

LAKEFRONT

FUTURES

January 9, 2026

THIS ISSUE

Near Term:

Bullish: Corn
Soybeans
Chicago Wheat
Natural Gas

Bearish: Copper

Other:

2025 Trade Deficit Maintains Uptrend

MAJOR ECONOMIC EVENTS

January 13

- Consumer Price Index
- New Home Sales

January 14

- Chinese Trade Balance
- Producer Price Index
- Retail Sales
- Business Inventories
- Existing Home Sales

January 15

- Jobless Claims
- Philly Fed Survey
- NY Fed Empire State Survey
- Import & Export Prices
- Treasury International Capital

January 16

- Industrial Production
- NAHB Housing Market Index

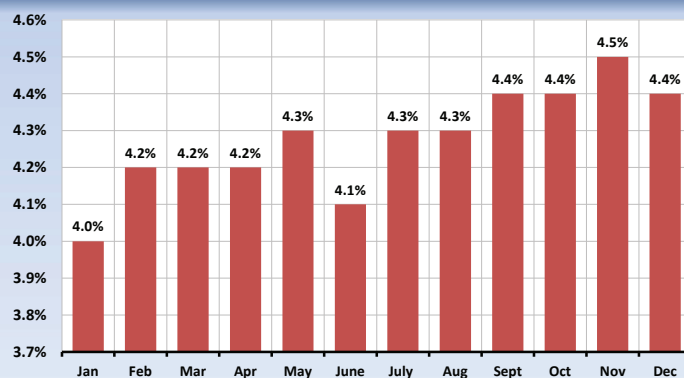
Economic Focus

Economic data remain mixed, with US data strong enough to almost fully discount the chances of a January 28th Fed rate cut. Despite domestic and international geopolitical clashes with respect to US ICE activities, the extraction of the Venezuelan President, increased US/Russian tensions, and escalating tensions between the GOP and Democrats, US equities and (more importantly) the US Dollar have continued to rally. On the other hand, US Treasuries continue to display unusual price action that could be explained by an uncertain economic outlook or because foreign buyers are seeing a higher risk of holding US government debt. While we doubt global geopolitical uncertainty is a primary bullish force for gold and silver, it is reasonable to attribute some of the January price recovery to flight-to-quality investment. On the other hand, given the breadth of current geopolitical flashpoints, we would have expected larger gains in January, especially following two setbacks in gold and silver. The strongest argument for dramatically overdone bullish psychology is the stratospheric prices of at-the-money call options. With only 17 days until expiration, the February Silver \$78.00 call is trading at \$23,500, while the February Gold \$4,500 call is trading at \$8,000.

On the inflation front, a widening array of measures are showing steady to moderate inflation, yet most economists see no direction and have not seen actual data to forecast a “trend of lower inflation”. In fact, following the December jobs report, the CME Fed Watch tool projected the odds of a January FOMC rate cut at only 5.0%! The December jobs report showed a steady/anemic non-farm payroll addition of 50,000,

but that was offset by a decline in the unemployment rate from 4.5% down to 4.4%. The US economy is not slowing enough to push the Fed to act without definitively softer inflation readings. Unfortunately, for physical commodity prices, a strengthening dollar, oversupply in many markets, and cyclical fears of softening demand leave futures prices downwardly biased.

US Unemployment Rate



OVERVALUED/UNDERVALUED

Fundamental	Technical	COT
OVERVALUED		
Crude Oil	Coffee	Cattle
RBOB	Silver	RBOB
Silver	Gold	Gold
UNDERVALUED		
Copper	Dollar Index	Sugar
Equities	Japanese Yen	T-Notes
Cotton	Natural Gas	Canola

OUR OPINION... MARKET BY MARKET

Market		*
Stocks	"Goldilocks" economy leaves stocks w/upward bias.	L
Bonds	More range trade; data mixed, inflation still unknown.	N
Dollar	Aggressive policy action seen globally as a plus.	L
Euro	Inflation lingers + slowing = capital exodus.	S
Gold	Bulls still control but bull story might have zenithed.	S
Silver	At the money call 18 days left \$22K & ETF outflows.	S
Copper	COMEX closing arbitrage gap, but more gains due.	L
Crude	Venezuela oil flow prospect to cap off rallies to \$59.	S
Gasoline	Stocks above five year average & Venezuela flows.	S
Nat Gas	Polar Vortex breakdown = cold late Jan/early Feb.	L
Soybeans	SCOTUS delays tariff decision, small yield cut Mon.	L
Corn	Consolidation ongoing, USDA data may lean bullish.	L
Wheat	Weather friendly, US carryout may have peaked.	L
Hogs	Uptrend intact, but funds already heavily long.	L
L Cattle	Strong cash supports, Mex border to remain closed.	L
Sugar	Brazil 26/27 production will decline from 25/26.	L
Coffee	Forecast rainfall should benefit Brazil 26/27 crop.	S
Cocoa	Good Q4 weather will benefit West African output.	S
Cotton	US export sales running 20% behind average pace.	S

* 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 Feb RBOB \$1.70 put @ 0.0225

Buy March Japanese Yen 64.00 call @ 0.0064

Buy March Soybean Oil 50.00 put @ 1.60

Overvalued

Sell Feb Natural Gas \$3.15 put @ 0.185 *

Sell Feb Copper \$6.20 call @ 0.0990 *

Sell Feb Silver \$95.00 call @ 1.00 *

Trend Reversals

Buy Mar Silver \$60.00/\$55.00 bear put @ 0.30

Buy Mar Gold \$4,250/\$4,090 bear put @ 18.50

Buy Mar Crude Oil \$58.00/\$53.00 bear put @ 1.55

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
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	Long a March Natural Gas \$3.60 call for 0.150.	HIT PROTECTIVE STOP at 0.070 for a loss of 0.080 on the strategy.
Natural Gas 12/19/25	Long 2 March Natural Gas \$3.90 calls for 0.110.	HIT PROTECTIVE STOP at 0.040 for a loss of 0.140 on the strategy.
Silver 12/31/25	BOUGHT a March Silver \$65.00/\$62.00 bear put spread at 0.67.	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.

COPPER: NEAR TERM PULLBACK

While the copper market has forged one of the most solid uptrend patterns of physical/industrial commodities since last August, there are signs the market is close to factoring in the significant disruption of supply from last year's Grasberg copper mine disaster. However, generally accepted market forecasts call for a 2026 world refined copper deficit in a range of 330,000 to 450,000 metric tonnes that has (and will likely) keep a "bid" under copper prices. On the other hand, short-term developments suggest copper prices could be poised for a temporary correction. In addition to a dramatic increase in two-sided volatility over the last three weeks, other classic overbought technical signals are seen from a two-month rally of \$1.08 per pound (21.5% higher), and from significantly overbought COT Managed Money as well as Noncommercial and Nonreportable positioning. It should also be noted that fundamentals are signaling potential for a correction, with very aggressive forward futures contract selling by producers (as measured by a net short commercial positioning of 71,000 contracts). While aggressive forward selling by producers may suggest mining companies view prices as expensive, continued sharp price gains could lead to another explosive short-squeeze rally.

There are signs of slackening Chinese demand due to record prices, while rebuilding Shanghai Exchange warehouse inventories can signal that copper prices are attracting supply to the exchange and/or that buyers from the exchange are being deterred by prices. In

fact, Shanghai Exchange copper warehouse stocks have built up from 88,905 tonnes on December 5th to 180,543 tonnes as of January 9th. It should also be noted that COMEX copper warehouse stocks have grown by over fivefold in less than eight months, and they now have the largest share of exchange copper supply by a significant margin (see chart). The bull market in copper is likely to extend into 2026, but at present, technical and fundamental signals suggest taking a bearish position. While the March copper contract has found support by rejecting two probes below the first retracement of the December and January rally at \$5.77, the failure to hold that level on a closing basis ahead could project a correction back below \$5.50. Similarly, the inability to hold uptrend channel support of \$5.71 (as of January 13th) could result in a wave of "stop-loss" selling by funds and small specs. Furthermore, while it is unclear as of this writing if annual Commodity Index rebalancing will see money flow toward or away from copper, seeing record global prices after a 2025 gain of \$2.00 per pound could reduce copper holdings.

Suggested Short Term Trading Strategies

BUY a March Copper \$5.70/\$5.40 bear put spread at 0.0800 with an objective of 0.2100. Risk the spread to 0.0400.

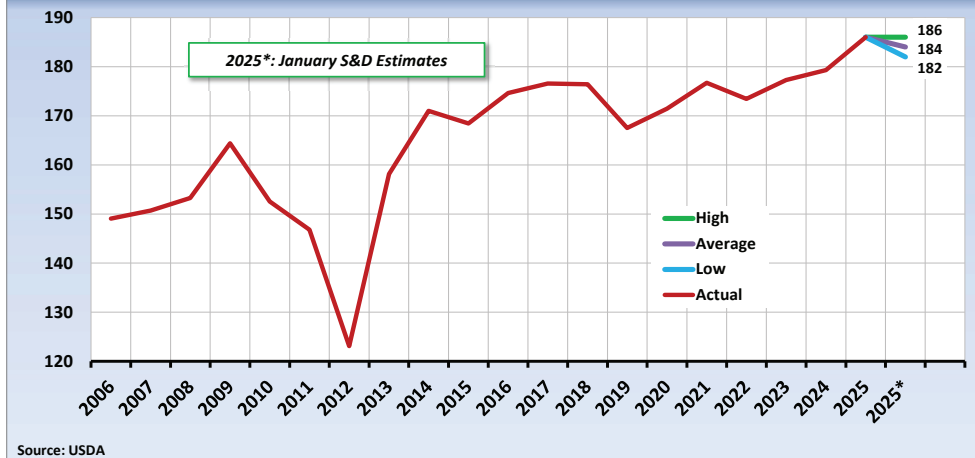


KEY WATCHPOINTS FOR THE JAN 12TH USDA REPORT

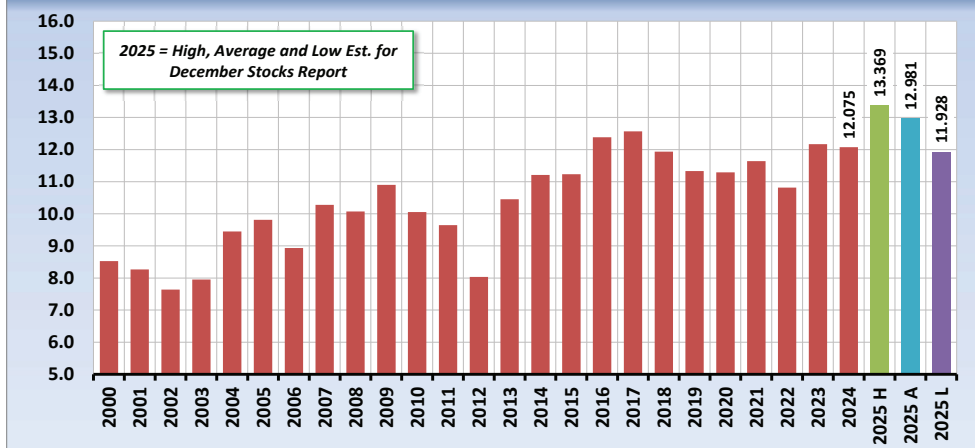
Corn: Potential Yield Cut, Strong Demand Raise Odds of Bullish Surprise

The USDA release on January 12 is setting up to be the most consequential corn data update of the marketing year. It combines final production revisions, December 1 stocks, and a refreshed balance sheet following months of incomplete reporting. While the trade expects modest changes rather than dramatic surprises, yield is projected to drop 2 bushels per acre from last month to 184. Strong ethanol demand (with several record production weeks lately), robust export flow (US exports running 30% above a year ago), and strong feed use mean disappearance could run hotter than earlier projected, potentially tightening ending stocks more than the expected decline of 47 million bushels from last month. Even cutting carryout by 100–200 million bushels could materially shift sentiment after months of surplus expectations. December 1 stocks are anticipated to be well above those of a year ago. However, demand outperformance may offset the increase. In short, corn carries meaningful bullish swing potential if production and/or yield declines, or stocks are below estimates. Not because the crop is small, but because demand is firm and better defined, and speculative funds have plenty of room to add longs if the technical action warrants.

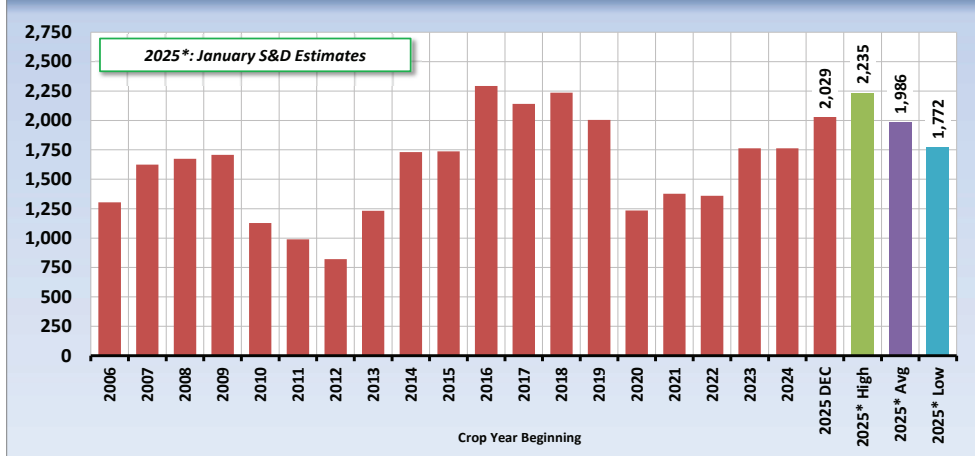
US Corn Yield Crop Year Starting - Bushels/Acre



US Corn December 1st Stocks Billion Bushels



US Corn Ending Stocks Million Bushels



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KEY WATCHPOINTS FOR THE JAN 12TH USDA REPORT

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Suggested Trading Strategy

BUY March Corn futures on a pullback to 439. Risk 9 cents on the trade. Use an upside objective of 466.

Suggested Option Trading Strategy

BUY a March 445/470 Bull Call spread for a net cost of 7 cents. Risk the entire premium on the trade. Take profits if March Corn futures touch 466.



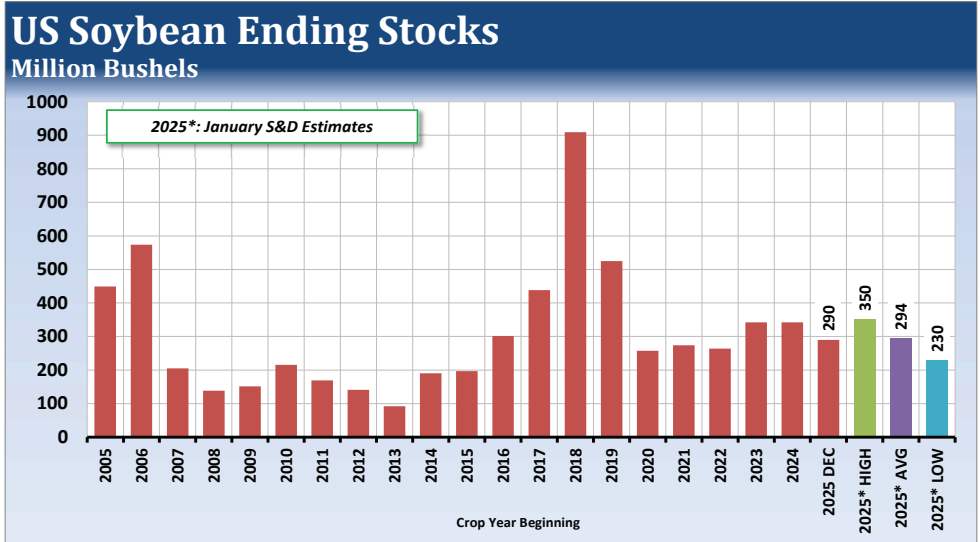
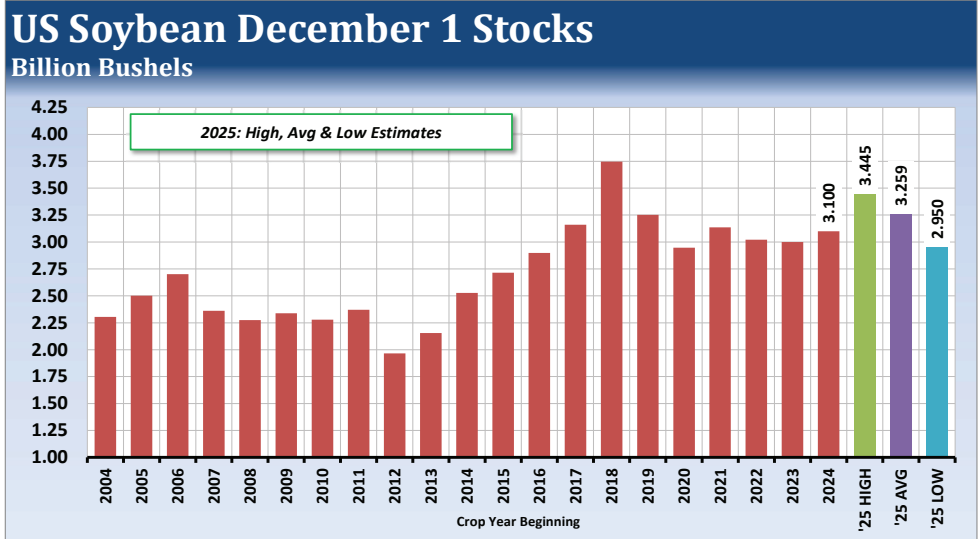
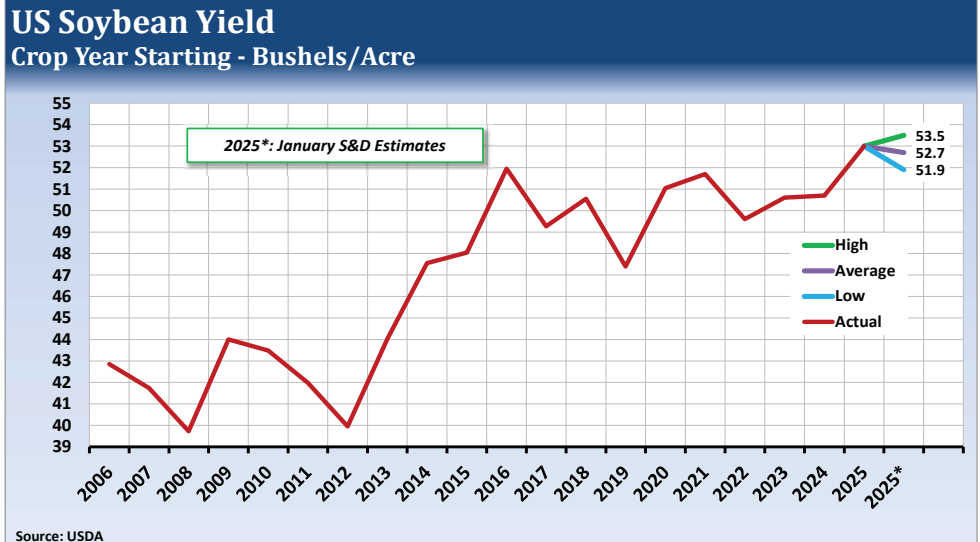
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KEY WATCHPOINTS FOR THE JAN 12TH USDA REPORT

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Soybeans: Narrow Pre-Report Expectations Increase Risk of Surprise

Soybeans are approaching the January reports with greater price sensitivity than corn due to tighter margins on the balance sheet and strong crush-driven demand. Late-season dryness increases the probability that the USDA trims the final yield (expected at 52.7 bushels per acre, down from 53.0 last month) and harvested acres again. Because the crop is smaller and crush demand has outperformed expectations, even incremental reductions could materially reduce ending stocks, which are anticipated to rise to 294 million bushels from 290 million in December. December 1 stocks will be scrutinized for evidence that the USDA undercounted demand, particularly with the historically strong soybean crush pace. Recent crush data strongly suggest bean oil yield is lagging historical norms, and if disappearance is underestimated, stocks could come in tighter than expected. Exports remain a drag relative to Brazil, and aggressive changes are unlikely. Overall, soybeans represent the



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KEY WATCHPOINTS FOR THE JAN 12TH USDA REPORT

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highest volatility risk among the major crops. Modest supply cuts, coupled with expanding crush, could deliver a notably tighter 2025/26 outlook if China's demand for US beans continues.

Suggested Trading Strategy

BUY March Bean futures on a pullback to 1056. Risk to 1042. Take profits if March Bean futures touch 1093.



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KEY WATCHPOINTS FOR THE JAN 12TH USDA REPORT

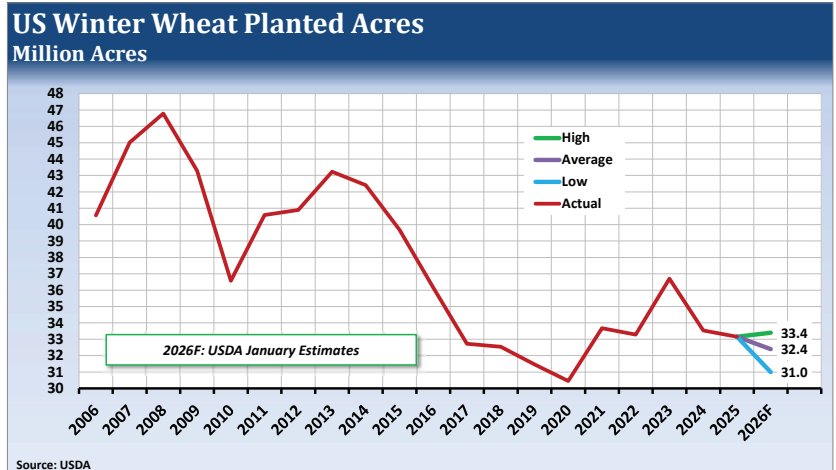
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Wheat: USDA Surprise Unlikely but Carryout May Have Peaked

Wheat carries the least USDA report uncertainty, but the largest price elasticity to small changes. US production is unlikely to be revised, so attention shifts to quarterly stocks, export adjustments, acreage changes, and feed/residual tweaks. Domestic demand has been soft, but recent weeks have shown an uptick in export interest that could justify a modest reduction in ending stocks. Globally, record supply from key exporters, especially from Russia and Argentina, remain a headwind, but the market appears to have priced in the bearish backdrop. That means even small positive surprises could trigger outsized price reactions. Wheat's January WASDE isn't expected to rewrite the bearish supply narrative, but it could mark the start of a gradual tightening phase if US exports continue to improve, or weather issues arise in any of the major crop regions. With low odds of a major downside break from here and volatility low, we prefer to go long call options on a report pullback.

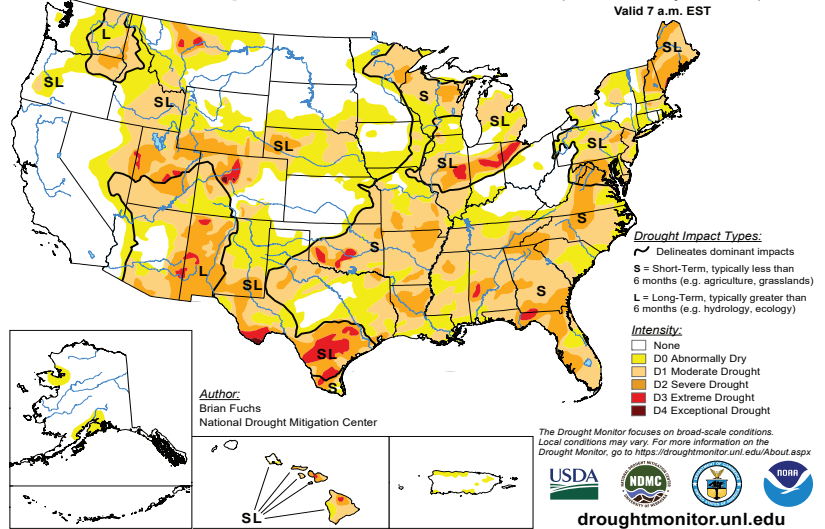
Suggested Trading Strategy

BUY a March Chicago Wheat 525 Call at 12 cents. Risk the entire premium on the trade. Take profits if March Chicago Wheat futures touch 559.



U.S. Drought Monitor

January 6, 2026
(Released Thursday, Jan. 8, 2026)
Valid 7 a.m. EST



NATURAL GAS SETTING UP FOR A REBOUND

Natural gas prices started 2026 on a down note, falling to a 4 1/2-year low on Friday. While warmer-than-normal temperatures across large portions of the US have pressured prices recently, a potential shift towards cooler conditions is expected late this month and into early February. With prices more than 30% below their early December highs, natural gas may be setting up for a rebound.

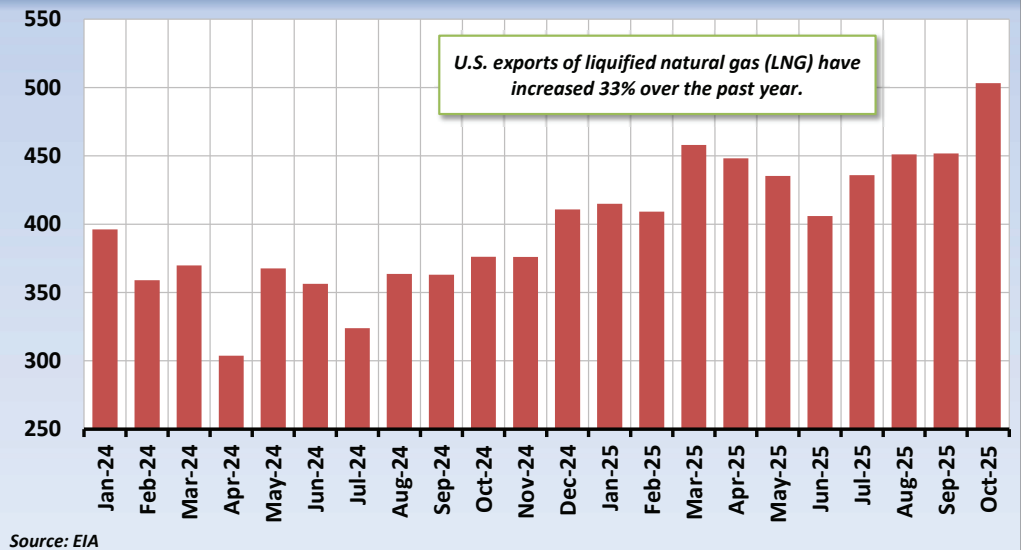
The Polar Vortex has been a key weather factor since the start of the Northern Hemisphere winter. After regaining strength late in December and into January, the Polar Vortex has dissipated again. When the Polar Vortex weakens, it allows much colder temperatures to drop down into northern portions of North America and Europe, which is expected to occur during late January and early February. Demand for natural gas for heating and power plants should increase significantly over this timeframe, strengthening natural gas prices.

Another key factor supporting prices has been the rise in feed gas demand for US liquefied natural gas (LNG) production, which will result in increased US LNG exports. US facilities have been producing LNG at record high levels, and output is expected to grow by at least 7% during 2026. With domestic demand expected to increase over the next few weeks, natural gas prices are undervalued at current levels.

Suggested Trading Strategy

BUY a March Natural Gas \$3.000/\$3.500 bull call spread at 0.065 with an objective of 0.335. Risk the entire spread premium on the trade.

U.S. LNG Exports Monthly/Billion Cubic Feet

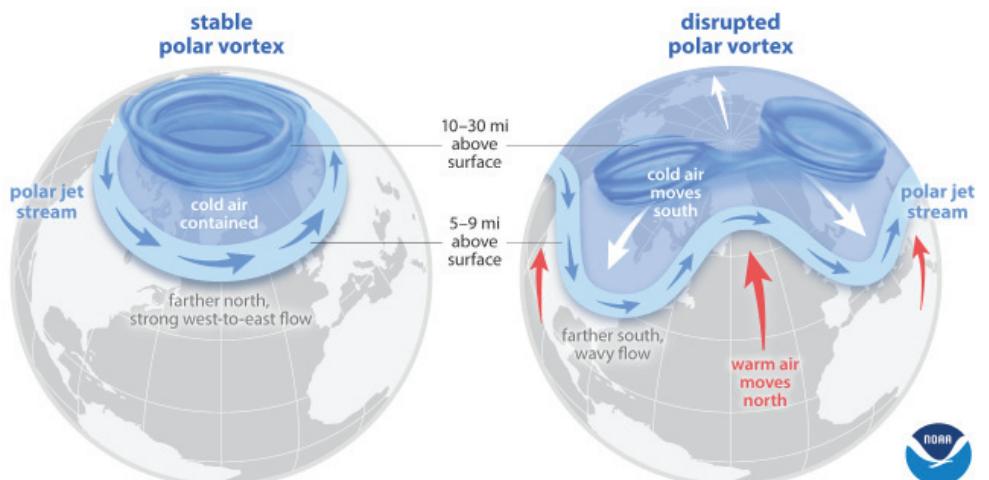


Understanding the polar vortex

The Arctic polar vortex is a strong band of winds in the stratosphere, surrounding the North Pole 10–30 miles above the surface.

The polar vortex is far above and typically does not interact with the polar jet stream, the flow of winds in the troposphere 5–9 miles above the surface. But when the polar vortex is especially strong and stable, the jet stream stays farther north and has fewer "kinks." This keeps cold air contained over the Arctic and the mid-latitudes warmer than usual.

Every other year or so, the Arctic polar vortex dramatically weakens. The vortex can be pushed off the pole or split into two. Sometimes the polar jet stream mirrors this stratospheric upheaval, becoming weaker or wavy. At the surface, cold air is pushed southward to the mid-latitudes, and warm air is drawn up into the Arctic.



2025 TRADE DEFICIT MAINTAINS UPTREND

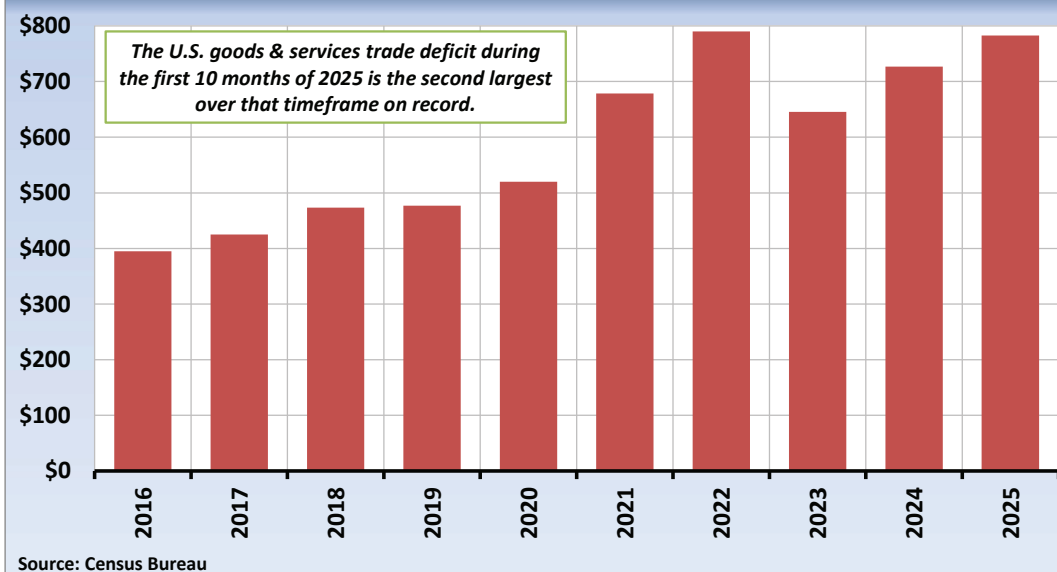
US trade balance data has been a front-and-center issue for both domestic and global markets since President Trump announced his intention to ramp up US import tariffs. Despite volatility in monthly results, the cumulative picture is much more subdued, and it can be seen as an extension of a longer-term uptrend.

Last year's US trade balance data have so far produced only 10 monthly readings, yet they have produced historically extreme results. The latest reading for October showed a monthly US goods & services deficit of \$29.35 billion, the lowest since June 2009 and even lower than the COVID-impacted readings of early 2020. The October reading was a fraction of the January through March results, all of which exceeded \$120 billion and were the three largest monthly readings on record.

The cumulative total for the US goods & services trade deficit from January through October 2025 is \$782.824 billion, a 7.7% increase over the same 10-month period in 2024. Although the 2025 reading is slightly smaller than during 2022, when the US and global economies were in a post-COVID restart (a deficit of \$790.411 billion), it is the second-largest January-October reading on record.

A large trade deficit is not necessarily a bad sign for the US economy, particularly when the main "variable" in monthly readings has been the ebb and flow of the goods imports. The three highest monthly US goods import readings were in January, February, and March of 2025 (all exceeding \$328 billion). In contrast, the October US goods import reading of \$255.027 billion was the lowest monthly reading since June 2023.

U.S. Goods & Services Trade Deficit Billion Dollars/January through October by Year



TOP 12 OPEC PRODUCERS

OPEC nations produced 29.03 million barrels per day during December, which was a 40,000 barrel per day increase from November and 86.1% of their estimated output capacity.

Courtesy of OPEC, here are December crude oil production readings for each of their members (in barrels per day):

Saudi Arabia	10,000,000
Iraq	4,370,000
United Arab Emirates	3,590,000
Iran	3,330,000
Kuwait	2,560,000
Nigeria	1,520,000
Libya	1,300,000
Algeria	970,000
Venezuela	830,000
Congo Republic	270,000
Gabon	230,000
Equatorial Guinea	60,000



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COMMITMENTS OF TRADERS

Data As of January 6, 2026
Non-Commercial & Non-Reportable
Combined Futures & Options

Market	Net Position	Net Change	4-Wk Net Change	52-Wk Ranking
Grains				
CBOT Grains	2,708	-27,231	-60,089	32
Corn	7,157	14,416	55,805	32
KC Wheat	-3,213	5,507	12,159	52
Minn Wheat	-15,883	-565	1,567	38
Rice	-4,506	573	523	24
Soybeans	82,241	-25,749	-78,810	42
Soyoil	-74,516	8,707	-17,314	3
Soymeal	-5,879	-9,562	-27,791	41
Wheat	-86,690	-15,898	-37,084	19
Livestock				
Cattle	94,392	3,350	6,725	8
Feeder Cattle	7,093	2,218	3,251	11
Hogs	77,539	2,906	13,020	19
Metals				
Copper	70,609	-473	-6,784	48
Gold	260,353	-6,587	-936	30
Platinum	24,065	237	-3,297	26
Silver	50,637	1,230	-4,104	3
Softs				
Cocoa	1,668	1,058	4,353	9
Coffee	37,105	4,918	392	16
Cotton	-22,692	5,225	16,198	50
	#N/A	#N/A	#N/A	#N/A
Milk	-8,591	543	-39	26
OJ	-843	145	1,308	9
Sugar	-142,028	-15,401	10,316	10
Currencies				
Canadian	-35,227	1,253	58,204	52
Dollar	-4,451	179	767	27
Euro	194,477	3,283	14,634	52
Energies				
Crude Oil	123,962	1,575	-4,954	6
Gas (RBOB)	74,771	-3,934	-9,351	44
Heating Oil	27,284	-4,754	-9,070	24
Natural Gas	-155,886	-10,740	-37,621	1
Financials				
Bonds	115,215	-35,703	25,003	42
E-Mini S&P	27,998	1,320	72,521	40
Dow Jones \$5	9,241	5,665	22,572	50
T-Notes	-887,369	-35,868	-281,009	2
	Extreme	Ranking 1 = Shortest Short		
	5% of Extreme	52 = Longest Long		