

LAKEFRONT

FUTURES

December 31, 2025

THIS ISSUE

Near Term:

Bullish: Corn
Euro

Long Term:

Bearish: Silver

Other:

Lower Gasoline Prices and Consumer Inflation?

MAJOR ECONOMIC EVENTS

January 1

- New Year's Day Holiday

January 5

- ISM Manufacturing Index

January 7

- Euro Zone CPI
- ADP Employment Survey
- Factory Orders
- JOLTS Survey
- ISM Services Index

January 8

- Jobless Claims
- International Trade Balance
- Wholesale Trade
- Non-Farm Productivity

January 9

- Employment Situation
- Canadian Unemployment
- Housing Starts
- Consumer Sentiment

Economic Focus

In retrospect, US Treasuries have “failed to launch” amid fears of slowing, US equities have underperformed many international markets (European indices recently posted record highs), and the dollar has finished 2025 on its backside. Widespread hopes of multiple US rate cuts, expectations of severe slowing from tariffs, tremendous political infighting, and evidence of broad-based fraud at the federal and state levels have undermined US financial assets. Flipping the page into 2026, it is possible that the US economy will show its historical resilience, while inflation is likely to come down given sharp declines in energy and agricultural prices. Most importantly, a weaker dollar is likely to benefit the US economy and give commodity markets a lift.

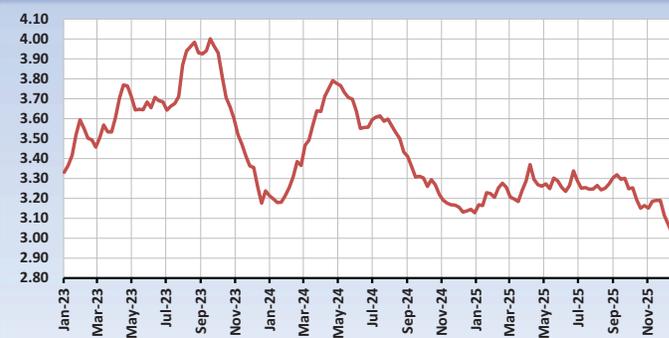
While peace in Ukraine would provide a global benefit, the US

would clearly see even lower energy prices for consumers, and many investors are likely to pile into US equity markets if for no other reason than “FOMO” (fear of missing out). While a major portion of “war premium” has already been extracted from energy prices, we suspect crude oil will sell off another \$3 to \$4 a barrel if there is a Ukraine/Russia peace deal reached. Therefore, energy prices are likely to fall further during the first quarter.

Given a lack of noted threats against grain output (the outlook for South American production is still up in the air), we suspect food prices will decline grudgingly. Inflation is likely to show a more definitive decline in 2026, which in turn should bring the Fed around to provide more aggressive support of the US economy, especially if President Trump installs a new dovish Federal Reserve Chairman.

US Retail Gasoline Prices - Weekly

All Formulations - USD / Gallon



Source: EIA

OVERVALUED/UNDERVALUED

Fundamental

Technical

COT

OVERVALUED

Crude Oil	Feeder Cattle	Gold
Dollar Index	Silver	Copper
Gold	Cocoa	Cattle

UNDERVALUED

Natural Gas	Euro	Natural Gas
T-Notes	Soybean Meal	Cotton
Equities	Chicago Wheat	Sugar

OUR OPINION... MARKET BY MARKET

Market		*
Stocks	Nasdaq regaining footing; new bull leadership?	L
Bonds	Lack of bullish reaction to fundamentals is bearish.	S
Dollar	Downtrend remains; Fed tilt is generally dovish.	S
Euro	Spike down rejection signals a low + \$ weakness.	L
Gold	Major top, especially with fund balancing ahead.	S
Silver	5 days of ETF outflows & extreme volatility = top.	S
Copper	Temporary corrective action to correct overbought.	S
Crude	Reaching downtrend channel + Peace potential.	S
Gasoline	Unusually high seasonal refinery activity is bearish.	S
Nat Gas	Buy breaks back to \$3.70 Mar; winter polar vortex.	L
Soybeans	Tech breakdown and Brazil weather bearish.	S
Corn	Test of range bottom, good demand supportive.	L
Wheat	Bear fundamentals, weather risk minimal near term.	S
Hogs	Holding uptrend, although exports need to pick up.	L
L Cattle	Trend up, no bear reaction to China inport tariffs.	L
Sugar	Thailand 25/26 production decline will support.	L
Coffee	Brazil heatwave providing near-term support.	L
Cocoa	Needs to see stronger demand to sustain rebound.	S
Cotton	Weaker \$ should strengthen US export outlook.	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 Mar Emini S&P 7,150/7,375 bull call @ 43.00

Buy Mar Wheat 520 call @ 9

Buy Feb Natural Gas \$4.00/\$4.60 bull call @ 0.120

Overvalued

Sell Feb Silver \$88.00 call @ 1.35**

Sell Feb Gold \$4,650 call @ 22.00**

Sell Feb Copper \$5.45 put @ 0.1000*

Trend Reversals

Buy Mar Silver \$65.00/\$62.00 bear put @ 0.90

Buy Mar Gold \$4,000/\$3,725 bear put @ 17.00

Buy Feb Crude Oil \$58.50 put @ 1.10

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
ULSD 12/12/25	Long a March ULSD \$2.20/\$2.33 bull call spread at 0.0312.	Use an objective of 0.0790, and risk the trade to 0.0175.
Natural Gas 12/19/25	BOUGHT a March Natural Gas \$3.60 call for 0.150.	Use an objective of 0.560, and risk the trade to 0.070.
Natural Gas 12/19/25	BOUGHT 2 March Natural Gas \$3.90 calls for 0.110.	Use an objective of 0.450, and risk the position to 0.050.
Silver 12/31/25	BUY a March Silver \$65.00/\$62.00 bear put spread at 0.90.	Use an objective of 2.50. Risk the spread to 0.40.

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.

SILVER: OVERBOUGHT

While we have had unsuccessful timing with picking tops in both gold and silver, the most recent move to all-time highs resulted in prices “blowing off” and posting aggressive reversal action. In addition to stratospheric option premium prices, both gold and silver have seen massive and consistent (see chart) daily ETF flows become wildly erratic, with silver ETFs seeing five straight days of massive outflows. Utilizing a broad-based measure of total holdings inclusive of smaller instruments, silver ETF holdings fell from 870 million ounces to only 858 million ounces in just five sessions. From the early 2025 low of 804 million ounces, total silver ETF holdings peaked at 944 million ounces on December 23rd. Using the broadest measure of the 2025 increase in derivative holdings of 140 million ounces, investment has now become a major component of overall global silver demand. In our opinion, the last \$30 an ounce gain in silver was heavily fueled by investment, of which a large portion was money that had never traded or invested in silver in the past.

Increased demand for silver from industrial and electrical demand has provided support for silver prices, especially with the expectations for data center buildout, electronic circuitry and ongoing electric vehicle uses. However, precious metal markets are

dramatically overbought in standard technical chart studies and dramatically overbought in speculative COT categories. It should also be noted that net hedging demand from silver producers fell by 62% during 2024, and we expect that \$53 an ounce gains in 2025 will bring back significant producer hedging (forward selling) during 2026! Therefore, upcoming violations of key charts support levels could force weak handed/small traders from the market, especially with the recent increase in silver margins making it difficult to hold onto long positions against noted price adversity. Another sign of a dramatic overbought condition is implied volatility readings for silver of more than 61%. For example, a February silver at the money silver \$71.50 call (with only 25 days until expiration) was trading at an astounding \$24,600, while a \$10 out of the money February silver \$81.50 call was valued at \$10,700.

Suggested Long Term Trading Strategies

BUY a March Silver \$65.00/\$62.00 bear put spread at \$0.90 with an objective of \$2.50. Risk the spread to \$0.40.

Silver ETF Holdings Million Ounces



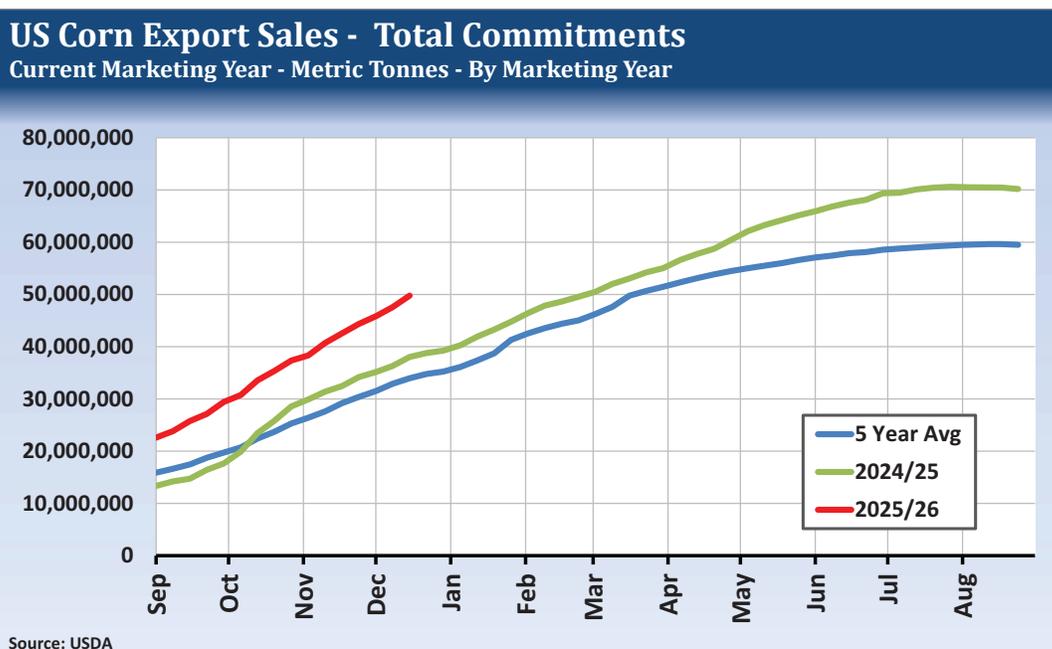
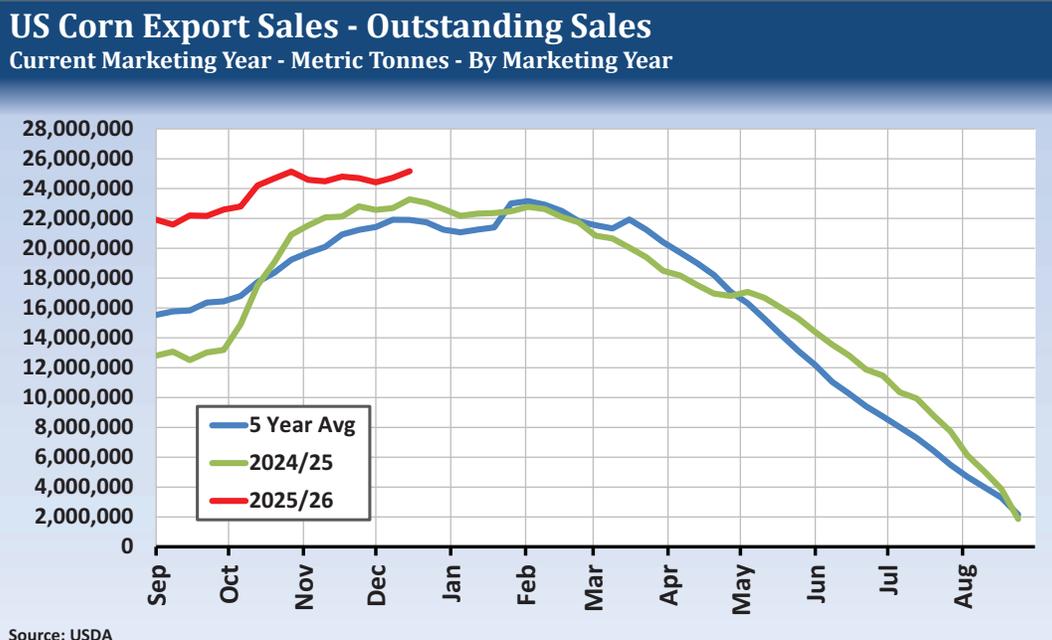
Source: Reuters

CORN: FIRMER TONE GOING INTO EARLY 2026

Corn futures appear well positioned to strengthen going into early 2026 as a combination of demand-side tailwinds, seasonal tendencies, and positioning dynamics begin to align, offering traders a chance to go long. March corn futures are currently testing technical support near \$4.35, a level that has attracted buying interest in recent months and coincides with the lower end of the post-harvest trading range.

One of the most important supportive factors is the continued strength in US export demand. Export competition from Ukraine remains limited following repeated attacks on port infrastructure and ongoing logistical challenges. These disruptions have constrained Ukraine's ability to move corn efficiently into world markets, keeping US-origin corn competitive with Ukrainian corn as the most reliable supplier for key destinations. This is likely to continue until the first crop harvest in South America this spring. As a result, export sales prospects for US corn into mid-to-late winter remain favorable.

Seasonally, corn prices tend to perform best from late December through early February, particularly when US exports



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CORN: FIRMER TONE GOING INTO EARLY 2026

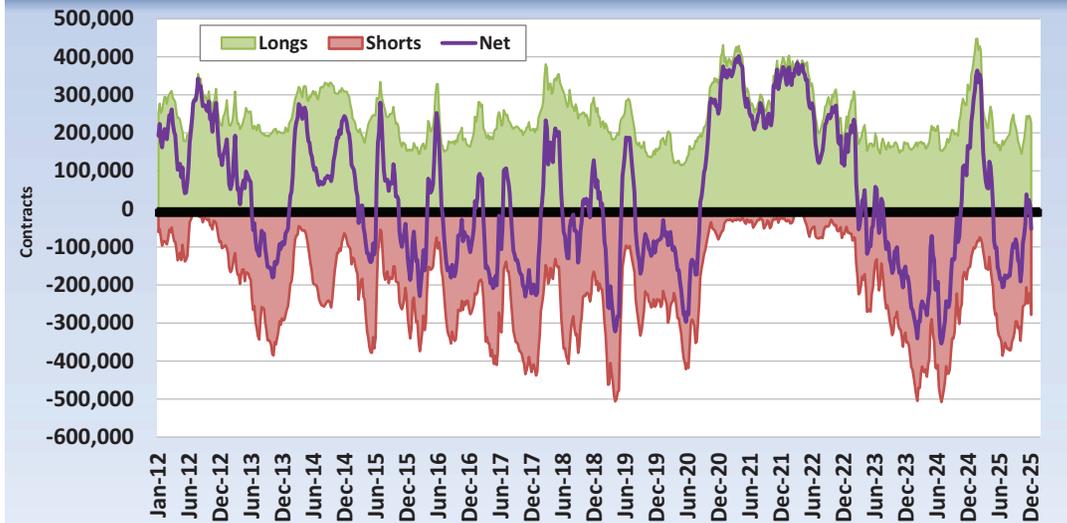
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are active. This seasonal window aligns with growing uncertainty in South America, where dryness in southern Argentina warrants close monitoring as the crop enters key development stages. Brazil's first crop is in favorable condition, but it is only 19% of the country's total production. The second Brazilian crop (the "Safrinha" crop) is much more important to the global balance sheet. South American crop scouts are already warning that a portion of spring Safrinha planting could be delayed due to late bean planting, which can push pollination into Brazil's dry season.

Looking ahead to the US supply side, high input costs and prospects for crop rotation suggest that spring corn acreage could decline in 2026, especially if soybean or alternative crop economics improve. At the same time, macro factors may turn supportive, as new fund inflows into commodities are expected in early January, aided by index fund rebalancing and the potential for a weaker US dollar to improve demand for real assets.

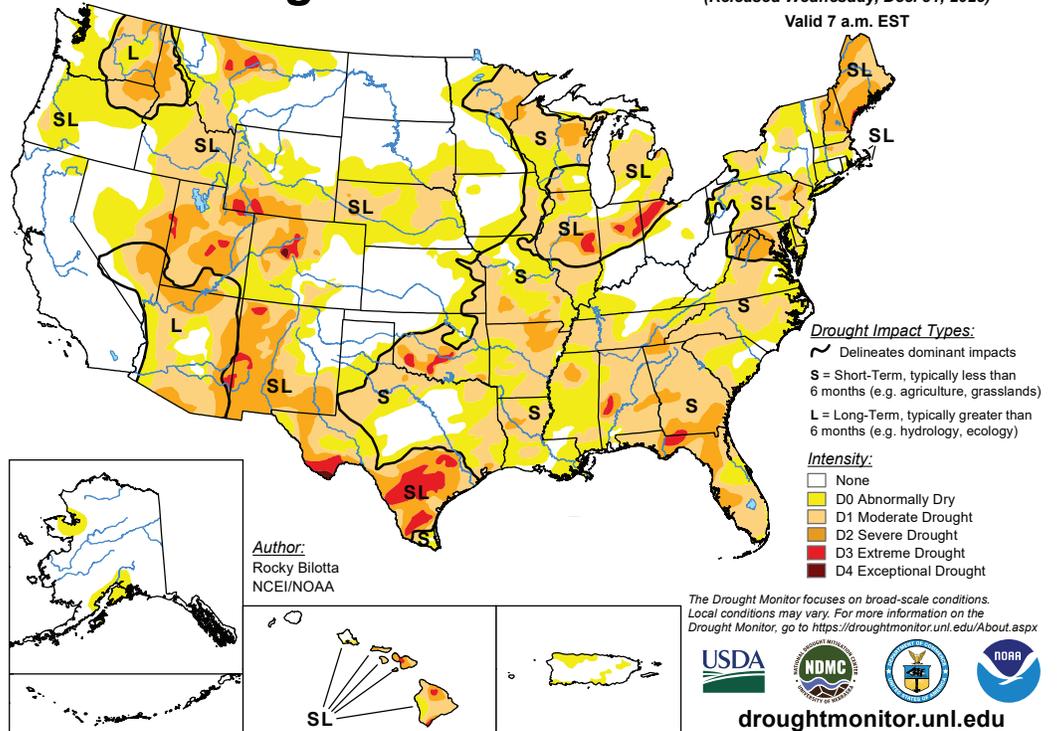
Positioning also favors the bulls. Managed money traders are currently holding a net short position in corn, leaving the market vulnerable to short-covering if prices firm. When taken together, strong export

Corn - Managed Money Traders - Positions Futures & Options



U.S. Drought Monitor

December 30, 2025
(Released Wednesday, Dec. 31, 2025)
Valid 7 a.m. EST



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CORN: FIRMER TONE GOING INTO EARLY 2026

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prospects, seasonal strength, South American weather risk, and supportive technical structure suggest corn prices may be setting the stage for a constructive move higher into early 2026.

Suggested Trading Strategy

BUY March Corn futures at 438. Risk 11 cents on the trade. Consider an upside objective of 466.

Suggested Option/Futures Trading Strategy

BUY 1 March Corn futures at 438. Once filled, **BUY** 1 March Corn 435 put at the market, which should be near 8 cents. The put option will limit downside risk to 11 cents through option expiration on February 20th. Take profits on the entire position if March futures touch 466. If March Corn futures pull back below 420 before reaching the objective, traders can consider taking profits on the put option and holding the long futures, risking a total of \$750 on the entire position.



TOP 12 WHEAT CONSUMERS

The USDA has forecast 2025/26 world domestic wheat consumption at 818.646 million tonnes, a 17.752 million tonne increase from 2024/25 and a new record high total.

Courtesy of the USDA, here are the 12 largest consumers of wheat during the 2025/26 season (in tonnes):

China	148,000,000
European Union	114,500,000
India	112,510,000
Russia	41,200,000
Pakistan	31,500,000
USA	31,407,000
Egypt	20,000,000
Turkey	19,400,000
Iran	16,950,000
United Kingdom	15,300,000
Brazil	12,350,000
Algeria	12,250,000

EURO SHOULD BE MAJOR BENEFICIARY OF DOLLAR WEAKNESS

With the market widely expecting multiple Fed rate cuts by mid-2026, the Dollar is likely to remain on the defensive early next year. Although most major currencies will find support from extended Dollar weakness, the Euro is likely to be a major beneficiary. After holding within a five-cent trading range during the second half of this year, the Euro is likely to extend its December rally above its September high and reach a new 4 1/2-year high.

In contrast to the Fed, the European Central Bank (ECB) has kept benchmark Eurozone interest rates unchanged since June and is projected to remain “on hold” throughout 2026. A key factor in the ECB’s expected rate stance has been the stability of Eurozone inflation, with its year-over-year CPI rate holding between 2.0% and 2.2% during the second half of this year. The Eurozone core CPI has been even more stable, holding between 2.3% and 2.4% year-over-year since May.

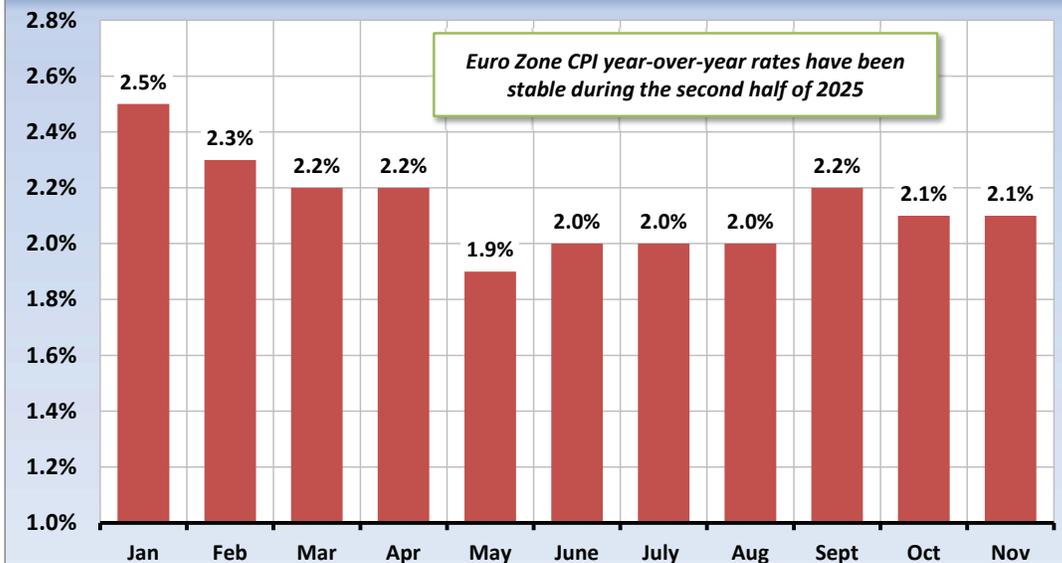
With the EU assuming a larger share of Ukrainian military costs this year, a “peace dividend” combined with lower energy costs should boost Eurozone growth prospects. Although Eurozone GDP will continue to lag the US, multiple Fed rate cuts and a weaker Dollar will help to fuel the Euro’s 2026 rally. Until there are clear signs that the Fed will keep US rates on hold, the Euro should continue to gain ground against the Dollar.

Suggested Trading Strategy

BUY a March Euro 1.1800/1.2050 bull call spread at 0.0056 with an objective of 0.0230. Risk the entire spread premium on the trade.



Euro Zone CPI Year-over-Year Rate/Monthly



Source: Eurostat

LOWER GASOLINE PRICES AND CONSUMER INFLATION?

Although there has been plenty of attention on retail price increases for items such as beef, coffee, and eggs, one widely purchased item with a significant price decline has been gasoline. The EIA's latest US average retail price reading for regular gasoline (week of December 29th) was \$2.811 per gallon, which is the lowest reading since March 2021. US average retail gasoline prices have fallen 30.7 cents a gallon during the fourth quarter, while there has been a 21.2-cent-per-gallon decline in February RBOB futures.

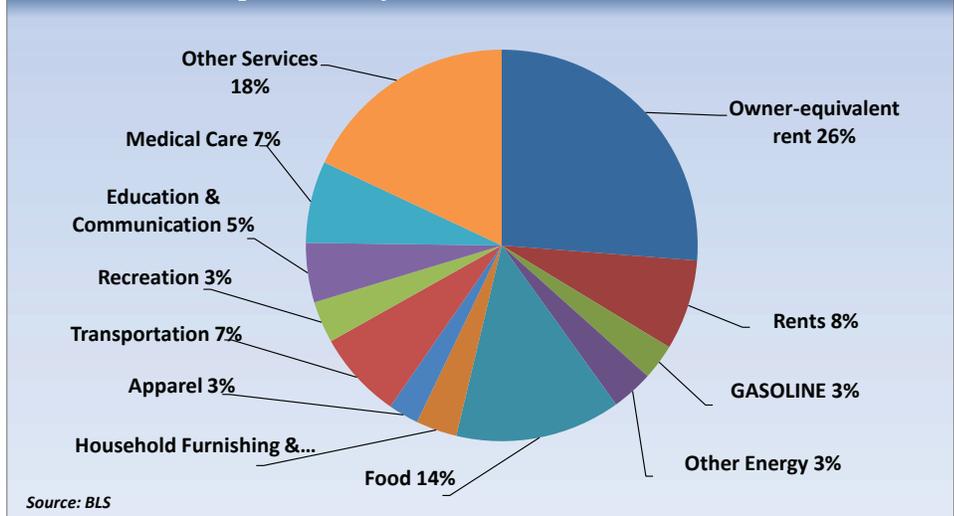
Lower gasoline prices will have an indirect impact by lowering retail prices in several areas. Food consumed at home (8.00%) will benefit as cheaper gasoline should lead to lower grocery prices. Food consumed away from home (5.65%), household furnishings and supplies (3.39%), and apparel (2.50%) will benefit from lower delivery costs due to lower gasoline prices. If retail gasoline prices remain at multi-year lows, it should lead to a continued decline in the overall year-over-year CPI.

The primary gauge of US retail inflation is the Consumer Price Index (CPI), which in November posted a 2.74% year-over-year rate. Over the past 2 1/2 years (May 2023 through November), the CPI year-over-year rate has been stable with a high of 3.70% in September 2023 and a low of 2.31% in April 2025. This range is far below the highs seen during the post-COVID expansions in the US and global economies, when the year-over-year CPI reached 9.06% in June 2022.

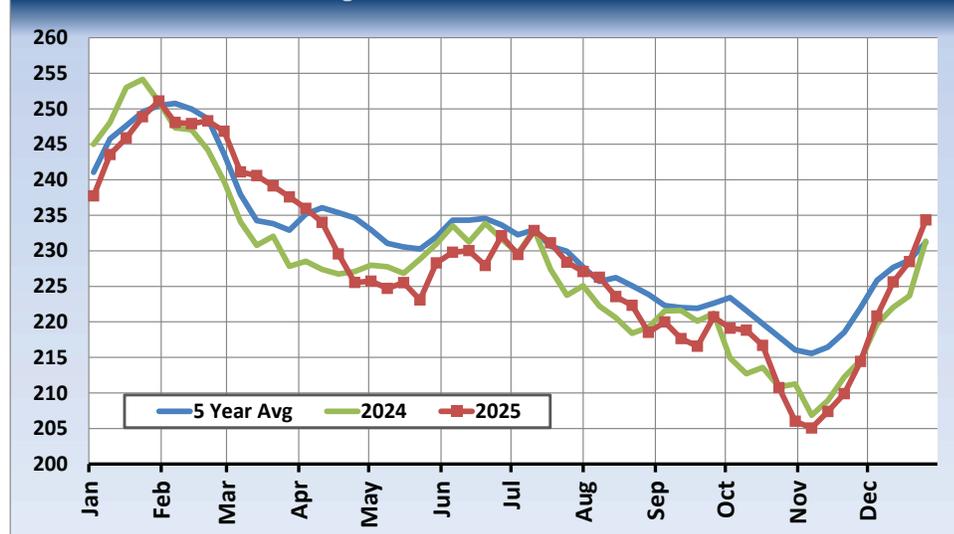
While the ebb and flow of gasoline prices generate plenty of news headlines, their direct impact on US retail inflation is smaller than many expect. The cost weighing for retail gasoline in the CPI is 2.90%. While gasoline may have the fourth-largest relative importance to the CPI, it is roughly equal to fast food (2.85%) and auto insurance (2.80%), and pales in comparison to rent (7.50%) and owners' equivalent rent (26.3%) in terms of its impact on the overall index.

US gasoline stocks have been rising over the past few weeks, but the current supply is not excessive. The latest EIA report showed US gasoline stocks at 234.334 million barrels as of December 26th, which is 2.95 million barrels above last year and 4.29 million barrels above the average for this time of the year. While the American Automobile Association projected record-high road travel during the Thanksgiving and Christmas holiday period, overall US driving demand has been viewed as lukewarm this year.

U.S. CPI Cost Weighing 2025 Relative Importance by % Share



US Gasoline Stocks Current vs. Last Year vs. Average - Million Barrels





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COMMITMENTS OF TRADERS

Data As of December 23, 2025
Non-Commercial & Non-Reportable
Combined Futures & Options

Market	Net Position	Net Change	4-Wk Net Change	52-Wk Ranking
Grains				
CBOT Grains	70,087	7,290	-164,532	38
Corn	5,584	54,232	-29,242	30
KC Wheat	-13,098	2,274	-3,181	46
Minn Wheat	-16,983	467	-133	36
Rice	-5,020	9	-142	8
Soybeans	136,723	-24,328	-94,217	44
Soyoil	-87,735	-30,533	-91,631	1
Soymeal	8,842	-13,070	-57,895	45
Wheat	-72,220	-22,614	-41,073	41
Livestock				
Cattle	91,161	3,494	10,365	6
Feeder Cattle	4,012	170	-157	3
Hogs	73,350	8,831	17,735	16
Metals				
Copper	79,148	1,755	12,997	52
Gold	277,906	16,617	34,250	39
Platinum	25,747	-1,615	2,504	35
Silver	53,286	-1,455	-3,208	7
Softs				
Cocoa	-1,840	845	9,248	6
Coffee	31,059	-5,654	-10,789	9
Cotton	-29,836	9,054	10,138	45
Milk	-9,091	-539	2,288	20
OJ	-1,284	867	389	5
Sugar	-137,513	14,831	31,092	12
Currencies				
Canadian	-57,561	35,870	99,431	50
Dollar	-4,833	385	10,635	23
Euro	191,025	11,182	42,630	52
Energies				
Crude Oil	119,570	-9,346	8,703	4
Gas (RBOB)	77,028	-7,094	-34,786	46
Heating Oil	29,921	-6,433	-22,085	26
Natural Gas	-148,682	-30,417	-35,583	2
Financials				
Bonds	136,994	46,782	10,231	50
E-Mini S&P	51,270	95,793	126,058	41
Dow Jones \$5	3,838	17,169	20,004	36
T-Notes	-777,967	-171,607	-148,304	7
	Extreme	Ranking 1 = Shortest Short		
	5% of Extreme	52 = Longest Long		