The Hightower Report

Futures Analysis & Forecasting

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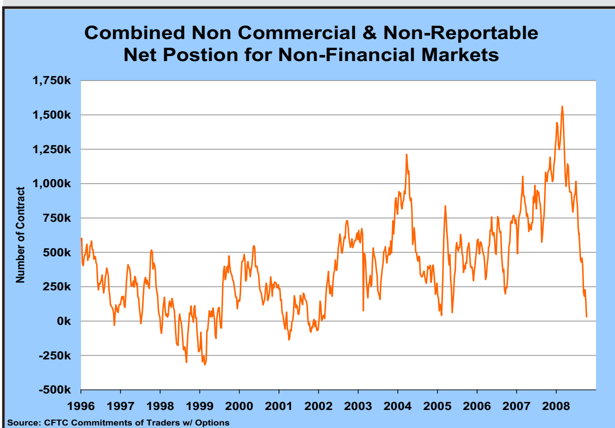
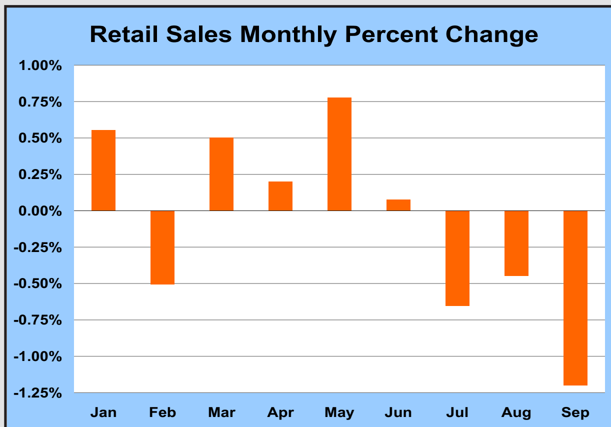
October 20, 2008 - Trades good through October 31st, 2008 - Next Issue November 3rd, 2008

Commodity Outlook

Unfortunately, we continue to be at the same historic junction in the futures market that we spoke of in the last newsletter. While the salvo of bailout packages reached a global scale and global equity markets cheered that resolve with a historical short covering bounce, it is clear that the outlook remains very precarious. Clearly the US, EU and the UK authorities are working very hard to put all the economic pieces back into place, but it would simply be a historical shock not to see collateral damage off the sharp downward action in the equity markets from the middle of September to the middle of October. In fact, as of this writing the markets appear to be poised to return to the October lows, and that in turn looks to re-inflate flight to quality instruments like gold, the Yen and the Swiss Franc. Perhaps the most disturbing development of the last two months is the fact that severe economic slowing and sharply declining inflationary conditions have actually resulted in a sharp jump up in long term US interest rates. Clearly the Congressional preference for politics over the state of the economy started the downgrade of US Treasuries as a flight to quality instrument, but given that the most severe economic condition to face the US since the Great Depression failed to cut the blatant addition of pork barrel spending in the bailout package, one could say that Congress continues to think it has unlimited global borrowing capacity. However, given the extremely weak action in the Treasury market since the September highs, the market is clearly suggesting that the world isn't going to allow the borrowing to continue without a very steep risk premium. While some might suggest that a steady unemployment rate in the last report shows the economy to be holding together, we suggest that fear and panic in the wake of the late September/early October stock market slide has already caused consumers to pull back on spending so aggressively that the economic news flow in November and December will be shockingly bad. Certainly liquidation has drastically reduced the spec and fund long positioning in a number of markets, and that would ordinarily slow the selling pressure. However, with a number of commodities still holding in relatively high historical price levels, it would appear that more deflationary liquidation is ahead, particularly in markets like cocoa, cotton, cattle, platinum, copper and silver.

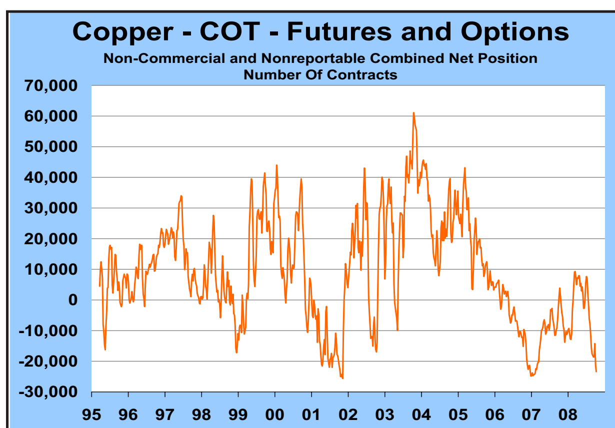




Special Trading Advice: Given what appears to be a historic and perhaps epic junction in the marketplace, we would strongly suggest that traders attempt to utilize options and futures combinations, outright long premium plays and other risk defined strategies in an attempt to weather volatility. With a number of commodity prices down by massive amounts over the last two months and some of those markets still sitting at relatively expensive historic price levels, there could be a propensity for many markets to extend sharply on the downside, while at the same time others could mount explosive rallies in the event that economic conditions improve. In our opinion the use of long futures with double "close-to-the-money" long put coverage is generally an attractive strategy, as an extension of serious slowing could result in an eventual net spec short positioning, while a sudden improvement in psychology and the economy could leave one net long but with a defined amount of premium.

Copper

With the copper market falling from the $4.045 summer high to the October low of $2.05, it would certainly seem like the market was moving to factor in a sustained recession and perhaps even a rapid build-up of global copper supplies. Certainly, news that the International Copper Study Group was predicting a surplus of 100,000 tons for 2008 and an even more significant surplus of 277,000 tons in 2009 confirms that the copper market was entrenching very bearish expectations into market sentiment and prices. However, a couple of factors suggest to us that copper prices are not setting up for a sustained downtrend pattern ahead. In fact, with the most recent COT positioning report showing the combined "net" spec and fund short positioning of 23,403 contracts and the December copper futures falling another 48 cents per pound below the level where the positioning report was compiled, we suspect that the copper market reached a new record spec short positioning in the mid October washout. With overall macro economic sentiment into the October low possibly reaching the most stressed level since the inception of the trade in copper, one could suggest that the October 10th low of $2.05 per pound was the result of coinciding fundamental and technical extremes. Certainly a global contraction in the housing and auto sectors will serve to crimp demand in copper rather significantly, but the real key to copper prices over the coming months might continue to rest more with the actual pace of the Chinese and Indian economies than the state of the US and European economies. In fact, while LME copper stock inventories have steadily risen off the egregiously low levels seen at the end of 2005, LME stocks as of October 13th were still only 1/5 of the peak levels seen in April of 2002. Another important thing to note is that Shanghai deliverable copper stocks also reached a peak back in 2002 of roughly 248,000 tonnes but as of October 10th they were at a paltry 25,600 tons. In short, world copper stocks remain very tight, and therefore the direction of the Chinese economy could become the most important force driving copper prices in the near term. In the near term traders should expect a temporary but sharp slide below the $2.00 level before the market reaches some form of solid value zone.



Suggested Trading Strategy: Buy 2 December copper $1.85 puts for 0.0500 and then look to buy December copper futures at the market. Use a combined risk on the trade of $2,000, with an objective of $2.60 basis the December copper futures.

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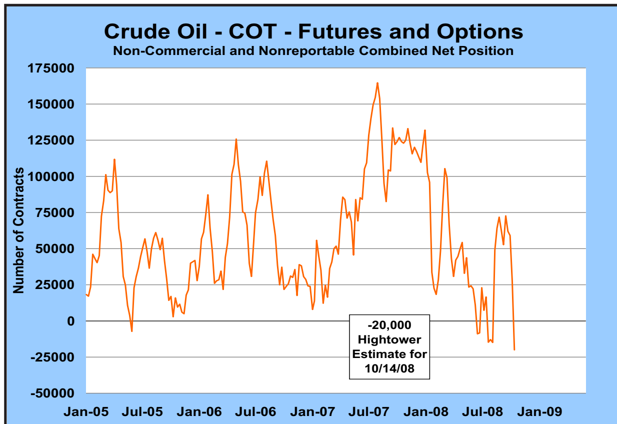
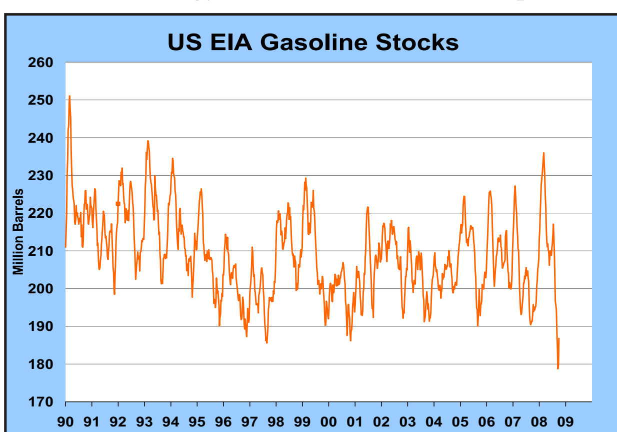
DUE TO THE VOLATILE NATURE OF FUTURES MARKETS, THE INFORMATION CONTAINED HEREIN MAY BE OUTDATED UPON ITS RELEASE.

Crude Oil Strategies

As of this writing the energy complex was in the midst of an ongoing deflationary selling wave that many traders felt was the logical result of massive demand destruction. With the crude oil market probably seeing its “net” spec and fund positioning shift into a “net short” in the mid October washout, one could suggest that a large portion of the speculative contingent has been washed from the market and that continued sharp declines in crude oil prices might require even further deterioration in macroeconomic sentiment. However, the energy complex probably won’t see a significant rebuilding of inventories in the face of the slowdown, especially if the financial crisis is contained ahead of the coming holi-



day period. Unlike the inventory of homes, computer chips and many durable goods, the inventory of energy supplies is not likely to rise to overly burdensome levels and then take months and months to work down. In fact, OPEC is already posturing for a reduction in output, and a sustained decline below $70.00 per barrel in crude oil could begin to idle some more expensive energy production like oil shale. Rough estimates of the cost of production of oil shale range from $70 to $90 per barrel, and while oil prices haven’t been down low enough for long enough to remove production, one should realize that portions of the initial oil crisis were solved by relatively high-cost energy sources, which could potentially provide a higher floor for crude oil prices than for other commodity prices. While the initial slowdown has already resulted in some rebuilding of US crude oil and product stocks before the North American winter typically pushes up seasonal demand, a preemptive decline in the US refinery operating rate and relatively low stocks level to begin with also suggest that the energy bull market won’t be perma-



nently put away without a massive shift in overall fundamentals. In fact, as of the mid October US weekly oil inventory figures, crude oil stocks were still 8.3 million barrels below year ago levels, the US refinery operating rate was 6.9% below year ago levels, gasoline stocks were 13.1 million barrels below year ago levels, distillate stocks were 5.7 million barrels below year ago levels and heating oil stocks were 5.6 million barrels below year ago levels. It should also be noted that US heating oil stocks actually reached an “all-time” low in April of this year, with US gasoline stocks also hitting a new “all-time” low as recently as mid-September. Therefore, the energy market was tight and the refiners looked to trim output even further in the face of profit concerns in a downwardly biased market. As suggested in the introduction, we see the energy market as a market that is potentially nearing a fundamental bottom (if the economy holds together), and with OPEC poised to reduce production and the potential for a product-led recovery into this winter, we would recommend that traders use combination plays for a look at a key bottoming of energy prices.

Suggested Trading Strategies: 1) Buy 2 January crude oil $70.00 puts for a rather hefty cost of $4.00 each and then look to buy the January crude oil futures at the market. Look for an objective on the long futures of $90.00 and risk the combination play to a net loss of $3,500. 2) Buy a January crude oil $81.50 call for $5.50 and then look to sell a December crude oil $85.00 call for $3.00. Use an objective on the short call of 0 and an objective of $11.00 on the long call. Risk the combination play to a net loss of $2,500.

Index Fund Liquidation

The move by the world’s central banks to ease credit concerns and support the banking system appeared to pull the deep recession/depression scenario off of the table and helped to stabilize and firm world commodity markets for a few days last week. Fears of tightening credit and collapsing commodity demand had helped drive many commodity markets to oversold levels into Friday, October 10th, as many markets priced in a deep recession ahead. Sellers have been very active for fear of demand declines, while buyers have stepped to the sidelines. As the markets begin to settle down, some recovery bounce can be expected. However, a return to the “depression” theme or new lows in the stock market could re-ignite a fear of collapsing commodity prices to levels well below the cost of production. In addition, while many markets saw a good recovery from the October 10th lows, the move below these lows for crude oil opens the door for additional redemptions from investors from index funds. Index funds are typically heavily weighted in energy markets, and as investors redeem, fund managers liquidate a basket of commodities held by the fund. As a result, certain agricultural markets will remain hyper-sensitive to the trend in crude oil, and this liquidation of longs could remain as a bearish force until the stock market and the energy markets stabilize.

In general, world money managers, pension funds and insurance companies were riding high on a “global emerging market growth” theme. This theme was apparently too pervasive, and the unwinding out of trades based on this idea caused massive liquidation out of commodity markets, out of stocks of industrial companies exporting to China, Brazil, India and others and out of stocks of companies involved in transportation and/or production of coal, steel, energy and food. In addition, agricultural companies were also under fire from hedge funds and money managers around the world unwinding massive global growth plays. Once these trades are finally unwound, the agricultural markets are likely to begin to focus back on their own fundamentals. Unlike the past few years, we do not believe that the commodity markets will move in unison with each other. After an initial bounce, markets may begin to price in supply/demand fundamentals assuming a normal recessionary period for the economy ahead, not depression pricing. Markets that are more sensitive to economic conditions such as cotton, cattle and cocoa are likely to resume their downtrends. Rangebound markets would include soybeans, soybean oil, wheat and coffee, and markets which may bottom first include sugar, hogs, meal and corn.

A closer look at the supplemental report provided by the CFTC which shows the positioning of index traders may help give us an indication of which commodities may be most vulnerable to continued liquidation of long positions out of index funds. The enclosed table shows the commodity index trader long position as a percentage of total open interest. While the corn net position of index funds at 285,000 contracts looks very threatening, it represents just 19.8% of the open interest. In cattle, however, index funds represent 46.2% of the total open interest, which leaves cattle much more vulnerable to an aggressive sell-off.

The study indicates that the agricultural markets that are most vulnerable to outside market forces from index fund redemptions include cattle, hogs, wheat, sugar and feeder cattle. Markets which are less vulnerable include cocoa, corn, KC wheat, soybean oil and coffee. When we combine our rule of thumb on which markets are more and less vulnerable to the economy and markets which are more or less vulnerable to index fund selling, a few markets stand out as markets which may bottom first and some stand out that would appear most vulnerable to continued weakness.

Cattle are clearly vulnerable on both counts, and bearish strategies are in order. Of the markets that have a fundamental setup to bottom first, only corn shows up as less vulnerable to index fund pressures. Cotton is economically sensitive and still shows vulnerability to fund selling. Sugar is still too vulnerable to index fund selling even though the fundamental outlook is somewhat positive. The table also hints at the possibility that KC wheat will gain on Chicago wheat during the period of liquidation of index funds.

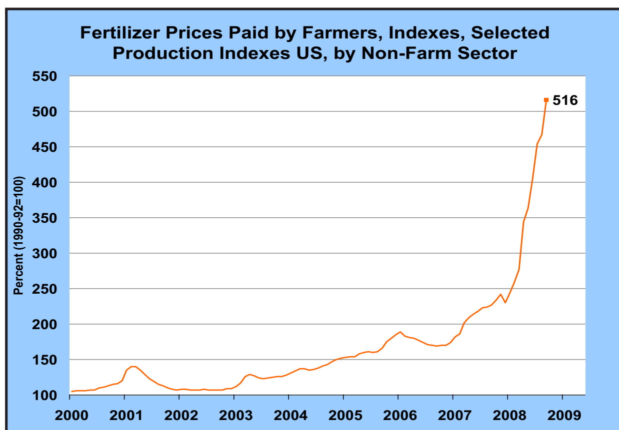
Corn

The corn market is reeling from selling pressure. While this is largely a spillover effect from the selloff in financial markets, corn already had plenty of trouble of its own. For example, the liquidation selling by funds that began earlier this year accelerated in the latest reporting period that showed net selling of over 44,000 contracts by funds. In addition, the USDA raised its estimate of corn yields in the most recent Crop Production Report, adding to the estimated total supply and carryout.

Still, there are glimmers of hope. Export demand has surged as corn prices have fallen to a level that buyers consider cheap. This has been greatly bolstered by a drop of over 80% in a key

	CIT Net Position			Longs as % of Open Interest	
	5/13/2008	10/7/2008	Change	10/7/2008	
Live Cattle	147,809	125,109	-22,700	46.2	**Most Sensitive**
Lean Hogs	119,417	92,847	-26,570	45.6	
Wheat	192,450	154,188	-38,262	43.4	
Sugar	392,642	280,242	-112,400	35.9	
Feeder Cattle	10,506	6,192	-4,314	27.3	
Cotton	106,017	83,566	-22,451	26.6	
Soybeans	170,835	115,820	-55,015	23.8	
Coffee	61,359	46,703	-14,656	23.8	
Soybean Oil	74,051	65,816	-8,235	22.1	
KC Wheat	30,975	18,352	-12,623	20.6	
Corn	446,152	285,784	-160,368	19.8	
Cocoa	29,508	16,501	-13,007	16.7	**Least Sensitive**

index of ocean freight since spring. Also, farmer selling has been light to moderate through harvest so far. While selling will probably pick up as harvest pushes past 30%, farmers are in a very strong position financially this year and are unlikely to turn into panic sellers.



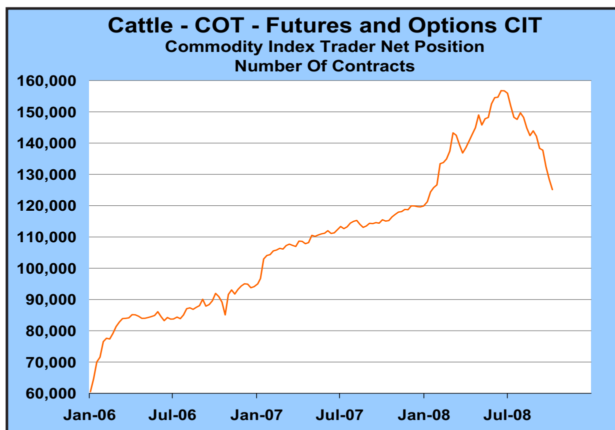
Finally, there is the odd fact that fertilizer costs remain at or near their all-time highs, despite the sharp drop in the price of natural gas, the most important feedstock for fertilizers. Since corn uses more fertilizer and other expensive inputs than either soybeans or wheat, farmers are almost certain to use less fertilizer next year unless the cost of fertilizer drops, or corn prices rally, or both.

While this is mostly a theoretical problem for US farmers for now, the problem is very real in South America. Brazilian farmers are said to have bought only 24% of their expected fertilizer needs as of last month compared to about 70% on average. It's planting time in Brazil, so this tells us that corn acres may be dropping. A much sharper drop in corn acres is also expected in Argentina. If this trend continues into North America next spring, US and world stocks could simply evaporate. In a world where central bankers are pumping unprecedented liquidity into banks and equity markets, this adds up to one key word 'VOLATILITY.' Right now we are only seeing the downside of volatility. Given the ferocity of the bear market in everything from stocks to the cost of ocean freight, we could still see a plunge to well below $4 in the nearby December corn contract. In fact, this is likely to remain the direction as long as the dollar remains in an uptrend. But when the dollar ultimately turns lower, money may start to flow very quickly into commodities such as corn, possibly bringing a dramatic reversal.

Suggested Trading Strategy: Buy two December corn 385 puts at 20 cents each and then buy 1 December corn futures contract. Hold for a rally to 507 in the futures and risk a total of 18 cents on the position.

Cattle Strategies

The above article, "Index Fund Liquidation" illustrates the extreme vulnerability of the cattle market to continued long liquidation selling from index funds. In addition, beef demand is sensitive to economic conditions, as higher-priced beef cuts are considered luxury items and consumers tend to cut back spending on steaks and shift to more poultry, pork or pasta. In addition, restaurant demand for steaks is generally hit hard in recessionary periods. In addition to the typical problems with beef demand in a recession, the market is now more sensitive to export demand than in recent years. Weekly US beef export sales came in at just 3,800 metric tonnes last week, which was the lowest weekly total since early February. If pork and poultry exports are also slow, the US consumer needs to absorb extra meat. Cold storage supplies are very high, and the world is craving cash as holding inventory is undesirable. Feedlots are also anxious to sell inventory, and credit issues could cause feedlot placements to decline.



Beef production is already on a decline, but pork production is still on the rise for several more weeks before it is expected to decline. Poultry production is also relatively high now and is also set to decline into late this year and early next as "eggs set" were down 11% from last year in the last weekly hatchery report. Total meat production looks to decline significantly into the 1st quarter of next year, especially into the second quarter. However, near-term supply is burdensome for all meats, and a sudden collapse in the world economy means that US consumers will need to absorb the "extra" supply. This will be a difficult task without sharply lower prices. Bear spreads using December cattle and hogs as the short leg should continue to work well.

Suggested Trading Strategies: 1) Buy December cattle 93.00 calls at 200 and then sell December cattle futures at the market. Hold for an objective of 85.77 in December futures and risk a total of 150 points on the position. 2) Sell February hogs at 65.90 and then buy the 68.00 call at the market for protection. Exit futures position on a break to 60.55 and then use a tight 40 point stop on the call and hold for a chance to exit at the entry price. Risk 150 points on the entire position. 3) Buy April/sell December cattle at +95 April with an objective of +465 April. Risk to +10 April.

Wheat

Traders are focusing on a variety of often conflicting fundamentals, led by the growing world supply of wheat on the one hand and burgeoning export sales of US wheat on the other. Toss in the unusually large percentage of low-quality wheat in the EU and the Black Sea Region and deteriorating conditions in Australia and Argentina, and the supply/demand contradictions run very deep indeed. Some of the contradictions can be sorted out by looking at quality/protein. Low quality wheat in Europe is being compounded by a lower Australian wheat crop, and this is generating increased sales of milling quality wheat in the US. Sales have tended to be for hard red winter and hard red spring wheat, which have higher protein content than the Chicago contract, which is for soft red winter wheat. The issue of protein also had an impact on the October S&D Report, which showed increased total ending stocks, but lower stocks of hard red winter wheat, which is traded in Kansas City. Index fund participation may hold a second key to the wheat conundrum. With most markets in a liquidation mode, the CIT (Commodity Index Trader) position in Chicago still accounts for 43.4% of total long open interest, while CIT longs in KC only amount to 20.6% of total long open interest. Barring a surge of money into index funds, KC has an advantage over Chicago into early 2009.

Suggested Trading Strategy: Buy December KC wheat/sell December Chicago wheat at 36 1/2 cents or better premium KC with an objective of 54 cents premium KC. Risk 9 cents on the trade.

Commitment Of Traders With Options: Record Long / Short Levels

Commitment of Traders With Options: Extreme Ranges
Data for the week ending 10/7/2008

Legend
Value = Extreme Level
Value = Within 5% of Extreme Level

	NON-COMMERCIAL					NONREPORTABLE					NON-COMMERCIAL AND NONREPORTABLE COMBINED				
Market	Net As Of 10/7/2008	Record Net Long	Date	Record Net Short	Date	Net As Of 10/7/2008	Record Net Long	Date	Record Net Short	Date	Net As Of 10/7/2008	Record Net Long	Date	Record Net Short	Date
Currencies															
Canadian	-16,318	84,725	10/9/2007	-85,114	1/9/2007	-279	36,271	3/4/2003	-13,477	3/20/2007	-16,597	100,678	10/9/2007	-86,451	1/9/2007
Dollar	23,984	38,095	9/16/2008	-27,952	7/24/2007	1,299	3,221	8/12/2008	-5,259	5/6/2003	25,283	35,820	9/16/2008	-30,547	7/24/2007
Euro	-22,993	119,189	5/15/2007	-43,234	9/16/2008	-3,061	43,714	6/14/2005	-10,731	6/3/2008	-26,054	139,964	5/15/2007	-46,370	9/16/2008
Energies															
Crude Oil	45,684	170,048	7/31/2007	-63,543	12/30/1997	-18,250	39,146	12/23/2002	-39,109	5/6/2008	27,434	164,724	7/31/2007	-92,355	12/30/1997
Gas (RBOB)	21,017	69,455	5/20/2008	2,474	11/7/2006	4,080	15,566	2/26/2008	-3,067	4/4/2006	25,097	79,061	5/20/2008	2,357	10/31/2006
Heating Oil	6,534	37,212	9/18/2007	-21,473	7/18/1995	7,779	35,138	9/30/1997	-7,876	2/21/2006	14,313	54,873	9/19/1995	-20,069	1/23/2007
Natural Gas	-167,178	54,288	8/17/1999	-230,329	8/26/2008	36,934	53,806	7/1/2008	-2,624	11/27/2001	-130,244	85,586	8/29/2006	-182,076	8/26/2008
Financials															
Bonds	-104,635	101,649	12/14/2004	-172,009	5/2/2006	-57,221	62,132	8/18/1998	-92,110	4/25/2006	-161,856	138,850	6/16/1998	-255,084	5/2/2006
Dow Jones	5,786	25,755	3/6/2007	-10,386	8/19/2003	-3,844	22,119	7/18/2006	-12,019	3/9/2004	1,942	40,716	2/27/2007	-16,874	8/19/2003
Dow Jones $5	1,905	49,036	6/6/2006	-29,032	6/5/2007	6,491	25,813	12/13/2005	-47,274	9/5/2006	8,396	59,073	12/13/2005	-50,000	3/13/2007
E-Mini S&P	-3,353	139,661	1/16/2007	-401,264	9/18/2007	415,267	448,612	6/10/2003	-119,739	9/18/2007	411,914	437,667	11/23/2004	-521,003	9/18/2007
Nasdaq	-612	11,238	11/21/2006	-22,931	3/16/2004	-507	32,551	3/1/2005	-34,953	11/30/2004	-1,119	21,640	8/26/2003	-26,125	9/4/2007
Nasdaq Mini	37,964	95,765	12/28/2004	-151,275	8/1/2006	18,855	181,061	11/30/2004	-156,111	2/22/2005	56,819	249,547	11/30/2004	-203,883	10/18/2005
S&P 500	48,689	49,410	10/10/2006	-61,424	1/27/2004	-16,022	115,302	5/28/2002	-38,000	10/2/2007	32,667	110,336	3/6/2001	-70,478	9/25/2007
T-Notes	65,200	668,018	8/7/2007	-238,864	3/22/2005	-79,515	38,955	5/12/1998	-391,067	3/15/2005	-14,315	572,683	8/14/2007	-621,803	3/22/2005
Grains															
Corn	73,297	346,768	2/20/2007	-129,284	2/8/2005	-106,997	31,081	11/19/2002	-130,227	8/15/2006	-33,700	286,978	2/20/2007	-178,513	2/8/2005
KC Wheat	7,659	70,392	7/11/2006	-18,588	2/8/2005	-8,630	17,751	5/1/2001	-17,124	5/20/2008	-971	71,212	7/11/2006	-20,686	2/8/2005
Minn Wheat	1,442	19,331	3/13/2007	-10,577	1/11/2005	-858	7,743	11/20/2001	-5,343	5/23/2006	584	19,204	3/13/2007	-9,455	1/18/2005
Oats	-796	7,009	6/19/2007	-1,470	11/25/2003	-1,278	8,080	5/2/2000	-1,910	10/23/2007	**-2,074**	10,297	3/30/2004	-2,074	10/7/2008
Rice	700	8,138	12/4/2007	-2,097	2/23/1999	344	4,790	3/25/2003	-1,540	2/23/1999	1,044	11,218	2/19/2008	-3,637	2/23/1999
Soybeans	37,574	156,188	12/11/2007	-56,442	2/8/2005	-37,298	39,075	5/23/2000	-54,623	3/22/2005	276	118,587	12/11/2007	-102,586	4/4/2006
Soymeal	11,782	79,657	12/11/2007	-47,891	9/12/2006	8,876	33,298	11/7/1995	-1,519	4/11/2006	20,658	107,044	12/11/2007	-43,489	2/8/2005
Soyoil	-7,424	86,091	4/10/2007	-44,346	2/8/2005	-2,172	32,076	11/5/2002	-5,604	2/16/1999	-9,596	107,322	2/17/2004	-43,744	2/8/2005
Wheat	-11,850	50,921	6/26/2007	-60,208	12/6/2005	-25,731	34,096	11/14/2000	-41,108	10/23/2007	-37,581	50,363	9/17/2002	-66,130	12/6/2005
Livestock															
Cattle	7,005	77,321	6/24/2008	-15,270	2/10/1998	-33,014	11,429	2/3/1998	-52,454	6/10/2008	-26,009	40,624	7/15/2003	-29,877	3/28/2006
Feeder Cattle	-1,540	14,454	2/5/2008	-3,290	7/21/1998	-4,742	2,790	8/6/1996	-16,230	1/22/2008	-6,282	4,009	10/27/1998	-6,943	1/23/2007
Hogs	4,190	29,997	11/7/2006	-17,165	7/10/2007	-12,048	4,136	11/11/1997	-22,474	6/13/2006	-7,858	21,270	4/4/2000	-33,882	4/18/2006
Metals															
Copper	-18,760	48,142	10/14/2003	-26,777	11/6/2001	-4,643	17,112	5/11/1999	-7,894	5/9/1995	-23,403	61,109	10/14/2003	-25,636	11/6/2001
Gold	110,408	224,784	10/16/2007	-88,342	4/6/1999	22,461	66,628	9/28/1999	-12,386	6/1/1999	132,869	268,158	2/26/2008	-85,267	4/6/1999
Palladium	5,780	12,037	1/29/2008	-1,373	6/16/1998	1,239	3,759	2/7/2006	-864	11/19/2002	7,019	14,357	5/8/2007	-1,635	8/6/2002
Platinum	6,739	12,276	7/24/2007	-5,078	10/6/1998	534	7,204	12/24/1996	-786	4/3/2001	7,273	16,154	1/23/1996	-3,709	10/6/1998
Silver	11,657	72,657	12/7/2004	-12,516	7/29/1997	14,689	35,847	4/27/2004	4,242	9/25/2001	26,346	97,635	3/9/2004	5,271	7/29/1997
Softs															
Cocoa	7,881	63,735	1/15/2008	-27,816	6/3/2003	2,045	29,035	2/8/2000	-3,659	3/9/1999	9,926	73,654	1/15/2008	-29,850	6/3/2003
Coffee	-12,127	61,628	2/12/2008	-23,760	11/25/2003	-232	13,745	3/23/2004	-2,092	8/19/2008	-12,359	69,191	2/19/2008	-15,193	11/25/2003
Cotton	-2,544	99,866	2/26/2008	-30,994	4/25/2006	851	23,916	1/15/2008	-5,746	7/25/1995	-1,693	123,098	2/26/2008	-28,876	12/16/1997
Lumber	-1,573	3,243	1/10/2006	-1,682	7/22/2008	-237	1,757	7/6/1999	-1,712	3/18/2008	**-1,810**	3,841	7/6/1999	-1,810	10/7/2008
Milk	-2,292	10,590	9/2/2003	-4,922	8/1/2006	-5,772	1,294	4/12/2004	-11,539	3/28/2006	-8,064	10,042	9/2/2003	-13,446	3/28/2006
OJ	-1,401	19,339	4/4/2006	-8,546	7/8/2003	1,592	22,102	10/7/1997	-2,464	6/16/1998	191	33,170	11/18/1997	-9,101	7/3/2001
Sugar	60,145	216,497	3/4/2008	-42,256	3/10/1998	-754	90,112	2/19/2008	-13,086	11/12/1996	59,391	303,210	2/26/2008	-42,896	10/9/2001

****The information presented here is opinion, and should be treated as such. Futures trading can be risky! Investors should consider the inherent risks associated with trading in light of their financial condition.*

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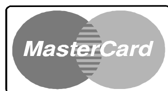

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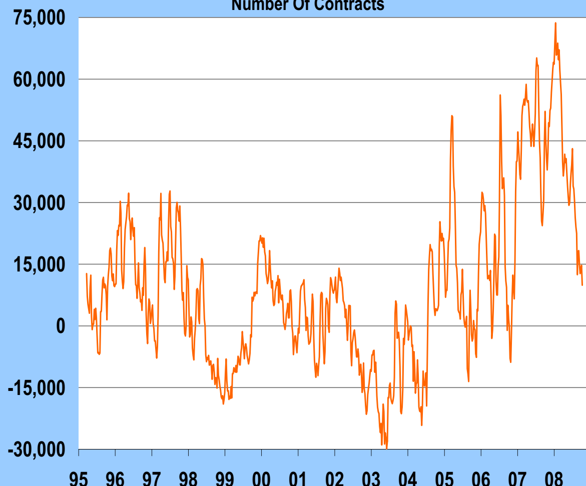
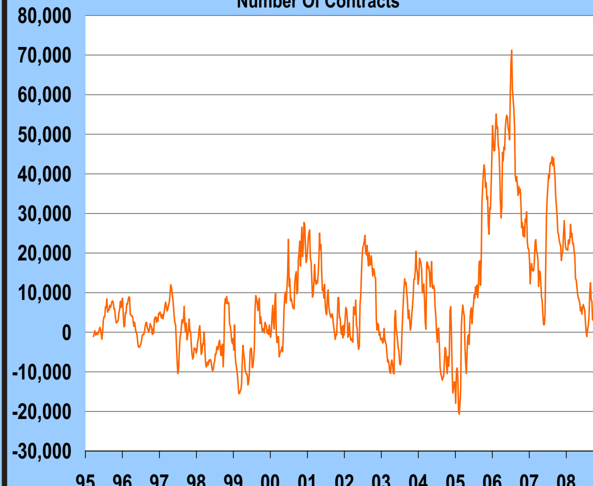
COMMITMENT OF TRADERS CHARTS





OPTION STRATEGIES

UNDERVALUED OPTIONS

Buy December T-Bond 117 calls @ 101
Buy December Gold 730 puts @ 12.00

OVERVALUED OPTIONS

Sell December Crude Oil 65 puts @ 4.00*
Sell December Corn 330 puts @ 10*
Sell January Soybean Oil 33 puts @ 175*

OPTIONS FOR TREND REVERSALS

Buy November E-Mini S&P 1080 call @ 10.00
Buy December Hog 61 calls @ 150

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

These opinions can be a valuable addition to the investment or hedging goals of our readers. Investors are reminded of the inherent risks associated with trading futures contracts much like any leveraged investment vehicle. Market conditions may prevent stop-loss or other liquidating orders from being executed at a particular price. **REFUND POLICIES ARE PRO-RATED WITH AN ADDITIONAL $20 SERVICE CHARGE PLUS CHARGES FOR ANY FREE RESEARCH MATERIAL RECEIVED.**