

PLAINSCAPITAL BANK

COMMODITY HIGHLIGHTS



Commodities Commentary
July 2025

By Kathy Robertson, RPL, CMM, and Larry Smith

Executive Summary

- WTI oil prices have held in the mid-\$60s, while Brent oil prices have pushed up to the upper-\$60s.
- Henry Hub Natural Gas has also hovered at \$3.50 per MCF.
- The U.S. rig count continued decreasing to 537.
- The U.S. remains the largest oil consumer.
- China's demand may be peaking.
- India is showing a strong consumption surge, jumping 3.1% YOY.
- Global oil production hit a record of 96.6MM B/D.
- Record U.S. production may be close to a plateau.
- Silver and Gold over 25% YTD.
- Silver is at a strong technical level above a 13-year high.
- Silver is rallying as a precious and industrial metal.
- Strong copper demand is pulling silver higher.
- Tariff fears frontload demand.

Dedicated Oil & Gas Services

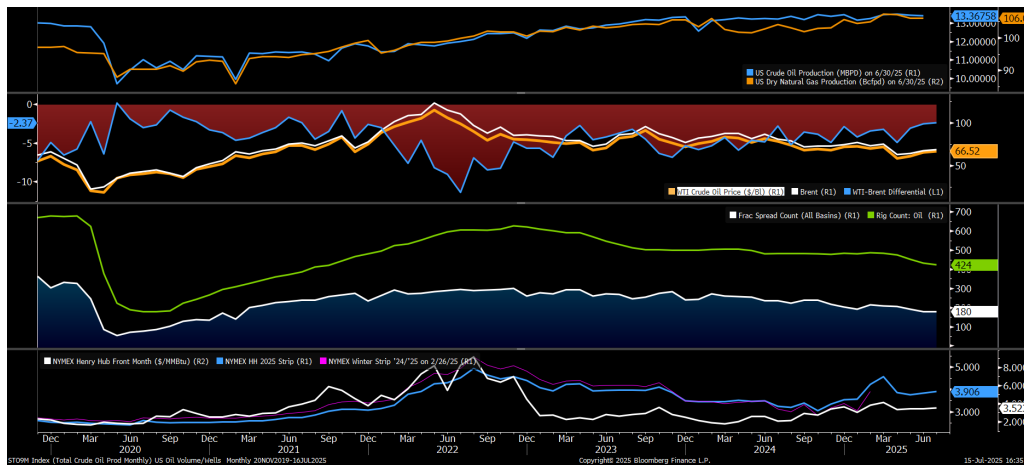
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Oil and Gas Highlights

West Texas Intermediate is sitting at \$66.67 per barrel, while Brent Crude is now priced at \$69.02 per barrel. Natural Gas is \$3.5 MCF. The rig count stands at 537 this week, and the frac count has dropped to 180.

The U.S. remains the world's largest oil consumer, accounting for 18.7% of global demand. Daily consumption in the U.S. fell slightly in 2023, but over the past decade, it increased by 0.5% per year on average.

China was the world's second-largest oil consumer, accounting for 16.1% of global demand. Its daily consumption fell 1.2% to 16.4 million barrels per day (bpd) in 2024. This decline marks a significant departure from the average 4% annual gain over the past decade, indicating that China's oil demand may be showing signs of plateauing. With economic growth slowing and a push toward the electrification of transportation underway, some analysts speculate that China may be approaching its long-term peak in oil demand.



Meanwhile, India's oil consumption continues to surge, jumping 3.1% year-over-year to 5.6 million bpd. The nation's economic expansion and rising middle class continue to drive growth, putting India on track to become the third-largest oil consumer globally within a few years. On the production side, global oil output (including natural gas liquids and other liquids) hit a record 96.9 million barrels per day. That's 1.8 million barrels more than the pre-pandemic peak, and about 9% higher than the lows seen during the COVID-19 downturn. On the surface, it's a story of resilience and recovery. But dig a little deeper, and the numbers reveal a more complicated picture.

The United States remains the world's leading oil producer, producing a total of 20.1 million barrels per day. However, that headline figure includes a sizable share of natural gas liquids – byproducts like ethane and propane that aren't typically used directly as transportation fuels but may serve as refinery feedstock. Strip those out, and U.S. production of crude oil and condensate – the type of output most analysts consider "true oil" comes in at 13.2 million barrels per day. Although this was yet another production record, the 2% increase from 2023 was less than half the 4.2% average annual gain over the previous decade, which could be an indication that U.S. production is close to a plateau.

Critical points for oil and gas:

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Hi-Yo Silver, Away!

Silver has surpassed gold's YTD gains as both are trading up over 25%.

Last week, silver broke through the \$38 level, taking out a 13-year high. Silver prices followed lockstep with gold prices for the first quarter of the year, but started to lag after Trump announced his trade war. However, silver surged at the beginning of June and solidly pushed through the \$37 resistance level in the second week of July. The incredibly strong technical indicators are joined with solid fundamentals as well. Since silver serves as both an industrial metal and a quasi-monetary asset, prices are being buoyed by both copper and gold this year.

Chart: YTD performance of gold (yellow line) and silver (silver line)



Analysts believe that silver will be pulled higher by copper demand/prices. According to Kitco News, “A mad rush to bring copper into the U.S. has driven the premium between Comex and the London Metals Exchange to an unprecedented high. Although copper futures have pulled back slightly from mid-week highs, they are still on track to close the week (July 11) at a record high.”

Not only are tariffs a concern between the U.S. and the E.U., but now Mexico, the largest producer of silver and the primary supplier to the U.S., is threatened with a 30% tariff, which could force future demand to buy. Priyanka Sachdeva, an analyst at Phillip Nova Pte Ltd, makes the point that “Silver demand is currently benefiting from the threat of trade wars and bullion being way out of reach for many.”

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