TEUCRIUM

2026
Market Outlook

Introduction

We are halfway through the decade and more than a quarter of the way through the century. As such we decided to take the opportunity to step back and reflect on the past 5 years, and all that has transpired to this point.

In the fall of 2019, we put pencil to paper to write our very first annual outlook. At the time the S&P 500 was on track to close the decade with a 170% advance, while the Bloomberg Commodity Index was set to show a 40% loss!

The 2010s were not kind to commodity bulls.

We noted that the opposite was true during the 2000s.

In fact the period between 1998 and 2008, often referred to as a "lost decade" for stocks, was incredibly bullish for commodities, broadly speaking.

In that initial outlook we brought up the idea that perhaps commodities would see a resurgent bull market in the coming decade. Given the weakness in the commodity markets at that time, it was a contrarian call. To us it seemed like a safe bet to set expectations that commodities would rebound at some point over the next 10 years. Of course, the call wasn't that commodities would rebound, it was that the entire decade may be remembered by a resurgent bull market.

There are four years left for the call to fully play out. We did not expect the commodity bull market to arrive as early or as forcefully as it did. Looking back, the accuracy of the original view was clearer than we realized at the time.

Pandemic Shockwaves

The COVID-19 pandemic initially sucked demand out of the commodity markets. So much so that oil traders were paying people to take barrels of oil off their hands. On April 20, 2020, oil futures turned negative collapsing all the way to close at -$37.63 per barrel. That would mark the low.

The very next day oil closed in positive territory at $10.01 per barrel. From there oil would begin a nearly 2-year rally to reach a high close of $123.70 on March 8, 2022.

The initial COVID sell-off was a classic example of “sell now, ask questions later.” The markets were in relatively unchartered territory. No one on the street had ever traded through a global pandemic, the last one being the Spanish Flu in the early 20th century. For those of us at the desk at the time, there were moments, especially early on, when thoughts turned to the possibility of complete societal collapse.

Society, though altered, did not collapse. While the COVID-19 virus caused much suffering, and took many too soon, the final death toll accounted for less than 0.25% of the global population.[1] Much of the human misery experienced during the pandemic stemmed from government forced lockdowns, with the actions of many regulators around the world causing some businesses to shut their doors.

Global supplies became constrained as production took a hit. US GDP dropped 5.2% in Q1 2020, and another 28% in Q2 2020.[2]

Demand, while somewhat muted by the lockdowns, far exceeded production during this period as basic human needs remained. People still needed to eat, heat their homes, and find ways to entertain themselves during lockdowns.

What’s more, those demands persisted even amidst a historical rise in unemployment with the most commonly watched U-3 Unemployment rate hitting a record 13% in June of 2020.

[1] World Health Organization, WHO Coronavirus (COVID-19) Dashboard, accessed December 3, 2025, https://covid19.who.int/.
[2] Bloomberg Finance, L.P. ECAN US GDP <GO>

Cue Fiscal Stimulus

The policy response was unprecedented fiscal stimulus, with the Government making direct payments to households and businesses to support payroll.

This capital injection supported essential consumption for the unemployed, but also funded discretionary spending and flowed into savings and investments.

This policy created a fundamental economic imbalance. In a typical economy, purchasing power is earned through production. Labor creates goods or services, and wages represent a claim on that output. This process inherently links supply (production) with demand (spending).

Fiscal stimulus severs this link. It injects purchasing power—effective demand—directly into the economy without a corresponding increase in production.

When this massive, unearned demand surged against a supply chain simultaneously constrained by lockdowns, the result was inevitable: **INFLATION**.

The Commodity Bull Returns

By February 2021, the Bloomberg Commodity Index had fully recovered from the 2020 pandemic crash, reclaiming its late 2019 levels. The rally, which began in mid-2020, continued at a rapid pace. The Consumer Price Index (CPI) soon followed, confirming the inflationary pressures consumers were already experiencing.

It is important to understand the sequence. **Rising commodity prices are a symptom of inflation, not its root cause.**

While higher input costs certainly created downstream price pressures, the core driver was monetary. Fiscal stimulus (funded by debt monetization) injected excess money into the economy—demand without corresponding production. Prices rose as too much capital chased too few goods. Commodities, as the economy's base inputs, simply reflected this imbalance first.

And so, our 2020 forecast for a commodity bull market resurgence materialized within two years. Since that peak, however, prices have come under pressure.

Not So Fast

As economies reopened, global production ramped up. This supply-side normalization eventually allowed output to meet demand, helping to cool inflation.

Fed Chair Powell and Secretary Yellen faced heavy criticism for their “transitory” inflation call. While the timeline was debatable, the mechanism they anticipated proved correct.

Importantly, even though today’s rate of inflation has slowed, prices remain elevated. Furthermore, excess liquidity appears to have been funneled into financial markets, fueling stocks to new all-time highs through much of 2025.

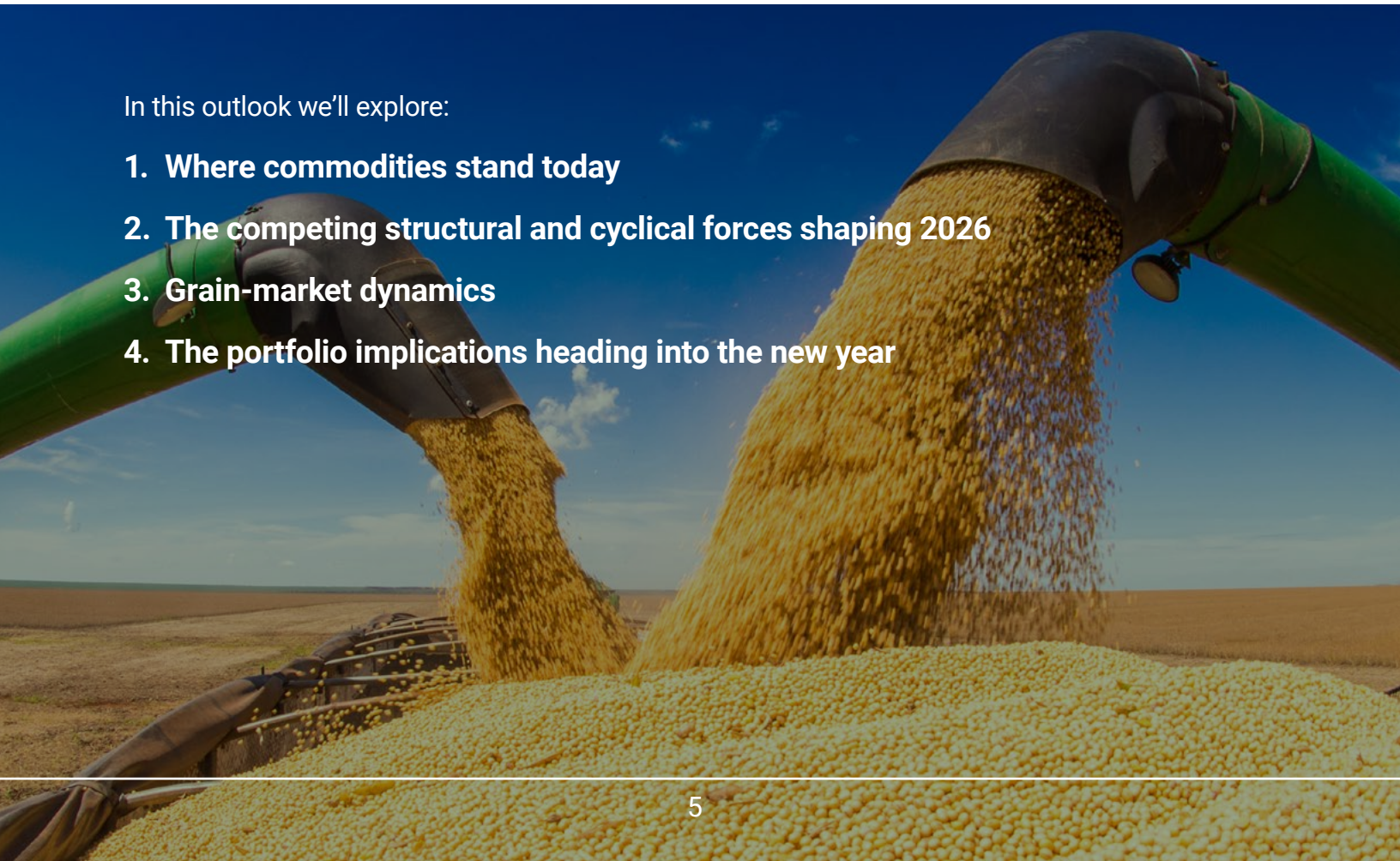
This divergence between a strong stock market and relatively weak commodity markets raises the key question for the remainder of the decade.

Will the 2020s ultimately be remembered for the resurgent commodity bull market?

We still think so, but of course we do not know for sure.

Our 2026 outlook explores the current state of affairs and explores the possibility of a resurgent bull market.

Before we begin, we would like to wish everyone a Merry Christmas, happy holidays and from our families to yours, a prosperous and Happy New Year.



In this outlook we’ll explore:

1. **Where commodities stand today**
2. **The competing structural and cyclical forces shaping 2026**
3. **Grain-market dynamics**
4. **The portfolio implications heading into the new year**

Where We Stand Entering 2026

Commodities enter 2026 after several years of large price swings. Prices have settled well off the highs of 2022, yet they remain elevated relative to pre-COVID ranges. Sustained higher prices are a sign of sticky demand, that we believe is increasingly tied to long-term structural economic shifts.

Electrification, data center build outs and AI infrastructure are putting significant demand on industrial metals.

Central banks have kept gold purchases elevated.

Energy and agricultural commodities remain central to national policy and basic societal well-being.

Near-term, however, there are signs of weakness. Manufacturing activity has been uneven across major regions. Growth in China and Europe is increasingly volatile. Crude oil prices reflect a broader economic slowdown coinciding with inventory builds.

The year ahead will test how these forces interact. Structural demand tied to power infrastructure, transportation shifts, and government policy remains firm. Near-term pricing, however, will depend on the pace of global production, the path of interest rates, and whether supply cuts in key markets hold. The result is an environment that will likely reward the nimble and the selective. We will be paying close attention to inventory trends, regional demand signals, and policy decisions throughout 2026.

2025: The set up

Commodities delivered strong performance in 2025. The Bloomberg Commodity Index (BCOM) has risen nearly 8% year-to-date.[3] This gain marks a sharp reversal from 2024 (up 0.12%) and 2023 (down 12.23%).

However, commodities are lagging equities. The S&P 500 Total Return Index has climbed 16.35% this year.[4] Consequently, commodity allocations diluted returns in diversified portfolios. Still, while lagging equities, commodities have nonetheless contributed positive absolute returns in 2025.

Precious metals have been leading the charge. Platinum is up 73%, followed by Silver, Palladium, and Gold, all of which are up more than 50% YTD.

Everyone's favorite metal, gold, received a ton of attention as it exceeded the $4,000/oz. level in October.

Yet, there has been notable strength in other commodity futures markets as well, including coffee, soybean oil, tin, copper, and live cattle. The front-month generic futures price for all of the above is up more than 20% YTD.

[3] As of 11/05/2025
[4] As of 11/05/2025

Oil is most notably weighing on broad commodity indexes with the generic front-month WTI futures contract down more than 16% YTD.[5]

The combined performance has pushed the BCOM to the highest level in 2 years and is butting up against technical resistance on the chart.

Source: Bloomberg Finance L.P | Teucrium

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Note that prices have been comfortably holding above the 90 level, which had previously acted as an area of resistance between 2016 and 2018. In fact, after recapturing the 2019 levels in 2021 the BCOM has remained above those levels ever since.

The reasons for the relative strength are as varied as the individual commodity markets themselves.

For example, gold prices have been rallying amid strong demand from central banks around the world. Many Central Bankers are looking to reduce dollar-denominated reserves and are opting for gold in the near-term to strengthen capital reserves.

[5] All returns as of 11/05/2025. Source: Bloomberg, L.P. CRR <GO>

Live cattle prices have been rising due to a significant supply-demand mismatch. Inventories are at their lowest levels in decades and consumers continue to be willing to pay up for quality protein.[6]

Still, there are pockets of weakness. Grains, for example, have been trending lower for the past two years and bear some responsibility for the heaviness in the broader commodity indexes.

Diverging Markets

Long-term fundamentals, like surging demand for metals and safe-haven buying of gold, are exceedingly strong.

At the same time, a slowing global economy is weighing heavily on other markets.

The Bear Case: Cyclical Headwinds and the Oil Glut

Crude oil prices have been weighing heavily on broad commodity indexes. Major OPEC+ producers have ramped up output, adding nearly 3 million barrels per day since April.[7] This, combined with resilient U.S. shale output, has tipped the market towards a glut.

The International Energy Agency (IEA) has been warning about the oversupply conditions for months.[8] In a recent report, the IEA projects an oversupply of roughly 4 million barrels per day by 2026.[9] The agency's outlook suggests the imbalance could persist through 2027 which would be one of the largest gluts in modern history, rivaled only by the collapse in demand that followed the 2020 COVID lockdowns.[10]

[6] Anna Pope, "Beef Prices at an All-Time High as U.S. Cattle Numbers Decrease," KBIA, June 23, 2025, https://www.kbia.org/2025-06-23/beef-prices-at-an-all-time-high-as-u-s-cattle-numbers-decrease.
[7] Faizan Farooque, "OPEC+ to Raise Output by 137,000 Barrels a Day in October," GuruFocus, September 8, 2025, accessed November 19, 2025, https://www.gurufocus.com/news/3099112/opec-to-raise-output-by-137000-barrels-a-day-in-october. (gurufocus.com)
[8] Ron Bousso, "OPEC Production Confusion Should Put Floor Under Oil Prices," Reuters, October 22, 2025, accessed November 19, 2025, https://www.reuters.com/business/energy/opec-production-confusion-should-put-floor-under-oil-prices-2025-10-22
[9] Ibid
[10] Ibid

It's no surprise, then, that oil prices have sagged under these conditions. Brent crude slid toward the low-$60s per barrel in October 2025, a five-month low, as traders finally started pricing in the bearish supply-demand outlook.[11] The futures curve even flipped into contango (near-term prices below longer-dated prices), a classic signal that excess barrels are expected to accumulate in storage. In response to building glut fears, OPEC+ has tempered its strategy. The group will pause further output hikes planned for early 2026, due to the oversupply concerns.[12]

The concerns are merited given the global growth slowdown.

Europe's factory output has stagnated with the Eurozone's manufacturing PMI hovering in contraction. New orders are flat or falling.[13] Asia's industrial engine has also cooled: China's factory activity, for example, has been declining for months as export orders have come under pressure.[14]

Manufacturers worldwide are citing policy uncertainty, particularly around tariffs and trade, as a factor denting business confidence. Ongoing U.S. -China trade tensions have made firms hesitant to invest in new capacity and have disrupted supply chains.[15]

The industrial metals complex is also feeling cyclical pressure, despite a long-term positive outlook.

In the near term, base metals like copper, aluminum, and others are confronting the same macro headwinds hitting oil. Slowing Purchasing Managers' Index (PMI) readings and downbeat manufacturing data translate into weaker immediate demand for metals used in construction, machinery, and electronics. China's slowdown means less appetite for copper in factories; Europe's stagnation means less steel and aluminum demand for cars and appliances.[16]

Fear of a significant growth deceleration, if not outright recession, is in the air, curbing appetite for raw materials from oil to industrial metals.

In summary, the bear case is here and now: ample supply and lackluster demand. The weakness is showing up in both energy and industrial metal markets. The drag from these sectors may continue to weigh on broad commodity indexes near term.

However, as we'll explore next, there's another side to this coin, one that is much more optimistic.

[11] Olesya Astakhova, Ahmad Ghaddar, Alex Lawler, and Maha El Dahan, "OPEC+ pauses oil output hikes beyond December amid glut fears," Reuters, November 2, 2025, updated November 3, 2025, https://www.reuters.com/business/energy/opec-set-agree-another-modest-oil-output-increase-sources-say-2025-11-02/.
[12] Ibid
[13] Sam Holmes and Jonathan Cable, "Asia's factories stumble as US tariffs hit order books," Reuters, November 3, 2025, accessed November 19, 2025, https://www.reuters.com/world/china/global-economy-asias-factories-stumble-us-tariffs-hit-order-books-2025-11-03/.
[14] Ibid
[15] Ibid
[16] Greg Shearer et al., "The Outlook For Aluminum, Steel & Copper Prices," J.P. Morgan Global Research – Metals & Mining Insights, May 1 2025, accessed November 19 2025, https://www.jpmorgan.com/insights/global-research/commodities/aluminum-steel-copper-prices.

The Bull Case:
Structural Tailwinds and the "Evergreen" Case

Counterbalancing the potential cyclical gloom is a robust bull case, rooted in developing, structural tailwinds.

These are longer-term, fundamental forces that support higher commodity values regardless of short-term economic swings. In our view, the structural bull story is most evident in precious metals and in the industrial metals.

Precious Metals (Gold & Silver): The Safe Haven Bid.

Gold is shining for good reasons.

For starters, geopolitical uncertainty.

Trade and security concerns remain in the headlines as the entire global order is in flux. The Trump Administration continues to push forward on multiple fronts at an unparalleled pace. From tariffs to peace deals. From military strikes on Iranian nuclear facilities, to bombing South American Drug traffickers. This administration is taking action.

The administration's approach has strained some long-standing relationships abroad while strengthening others and opening the door to new partnerships. Rival powers continue to use every available channel to highlight perceived divisions between the United States and its allies.

They are also working to widen the political fractures inside the country. These efforts persist due to one simple fact. The more resolve U.S. leaders show in pursuing an America First agenda, the fewer strategic options those rivals will have. Sowing division at home and among partners abroad is a useful tactic for any opponent trying to slow or redirect that agenda.

What has become increasingly clear to both friend and foe alike is the strategic advantage the United States wields through the unrivaled dominance of the U.S. dollar. Global Dollar demand helps underwrite America's high living standard which is woefully dependent on debt.

Without funding for new debt issuance, America would not be able to fund entitlement programs or support military spending at current levels. Simply put, the United States depends on global Dollar demand.

This dependency is a potential chink in U.S. hegemonic armor. One that undoubtedly America's adversaries are striving to exploit, as made clear by none other than President Putin at last year's BRICs summit.[17]

But even putting geopolitics aside, the Dollar's role as the world's currency of choice is in no way guaranteed. Given a lack of confidence in both monetary and fiscal governance, market forces alone may end up knocking the Dollar from its throne.

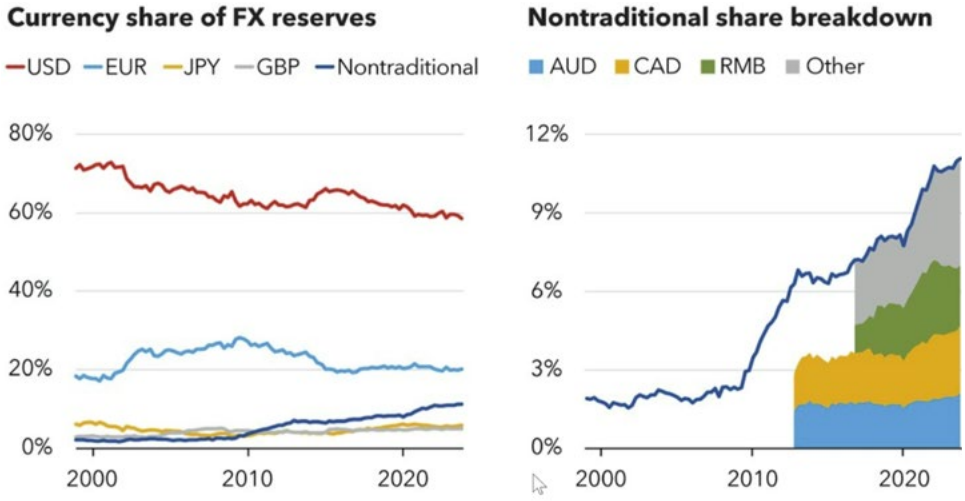
Consider that the US Dollar serves two primary purposes:

1. To facilitate transactions and 2. To store wealth

The real economy continues to operate overwhelmingly in dollars for global transactions, yet central banks steadily diversify their reserve portfolios away from an all-dollar world.

Nontraditional Currencies Rise

Falling share of "big four" currencies mirrored by increasing holdings of nontraditional reserve currencies.



Sources: IMF COFER; Arslanalp, Eichengreen, and Simpson-Bell (2022, updated).
Note: The "big four" currencies are the US dollar, euro, Japanese yen, and British pound. Nontraditional are all other currencies. AUD = Australian dollar. CAD = Canadian dollar. RMB = Chinese renminbi. China became a COFER reporter between 2015 and 2018.

IMF

[17] https://www.theguardian.com/world/2024/oct/23/putin-world-economy-bloc-brics-summit

Monetary policy missteps can have disastrous repercussions. With any fiat currency, the chief concern is always going to be inflation. The likelihood of the US Dollar experiencing a significant inflationary period increases as money supply expands amid widening deficits. Gold is a historic hedge against purchasing power erosion of fiat currencies.

On the fiscal front, it's not only the widening deficit, but also the increased use of economic sanctions that has central banks seeking alternatives. The International Monetary Fund notes that "financial sanctions … induced central banks to shift their reserve portfolios modestly away from currencies … at risk of being frozen and redeployed, in favor of gold."[18]

Central bank demand for gold hit record levels.[19] Demand has continued into 2025, with central banks remaining "in the driver's seat," helping to propel gold prices higher.[20]

What's more, supplies are tightening.

Major discoveries have fallen sharply over the last two decades, ore grades continue to decline, and new projects can take ten to twenty years before reaching production.[21] The industry is still relying on deposits found decades ago as new significant discoveries are few and far between.

Environmental, social, and permitting constraints are adding pressure by slowing or blocking new development.[22] Global production has been essentially flat since the 2018 to 2019 peak, and large producers increasingly depend on acquisitions rather than organic discoveries to maintain reserves. This pattern signals that the most accessible geological resources have already been developed.[23]

Looking ahead, the structural case for precious metals remains strong: ongoing central bank purchases, limited new mine supply, and supportive macro factors (like potentially easier Fed policy) all point to gold (and by extension, silver) being well-supported.

[18] International Monetary Fund, "Dollar Dominance in the International Reserve System: An Update," IMF Direct (blog), June 11, 2024, https://www.imf.org/en/blogs/articles/2024/06/11/dollar-dominance-in-the-international-reserve-system-an-update.
[19] Polina Devitt, "Gold demand up 1 % in 2024, to remain supported by economic uncertainty: World Gold Council," Reuters, February 5 2025, accessed November 19 2025, https://www.reuters.com/markets/commodities/gold-demand-up-1-2024-remain-supported-by-economic-uncertainty-world-gold-2025-02-05/.
[20] Ibid
[21] S&P Global Market Intelligence, Gold Discoveries: 1990–2022; International Council on Mining and Metals (ICMM), "The Mine Development Lifecycle."
[22] McKinsey & Company, The Next Normal in Mining (2023); Fraser Institute, Annual Survey of Mining Companies; OECD, "Environmental and Social Impacts of Mining."
[23] World Gold Council, Gold Demand Trends, various years; PwC, Mine 2024; Barrick Gold and Newmont quarterly earnings calls (2019–2024) referencing "peak gold."

Industrial Metals: Long Term Demand Is Rising

Long term demand for copper and aluminum is rising amid demand for electric vehicles, grid updates and data center buildouts. Electric systems are increasing metal usage in vehicles, power networks, and data facilities. These applications are pulling demand higher even as other sectors slow.

Electric vehicles use substantially more copper than internal-combustion vehicles. Utilities continue to add copper as they expand and modernize transmission lines and substations. Data centers rely on copper for power distribution networks and for the cooling systems that support high-density computing.[24]

According to the International Energy Agency, global copper demand under current stated policies could rise from about 24.9 million tonnes in 2023 to roughly 31.3 million tonnes in 2030 and to 34.1 million tonnes in 2040.[25] This pace reflects steady structural growth that has the potential to tighten an already strained supply chain.

More aggressive outlooks point to far faster demand expansion. S&P Global projects that total global copper demand could reach nearly 50 million tonnes by 2035 as electrification accelerates, while other high-growth analyses suggest the world may need close to double today's copper supply by 2050 to meet clean-energy targets.[26] These upper-bound trajectories represent industry-shaping demand curves.

Put simply:

The energy transition pushes copper demand from slow-and-steady to nearly exponential, depending on which scenario plays out. Either path requires major investment in mining, refining, and recycling capacity.

[24] International Monetary Fund, "Dollar Dominance in the International Reserve System: An Update," IMF Direct (blog), June 11, 2024, https://www.imf.org/en/blogs/articles/2024/06/11/dollar-dominance-in-the-international-reserve-system-an-update.
[25] Polina Devitt, "Gold demand up 1 % in 2024, to remain supported by economic uncertainty: World Gold Council," Reuters, February 5 2025, accessed November 19 2025, https://www.reuters.com/markets/commodities/gold-demand-up-1-2024-remain-supported-by-economic-uncertainty-world-gold-2025-02-05/.
[26] Ibid
[27] S&P Global Market Intelligence, Gold Discoveries: 1990–2022; International Council on Mining and Metals (ICMM), "The Mine Development Lifecycle."

Aluminum demand is rising on a similar path. Solar modules use aluminum frames. EVs rely on aluminum components to reduce vehicle weight. Vehicle manufacturers add aluminum to lower emissions and meet efficiency rules. Recent projections estimate global aluminum consumption at roughly 100 million metric tons in 2024, climbing to about 122 million tons by 2030 as clean-energy applications scale.[27] More aggressive outlooks from the International Aluminium Institute point to demand rising nearly 40 percent from 2020 to 2030—from about 86 million to almost 120 million tons—with long-range scenarios stretching toward 179 million tons by 2050.[28]

Put simply:

The energy transition shifts aluminum from steady industrial growth into a structural acceleration story, depending on which scenario unfolds. Either path requires major investment in bauxite mining, alumina refining, smelting capacity, and high-efficiency recycling.

That high rate of demand growth fits into our Great Acceleration framework a topic on which we will be writing in 2026. In short, there is a massive, structural demand shift occurring among industrial metals, magnets and rare earths, all due to AI, robotics, and the less discussed space race. The unprecedented speed of technological change now vastly outpaces the linear regulatory systems, which may produce increased friction between public and private interests, as well as strain relations among sovereign nations.

Having covered metals, energy, and the macro environment, we now turn to the grain markets, where cycle dynamics differ sharply from other commodities.

[28] International Aluminium Institute, "IAI Estimates Global Aluminium Demand to Grow 40% Post-Covid, Requiring Additional Output of 33.3Mt," news release summarizing CRU analysis, March 24, 2022 https://www.alcircle.com/news/iai-estimates-global-aluminium-demand-to-grow-40-post-covid-requiring-additional-output-of-33-3mt-77916. Alfed+1

Grain Market Outlook:

We begin as we typically do with an update on the Golden Grain Cycle.

> *"Grains tend to trade at or near their cost of production until there is a supply disruption at which point prices historically have moved dramatically higher.*
>
> *Over time as production increases and/or demand decreases, inventories are rebuilt and prices trend back toward the cost of production once again."*
>
> *– Sal Gilbertie*

Understanding the Golden Grain Cycle

The Golden Grain Cycle in grain markets is, at its core, cosmic. Consider that growing seasons are dictated by the tilting of the Earth's axis in proximity to the sun. As such, in North America, there is only one harvest per year.

There are years when production exceeds demand, and prices are low. Alternatively, there are years when production lags demand, and prices are elevated. The variability of production in the face of steady, and often growing demand, sets the stage for the grain market cycle. This cycle has repeated throughout history, offering those who recognize the cycle an opportunity for potential profit. Hence, we refer to the cycle as the ***Golden Grain Cycle***.

Typically, grain production exceeds demand. The excess is held in storage as inventory to be drawn down in years when demand exceeds production. When production exceeds demand, market prices will gravitate toward the cost of production effectively squeezing a farmer's profit margins ***(Stage 1)***.

Lower profit margins can (and often do) result in fewer acres planted. Reduced plantings and/or adverse weather have historically led to supply/demand imbalances and demand exceeding production. Inventories are drawn down and prices advance ***(Stage 2)***.

Historically, we have seen that as market conditions change and prices rise, farmers reverse course and plant more acres. As production catches back up with demand, prices trend lower, heading back toward the cost of production ***(Stage 3)***.

As you can see on the charts, both corn and wheat are comfortably trading in Stage 1 territory. The picture is a bit less certain for soybeans however.

Prices have rallied recently amid positive trade discussions between the U.S. and China. Yet, as we discuss below, the China news is only one piece to the soybean story, and we believe that structural demand shifts could be laying a bullish foundation for soybeans looking out into 2026.

Front-Month Corn Futures Continuation Chart

Source: Bloomberg Finance L.P | Teucrium

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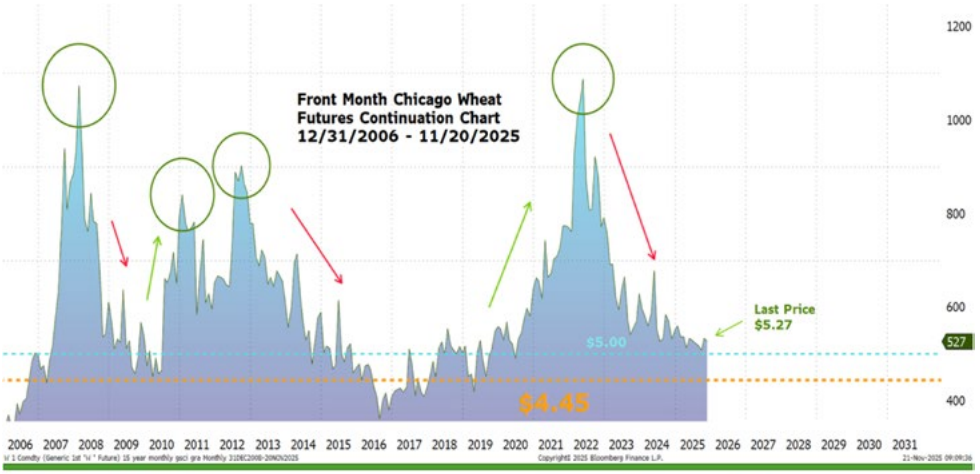
Front-Month Wheat Futures Continuation Chart



Source: Bloomberg Finance L.P | Teucrium

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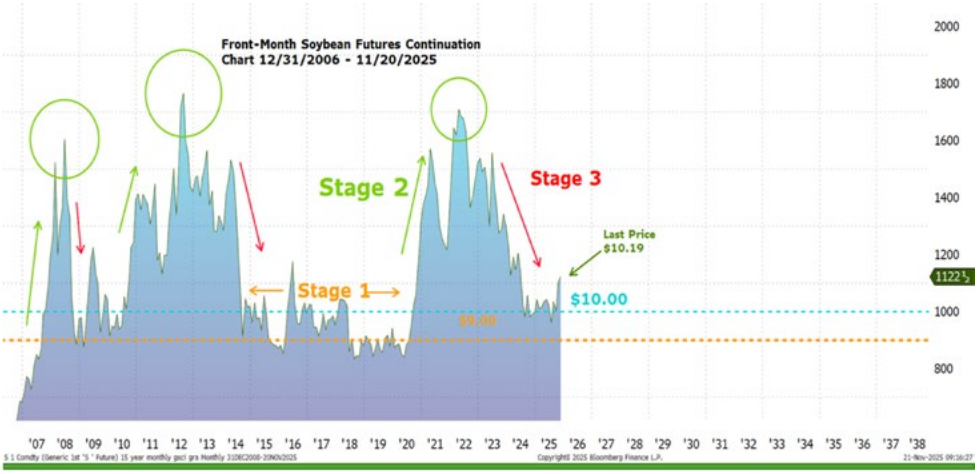
Front-Month Soybeans Futures Continuation Chart



Source: Bloomberg Finance L.P | Teucrium

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2026 Market Outlook: Corn, Wheat, and Soybeans

2026 will likely be defined by heavy global supplies and uneven demand. There is a set of policy and weather factors that could shift the tone, but the base case is for prices to remain subdued, largely trading sideways near cost-of-production levels.

Corn Outlook: Neutral

Supply

There is plenty of corn.

As of the November WASDE, U.S. ending stocks are pegged at 2.154 billion bushels and the stocks/use ratio is north of 13%.[29] American farmers planted 98 million acres of corn in 2025, and if not for disease pressure the 2025-2026 U.S. corn crop would have been much bigger.

Nonetheless the U.S. very likely produced a record crop.

Demand

Corn demand remains strong amid robust exports. Projected '25 – '26 corn exports are up over 36% over the past two years.[30] To the extent the export market remains firm, prices will be supported.

Additionally, ethanol demand has been relatively stable, but the outlook remains uncertain. A softening domestic economy could lead to a drop in gasoline demand, which would take a toll on ethanol markets. However, there remains the prospect for a nationwide transition to E15 policy.[31] A full transition to E15 would materially increase domestic ethanol use, ultimately requiring about 2.4 billion additional bushels of corn per year once fully implemented.[32] Because retailers would need time to update equipment and meet compliance rules, most analyses assume a three-to-five-year phase-in period between policy adoption and full market penetration.[33]

[29] WASDE – World Agricultural Supply and Demand Estimates, a monthly report released by the USDA.
[30] U.S. Department of Agriculture, World Agricultural Outlook Board. 2025. World Agricultural Supply and Demand Estimates (WASDE): November 2025. Washington, D.C.: USDA.
[31] IE15 is a gasoline blend that contains 15% ethanol—a renewable, corn-based biofuel—and 85% conventional petroleum gasoline. Most gasoline sold today is E10, which contains 10% ethanol. Moving from E10 to E15 increases ethanol use across the fuel supply and therefore increases demand for the corn used to produce that ethanol.
[32] National Corn Growers Association and Renewable Fuels Association, The Economic Impact of Permanently Allowing Year-Round Sales of E15 (2025) https://ethanolrfa.org/upload/files/Library/Economic%20Impact%20of%20Permanently%20Allowing%20Year-Round%20Sales%20of%20E15_RFA%20NCGA_20252-09-15.pdf.
[33] National Corn Growers Association, "The Case for E15: Boosting Demand for American Corn," press release, October 2025, accessed November 26, 2025, https://www.ncga.com/stay-informed/media/the-corn-economy/article/2025/10/the-case-for-e15-boosting-demand-for-american-corn.

What's more, feed demand remains strong, which is impressive considering the U.S. cattle herd is at its lowest level in over 70 years. There is robust demand from poultry and hog farmers, and the total number of grain-consuming animal units is expected to grow.[34]

U.S. corn appears to be in a neutral position. The balance sheet is certainly not tight enough to force rationing, yet it's not yet flush enough to break confidence.

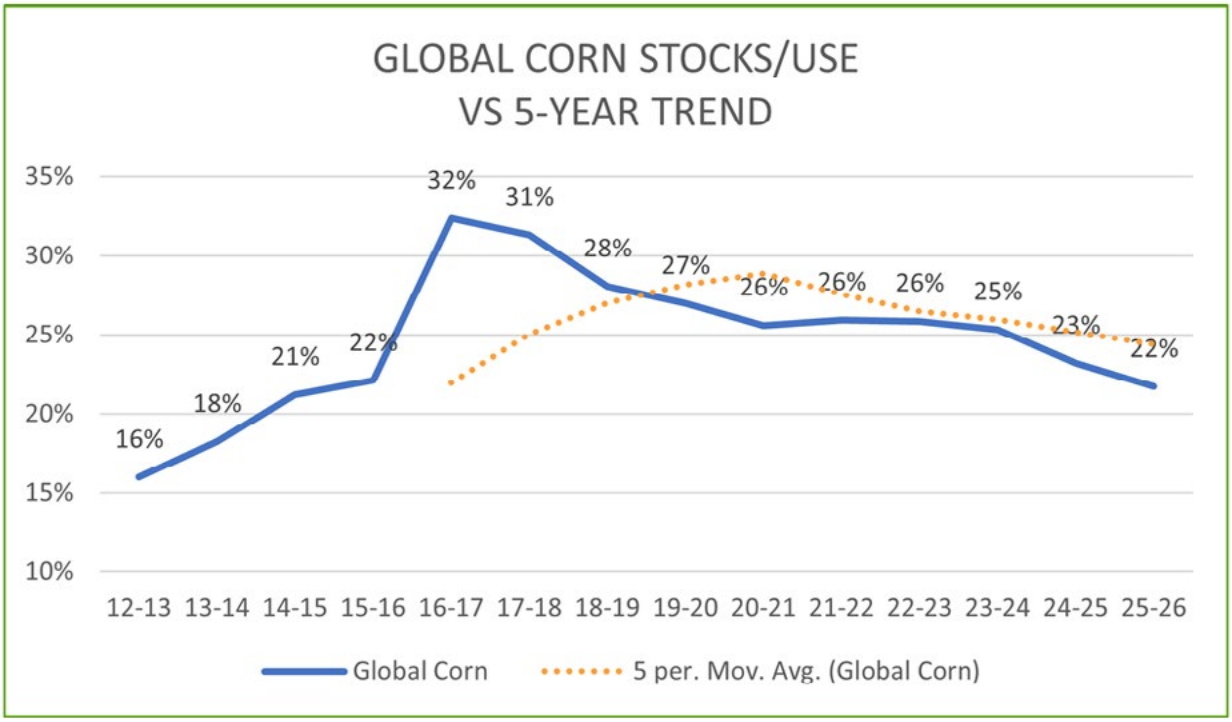


Chart Data: USDA | PSD Online November 2025

Adding price support at current levels is the fact that the global corn balance sheet is expected to tighten for the third consecutive year. The world's stocks-to-use ratio is 22%, the tightest it's been in 10 years.

While a shrinking global balance sheet is fundamentally supportive for corn prices, there is no evidence that there will soon be a structural shortage.

Weather

Of course, weather remains variable, especially as South America faces a high-risk La Niña pattern. The La Niña climate pattern typically means below-average precipitation and elevated risk of drought in key growing areas in Brazil and Argentina. However, current forecasts are for a short-lived, and relatively weak La Niña.

[34] https://agecoext.tamu.edu/wp-content/uploads/2025/10/FG_2025-09-26.pdf

It's typically ill-advised to take a position based on hope for a long-term weather pattern. Given that planting has only just begun in South America, and the U.S. planting season is still 5 – 6 months away, at this point we believe it's prudent to stick to a base case view. Our base case assumes that the weather cooperates and that there are no systemic diseases or other relatively rare catalysts that can result in massive crop failure.

Base Case

As such, given the expectation for adequate supplies and stable usage, we maintain a neutral base case for corn headed into 2026.

Wheat Outlook: Bearish/Neutral

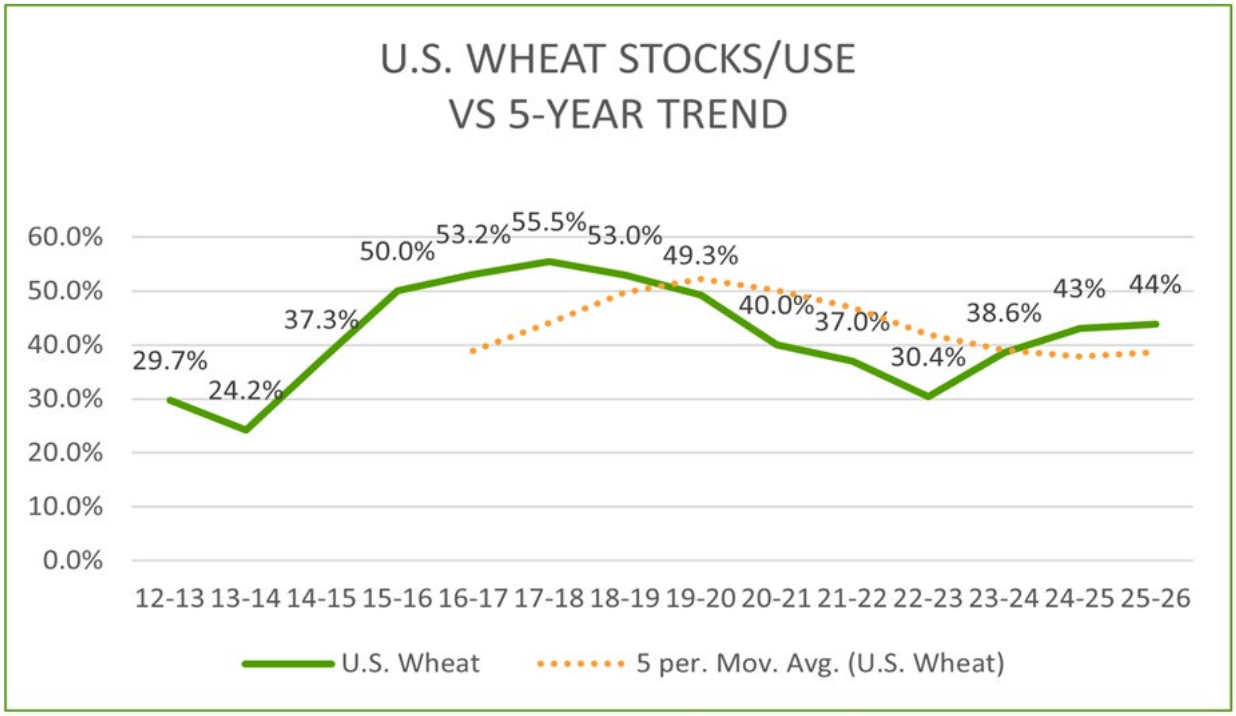


Chart Data: USDA | PSD Online November 2025

Supply

Wheat enters 2026 with the heaviest supply burden among the grains. An abundant supply of Russian wheat continues to weigh on global prices. Additionally, the European Union, Australia, Canada, and the United States are all projected to produce significant crops.

The U.S. wheat balance sheet is flush. The stock-to-use ratio is comfortably above the five-year trend line and an expanding balance sheet is projected for the third consecutive year. The global wheat balance sheet is expanding as well with the stocks/use ratio climbing for the second consecutive year.

Demand

Relatively low prices are helping create new demand for feed wheat. Wheat usage for animal feed is seen adding some price support, and it may be just enough to help futures from straying too far below the $5 level.

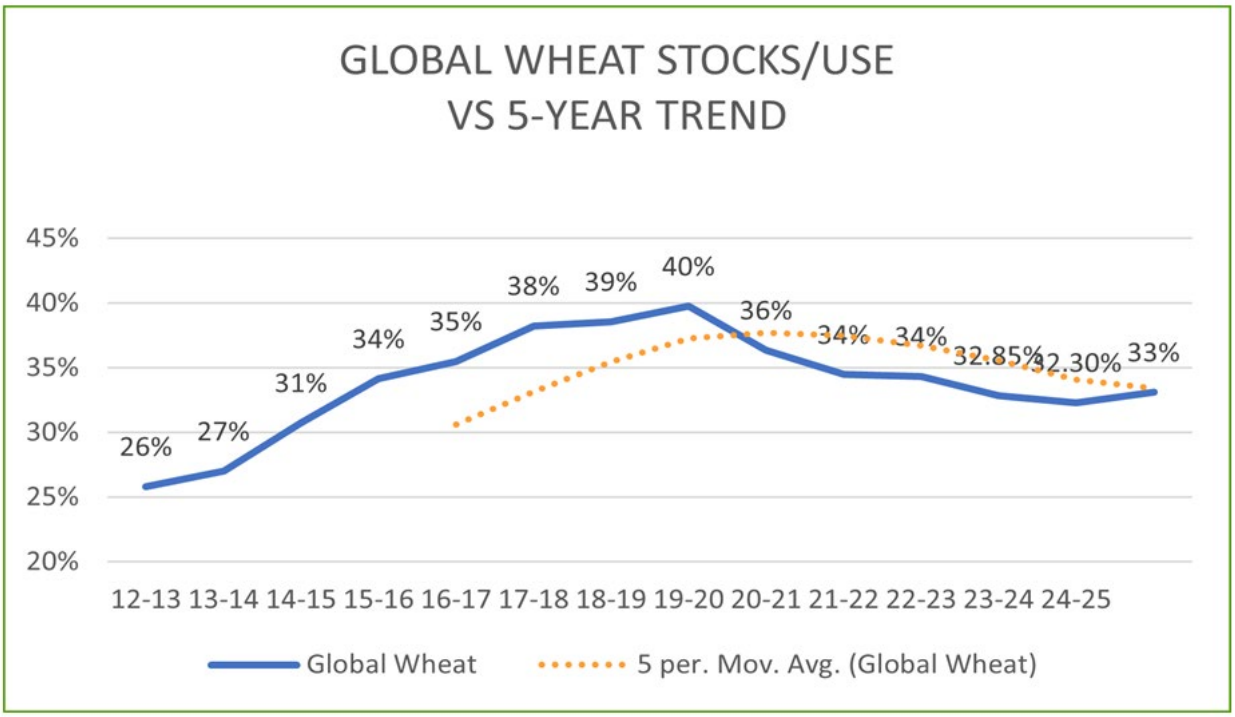


Chart Data: USDA | PSD Online November 2025

Generic front-month wheat futures prices are down more than 60% from the 2022 highs. The supply concerns that plagued the market at the outset of the Russian invasion of Ukraine have all but evaporated.

Base Case

Fundamentally, global wheat production is more than keeping pace with usage, and absent a surprise weather event or geopolitical crisis, there is little reason to expect a significant price rally in the immediate outlook. As such our base case is bearish/neutral for 2026.

About the War

The war in Ukraine has become part of our baseline assumptions. Even as the war drags on, grain continues to flow through alternative routes, and Russian production and exports have compensated for the loss of Ukrainian wheat.

↓30.32%
Decline in Ukrainian wheat production

↓20.00%
Decline in Ukrainian wheat exports

↑15.00%
Increase in Russian wheat production

↑33.00%
Increase in Russian wheat exports

Since the outset of the war (crop year 2021/2022), Ukrainian wheat production has declined 30.32% (10 million metric tons), with exports plummeting more than 20% (~4 million metric tons).[35]

At the same time, Russian production is up more than 15% (11 million metric tons), while exports are up more than 33% (also 11 million metric tons).[36]

While the global wheat market has recovered from the initial shocks in the winter of 2022, Ukraine's farm economy remains devastated. The damage runs through the physical landscape, the production base, and the labor pool.

Grain storage sites and machinery yards have been heavily damaged.[37] Irrigation systems tied to the Kakhovka reservoir failed after the 2023 dam breach. The total infrastructure repair cost estimates are in the tens of billions of dollars according to government and multilateral estimates.[38]

A large swath of the fighting has occurred on some of Ukraine's highest producing farmland with devastating results. Chemical contamination is widespread.[39] Heavy vehicles have compacted topsoil across entire districts. Artillery has left hundreds of thousands of craters. Ukraine's farmland has been turned into some of the most dangerous minefields in the world.[40] Estimates for the Kharkiv region places the restoration cost near two billion dollars. National estimates run closer to twenty billion dollars.[41]

Even when the fighting stops, Ukraine will struggle to return to its prior role in global grain markets.

[35] U.S. Department of Agriculture, World Agricultural Outlook Board. 2025. World Agricultural Supply and Demand Estimates (WASDE): November 2025. Washington, D.C.: USDA..
[36] ibid
[37] https://kse.ua/about-the-school/news/losses-and-damages-of-the-agricultural-sector-of-ukraine-amount-to-more-than-80-billion-kse-agrocenter/.
[38] ibid
[39] https://www.wur.nl/en/article/bombs-mines-and-chemicals-how-agricultural-soils-in-ukraine-have-been-ravaged-by-war.htm
[40] ibid
[41] ibid

Soybean Outlook: Neutral/Bullish

Keep a close eye on soybeans in 2026.

Supply

Both U.S. and global balance sheets are tightening. While there are plenty of soybeans in the world, usage continues to climb, and production is never certain. Balance sheets tighten in any given year when production fails to keep up with usage. Given the plethora of negative headlines about the soybean market this year, it is easy to overlook the fundamental demand drivers that make soybeans worth keeping an eye on.

The U.S. balance sheet is tight. The projected '25-'26 stocks/use ratio of 6.7% is teetering on the 5-year rolling average.

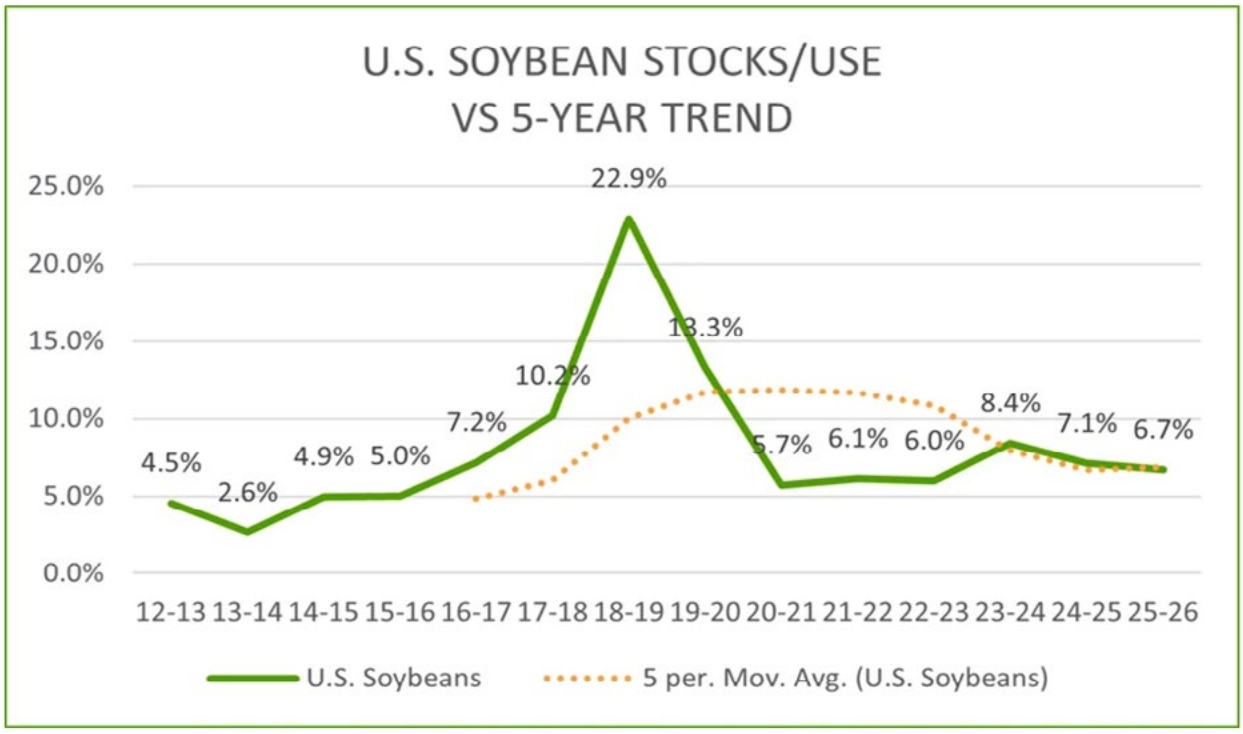


Chart Data: USDA | PSD Online November 2025

The domestic soybean balance sheet is tightening because farmers slashed planted acres by 7.2 million in 2025. You can't reap what you don't sow. Even with a record yield of 53 bushels per acre, total production is projected to be 121 million bushels below last year's production. Lower supplies often translate into higher prices if demand remains steady. U.S. soybean demand, however, is also taking a hit.

Demand

Total usage is expected to decline by 2.8% year-over-year. Still total usage is projected at 4.3 billion bushels, compared to a production total of only 4.253 billion.[42] Demand strength is most visible in the soybean crush category.

Soybeans are crushed to create two main products: soybean oil for biofuels, and high-protein soybean meal for livestock feed.

The USDA is projecting the 2025-2026 soybean crush at 2.55 billion bushels. That's nearly 12% higher than just two years ago. The increased crush demand stems largely from the blossoming Renewable Diesel market.

Renewable Diesel is the chemical equivalent of petroleum diesel, but burns much cleaner.[43] In recent years, Federal and state policies have helped support the renewable diesel market. The Renewable Fuel Standard (RFS) which includes ethanol and renewable diesel, sets annual mandated volumes of renewable fuel that must enter the U.S. transportation fuel supply. California is the major policy player at the state level and has created a premium market for low carbon fuels through the low Carbon Fuel Standard (LCFS).[44] Unsurprisingly, California is the primary market for renewable diesel, but at least 8 additional states are currently considering similar policies.[45] The renewable diesel market is still in its infancy, and the future looks promising.

As mentioned above, soybean meal is used as animal feed, which is the number one use for soybeans globally. U.S.domestic meal consumption is up nearly 8% over the past two years, and exports have jumped an impressive 19.5%.

[42] U.S. Department of Agriculture, World Agricultural Outlook Board. 2025. World Agricultural Supply and Demand Estimates (WASDE): November 2025. Washington, D.C.: USDA.

[43] https://www.mby.com/features/hvo-renewable-diesel-miracle-fuel-124733

[44] https://kleinmanenergy.upenn.edu/wp-content/uploads/2024/10/KC-Paper-16-Californias-Low-Carbon-Fuel-Standard.pdf

[45] https://www.pillsburylaw.com/en/news-and-insights/eight-states-low-carbon-fuel-standard-legislation.html

[46] U.S. Department of Agriculture, World Agricultural Outlook Board. 2025. World Agricultural Supply and Demand Estimates (WASDE): November 2025. Washington, D.C.: USDA.

Demand strength for soybean oil and soybean meal are helping to prop up the soybean market in general. This strength is not only true of the U.S. market but applies to the global balance sheet as well. In fact, the global soybean balance sheet is expected to contract this year after three years of expansion. Global soybean demand continues to grow at a steady pace of ~ 3%.[46] Importantly the demand is not coming from China alone. Global import demand ex-China is growing faster than Chinese Import demand.

Base Case

The anticipated lack of Chinese purchases weighed heavily on U.S. soybean prices for much of 2025. Yet, there are only so many soybeans produced globally in any given year, and with production failing to keep pace with consumption it is clear that the world needs U.S. soybeans. As such our base case is neutral/bullish soybeans for 2026.

Trade Considerations

The recently announced agreement between the Unites States and China, includes a commitment from the Chinese to purchase at a minimum 25 million metric tons of soybeans from the United States for the next three years. In that time, it would behoove the U.S. soybean industry, and organizations such as the American Soybean Association and the U.S. Soybean Export Council to work as hard as possible to help secure new export markets for U.S. beans.

Heavy reliance on a single buyer concentrates risk. China typically represents 60% of U.S. soybean exports. Diversifying the U.S. soybean export business will reduce that concentration and build a more resilient industry. The work takes time. It also takes steady policy.

In our view the best case scenario is likely a period of cautious cooperation with China. The two countries operate under opposing views of individual rights and the proper scope of government. These differences are not theoretical. They show up in policy choices and in the way national priorities are set. They create friction as China continues to extend its reach through trade, technology, and foreign investment.

Looking at today's relationship, there is a high likelihood of continued strain. There is a clear interest for the United States in limiting vulnerabilities that can be used against us as leverage.

Soybeans have been one of those pressure points. The crop sits at the center of a long trading relationship, and it has been used more than once as a bargaining chip. If China meets its stated purchase plans over the next 3 years, the industry gains a window to make progress. It is not a long window, but it may be just enough.

With the commodity landscape now clearly outlined across energy, metals, and grains, the next logical question for investors is how these dynamics influence portfolio construction heading into 2026.

The key potential benefit for considering commodities in a portfolio is the same as it has always been: potential diversification benefits.

Seeking Diversification in a Correlated World

Teucrium Agricultural Fund Index vs. Market Indexes, Gold & Oil
March 31, 2012 - September 30, 2025

Security	Stocks	Bonds	BCOM	Gold	WTI Oil	Agriculture Index
Stocks	1	0.334	0.392	0.088	0.345	0.136
BCOM	0.392	-0.044	1	0.287	0.621	0.622
Bonds	0.334	1	-0.044	0.387	-0.122	-0.068
Agriculture Index	0.136	-0.068	0.622	0.166	0.216	1
Gold	0.088	0.387	0.287	1	0.013	0.166
WTI Oil	0.345	-0.122	0.621	0.013	1	0.216

Source: Teucrium. Benchmarks: Agriculture - Teucrium Agricultural Fund Index. Stocks- S&P 500 Stock Market Index. Bonds - Bloomberg US Aggregate Bond Index - BCOM - Bloomberg Commodity Index. Gold - Spot Gold Price Index. Oil - WTI Generic Front-Month Futures Price Index.

Portfolio Considerations

In portfolio management, the primary goal of diversification is to mitigate risk. This requires assets that do not move in lockstep. While investors traditionally rely on a stock-and-bond mix, their positive correlation (0.334 in this matrix) shows they can decline together. Effective risk management, therefore, demands assets with low or negative correlation to both stocks and bonds.

An analysis of the matrix reveals two primary candidates for this role: Gold and the Agriculture Index. One historically demonstrates superior diversification over the other.

Gold vs. Agriculture

Gold is a classic diversifier. Its 0.088 correlation to Stocks is exceptionally low, confirming its value as an equity hedge. However, its 0.387 correlation to Bonds is moderate. This link suggests that in periods of interest rate volatility, Gold may not provide a reliable buffer for the fixed-income side of a portfolio.

The Teucrium Agriculture Fund Index presents a more robust case. It combines a very low 0.136 correlation to Stocks with a statistically negligible -0.068 correlation to Bonds.

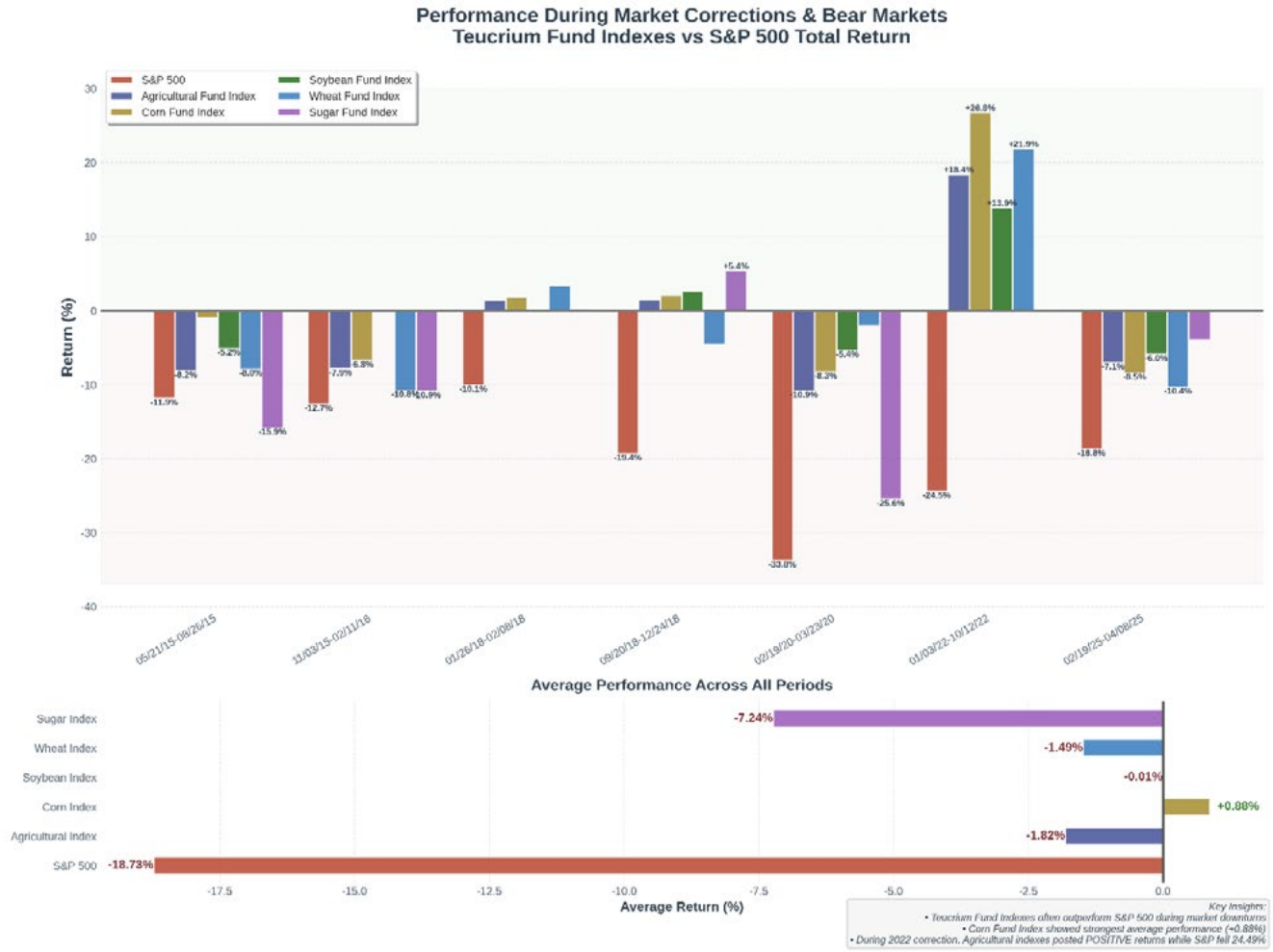
This lack of relationship to both major asset classes is critical. Agriculture performance is driven by entirely different factors—such as weather, crop yields, and global supply-and-demand—rather than by equity market sentiment or central bank policy.

The Agricultural Difference

While other commodities like WTI Oil and the BCOM index show strong links to the economic cycle (0.345 and 0.392 vs. Stocks, respectively), the Agriculture Index stands apart.

Yet correlation alone doesn't tell the whole story. Diversifiers earn their keep not in theory, but in practice, that is when markets turn volatile and traditional assets falter. The performance of Teucrium Fund Indexes during recent market corrections illustrates how this independence has translated into real-world protection and, in some cases, positive returns.

Diversification When It Has Mattered Most



Click to Enlarge

Data Source: Bloomberg Financial, L.P. as of 11/19/2025

Periods of market stress are when diversification proves its real worth. In strong markets, nearly every risk asset can appear successful, but when equities falter, correlations often rise, and portfolios move together. That's when uncorrelated exposures, like agricultural commodities, can make the biggest difference.

The performance analysis of the Teucrium Fund Indexes, which represent the Teucrium Corn Fund, Wheat Fund, Soybean Fund, and Sugar Fund Indexes, demonstrates this point clearly. Across seven major equity corrections since 2015, the S&P 500 averaged a decline of nearly **–19%**, while the Teucrium Agriculture Fund Index fell only **–1.8%**, and the Teucrium Corn Fund Index actually gained **+0.9%** on average.

The 2022 correction underscores the value of diversification through agriculture. As the S&P 500 dropped **–25.6%**, the Teucrium Corn, Wheat, and Soybean Fund Indexes advanced between **+13.9% and +26.8%**. This performance divergence illustrates agriculture's potential to buffer losses and even enhance overall portfolio performance during market stress.

Agricultural commodities move to a different rhythm than equities because their prices are driven by distinct fundamentals such as weather, crop yields, and global supply-demand dynamics, rather than earnings expectations or Fed policy. These drivers remain largely independent of the economic forces that dominate equity and bond markets, allowing agriculture to act as a true diversifier when other assets are under pressure.

Key Insight:

True diversification shows its value in market downturns. The Teucrium Corn, Wheat, Soybean, and Agriculture Fund Indexes have repeatedly demonstrated resilience during equity selloffs, offering portfolio managers a way to potentially mitigate risk and preserve performance through the market cycle.

Conclusion

We are moving toward 2026 at a time when short-term softness sits beside long-term pressure for higher commodity demand. Slowing global growth and pockets of oversupply are weighing on several markets today. At the same time, metal demand is rising due to electrification, data infrastructure, and automation. These forces are running on different clocks creating an uncertain and volatile landscape for investors to navigate.

Agriculture continues to move to its own rhythm. Grain markets remain less tied to the broader economic cycle and less sensitive to shifts in policy. Their low correlations to equities and fixed income have been historically consistent across past periods of market stress. That history supports a steady approach to agricultural exposure.

Industrial metals are at the front end of a long demand expansion. Copper, aluminum, and several specialty metals sit inside every buildout of data capacity, advanced manufacturing, and electrified transport. These needs persist even when growth slows. They resemble earlier periods when fixed loads rose as new systems were built, such as the grid expansions of the late twentieth century.

These factors place 2026 in a pivotal position for commodity allocation. Investors face a mix of cyclical caution and long-term opportunity. Dispersion across sectors is likely to remain wide, similar to the pattern seen after 2020 when energy, agriculture, and metals moved on separate paths.

We will expand on these points in our forthcoming work on The Great Acceleration. That paper will examine the speed of technological, geopolitical, and industrial change that is reshaping commodity demand across sectors.

Nothing presented herein is intended to constitute investment advice and no investment decision should be made solely based on this information. Nothing presented should be construed as a recommendation to purchase or sell a particular type of security or follow any investment technique or strategy. Information presented herein reflects Teucrium's views at a particular time. Such views are subject to change at any point and Teucrium shall not be obligated to provide any notice. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary. Teucrium has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made.

Past performance does not guarantee future results.

The S&P 500 Index is an unmanaged index of large capitalization common stocks.

The Bloomberg Commodity Index is a broadly diversified index composed of commodities traded on U.S. exchanges, with the exception of aluminum, nickel and zinc, which trade on the London Metal Exchange (LME).

The consumer price index (CPI) is a measure that tracks the average change over time in the prices paid by consumers for a selected basket of goods and services.

The purchasing managers' index (PMI) is a survey-based indicator that measures the economic health of the manufacturing or services sector by tracking whether business conditions are improving, staying the same, or declining.

The Teucrium Agriculture Fund Index tracks the performance of a diversified basket of agricultural commodity futures—such as corn, wheat, soybeans, and sugar—to provide broad exposure to the agriculture sector.

The Teucrium Sugar Index ("TCANE"), which is a weighted average of the daily changes in the closing settlement prices for three futures contracts for No. 11 sugar ("Sugar Futures Contracts") that are traded on the ICE Futures US ("ICE Futures"), specifically (1) the second-to-expire ICE No. 11 Sugar Futures Contract, weighted 35%, (2) the third-to-expire ICE No. 11 Sugar Futures Contract, weighted 30%, and (3) the ICE No. 11 Sugar Futures Contract expiring in the March following the expiration of the third-to expire contract, weighted 35%.

The Teucrium Corn Index ("TCORN"), which is a weighted average of the daily changes in the closing settlement prices for three futures contracts for corn ("Corn Futures Contracts") that are traded on the Chicago Board of Trade ("CBOT"), specifically (1) the second-to-expire CBOT Corn Futures Contract, weighted 35%, (2) the third-to-expire CBOT Corn Futures Contract, weighted 30%, and (3) the CBOT Corn Futures Contract expiring in the December following the expiration of the third-to expire contract, weighted 35%.

The Teucrium Soybean Index ("TSOYB"), which is a weighted average of the daily changes in the closing settlement prices for three futures contracts for soybeans ("Soybean Futures Contracts") that are traded on the Chicago Board of Trade ("CBOT"), specifically (1) the second-to-expire CBOT Soybean Futures Contract, weighted 35%, (2) the third-to-expire CBOT Soybean Futures Contract, weighted 30%, and (3) the CBOT Soybean Futures Contract expiring in the November following the expiration of the third-to expire contract, weighted 35%.

The Teucrium Wheat Index ("TWEAT"), which is a weighted average of the daily changes in the closing settlement prices for three futures contracts for wheat ("Wheat Futures Contracts") that are traded on the Chicago Board of Trade ("CBOT"), specifically (1) the second-to-expire CBOT Wheat Futures Contract, weighted 35%, (2) the third-to-expire CBOT Wheat Futures Contract, weighted 30%, and (3) the CBOT Wheat Futures Contract expiring in the December following the expiration of the third-to expire contract, weighted 35%.

Indexes are unmanaged and not available for direct investment.

Teucrium Investment Advisors, LLC

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