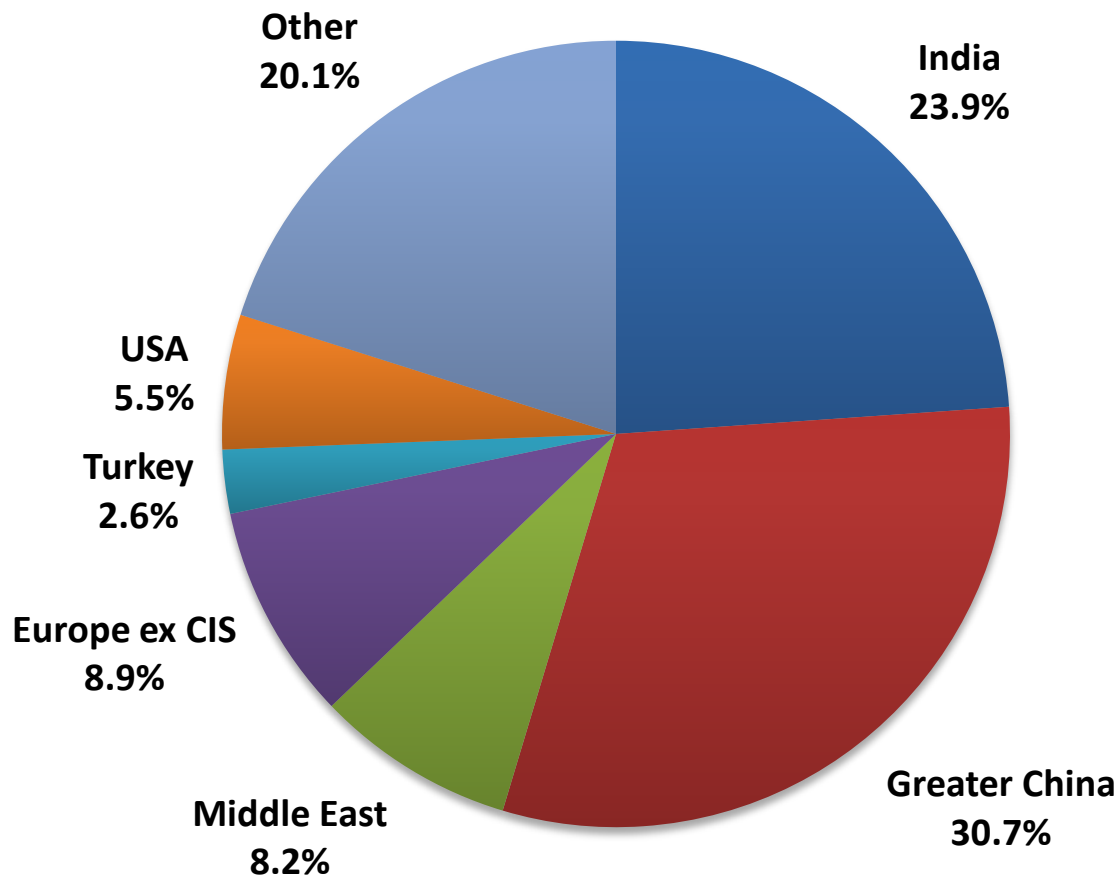


Gold

- Spec & Fund Long Building, +\$60
- Gold Derivative Holdings Highest Since August 2013
- Chinese Official Holdings
- Unprecedented Easing
- Negative Rates All Around!
- Zero Inflation Views
- India Not China
- Value \$1,305



World Gold Consumer By Country 12 Months Period



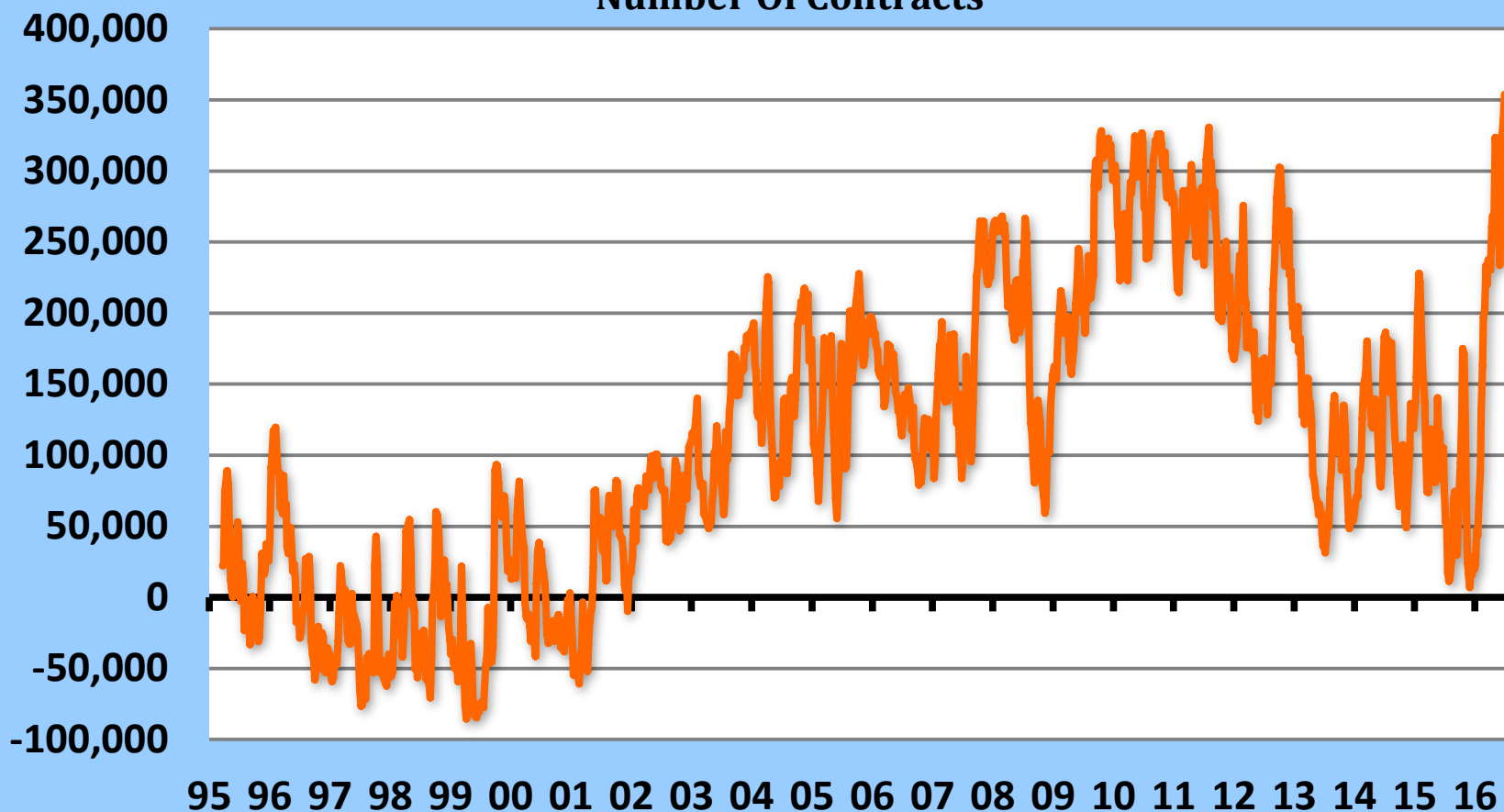
Source: World Gold Council

Data for 12 Months Ending: Q3/2015



Gold - COT - Futures and Options

Non-Commercial and Nonreportable Combined Net Position
Number Of Contracts



The Hightower Report | Source: CFTC

Max: 354,072 (6/28/2016) - Min: -85,267 (4/6/1999) - Most Recent: 354,072 (06/28/2016)



Other Markets

- Coffee 2 Years below 1.60 above 1.20
- Treasuries Priced for Disaster
- Stocks versus Treasuries - Something is Wrong
- Sugar - Big Deficit, El-Nino to La-Nina?
- Corn below Cost of Production, High Yield