PLAINSCAPITAL BANK

COMMODITY HIGHLIGHTS

Commodities Commentary
November 2025

By Kathy Robertson, RPL, CMM, Larry Smith, and Andrew Cunningham, CFA, CMT

Executive Summary

- WTI trades near $60, Brent is at $63, and natural gas stands at $4.55 per MCF.
- Oil and gas production increases despite falling rig counts, thanks to efficiency improvements and better designs.
- Permian Resources grew Q3 output by 6% and increased 2025 oil guidance by 3 million barrels.
- Energy Transfer’s $5.3 billion Desert Southwest pipeline will increase capacity by 1.5 Bcf/day by late 2029.
- OPEC+ probably maintains small production boosts despite oversupply worries and soft demand outlooks.
- Gold exceeded $4,100 and silver topped $52 in October amid shortages and uncertainty.
- The London bullion market experiences heavy pressure from decreasing inventories and rising lease rates.
- Silver spot prices in London are trading at premiums, prompting transatlantic shipments from COMEX.
- Gold rises from central bank purchases and rate cuts; silver gains from industrial demand.
- Structural supply issues reveal global bullion vulnerability and increasing investor interest in hard assets.
- Bitcoin sentiment stays weak despite historically strong Q4 seasonality.
- Liquidity stress causes outflows in high-yield credit and private asset classes.
- Gold ETF inflows have exceeded Bitcoin since July, reversing the previous Bitcoin dominance.
- Bitcoin’s volatility and leverage account for performance differences compared to gold.
- Falling mempool fees indicate low network activity and a negative short-term outlook.

Dedicated Oil & Gas Services

Kathy Robertson, RPL, CMM
Manager, Oil & Gas Property Operations
817.255.4955 |
Kathy.Robertson@plainscapital.com
Fort Worth

Dedicated Investment Team

Andrew Cunningham, CFA®, CMT®, ChFC®
Chief Investment Officer
512.457.7534 | andrew.cunningham@plainscapital.com
Central Texas

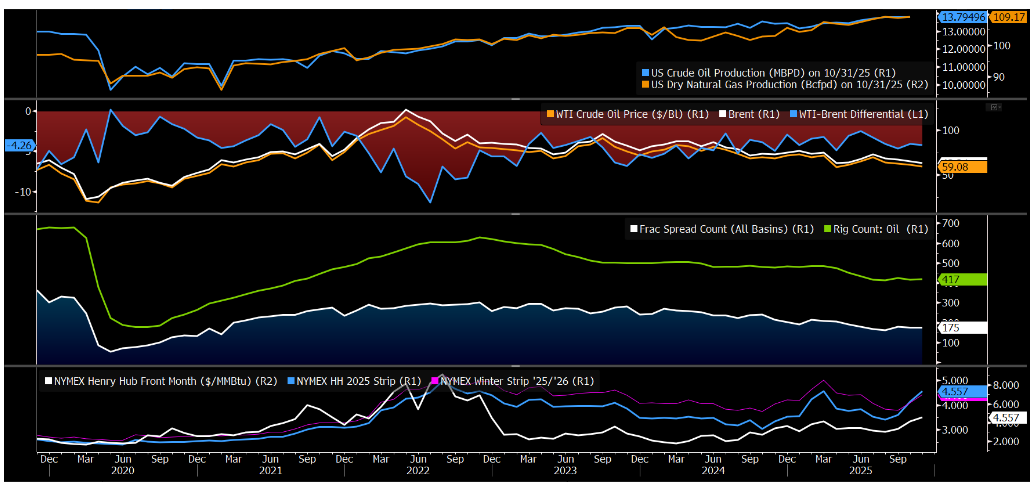
Larry Smith
Senior Portfolio Manager
806.791.7256 | larry.smith@plainscapital.com
West Texas

Oil and Gas Highlights

The current West Texas Intermediate Crude price is around $60, Brent Crude is at $63, and Natural Gas is at $4.55 per MCF.

According to the U.S. Energy Information Administration (EIA), although oil and gas-directed rig counts have decreased significantly since December 2022, production continues to increase. Operators are drilling more efficiently. Improved well designs, longer laterals, and faster cycle times are helping maintain output despite fewer rigs. However, rig count is declining. Some analyses indicate that rig reductions could surpass productivity gains if the trend persists. One major producer, Permian Resources Corporation, reported Q3 2025 results: Oil production averaged 186,900 barrels per day, up 6% quarter over quarter. It raised its full-year 2025 oil guidance by 3 million barrels per day to 181 million barrels per day.

In recent developments, Transwestern Pipeline Company, LLC, a subsidiary of Energy Transfer, is working to launch a major pipeline expansion project called "Desert Southwest." This project involves a new large-diameter pipeline, compression, and metering facilities capable of transporting at least 1.5 billion cubic feet of natural gas daily from various receipt points in the Permian Basin to existing and new delivery points in New Mexico and Arizona. The Desert Southwest pipeline expansion includes 516 miles of 42-inch pipeline and nine compressor stations across Arizona, New Mexico, and Texas. The project is expected to be operational by the fourth quarter of 2029, with an estimated cost of approximately $5.3 billion.



Sources say OPEC+ will probably continue its production increase next year, regardless of where prices are headed, according to traders who believe the expected oversupply of crude won't be significant enough to stop OPEC+ from raising output. Bloomberg surveyed 25 traders and analysts on various aspects and found that 67% expected OPEC+ to keep increasing production next year. In contrast, the rest expected the group to pause or reverse the increase. OPEC+ has been increasing output after two years of cuts, as international oil prices remain low due to rising non-OPEC supply and forecasts of weakening demand. The group, however, agreed at its last monthly meeting to hold back on adding more production in early 2026, which the market saw as an acknowledgment of oversupply. Next month, OPEC+ will only add a modest 137,000 bpd to its total production.

Critical points for oil and gas:

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Commodity Highlights

Gold and silver prices reached historic highs in October 2025, fueled by a combination of macroeconomic uncertainty, investor demand, and severe physical shortages—especially in London. Gold exceeded $4,100 per ounce, while silver jumped past $52, marking its highest level since the Hunt Brothers' squeeze in 1980.

The London bullion market, traditionally the global center for physical silver trading, is facing unprecedented strain. A strong short squeeze has developed, driven by shrinking inventories, rising lease rates, and a rush for deliverable metal. Lease rates for silver have soared to over 100% annually, and the available inventory in London vaults has fallen by nearly 75% since 2019.

Chart: Spot Gold and Silver (Source: Bloomberg)

This shortage has driven a significant premium in London spot prices—up to $3 per ounce above COMEX futures—leading traders to book transatlantic cargo flights to move silver from New York to London. The squeeze worsens due to rising industrial and investment demand, especially from India, where imports increased earlier this year.

Central bank purchases and global uncertainty support gold's rally, while silver's dual role as a monetary and industrial asset has boosted its gains. The dysfunction in London's market indicates deeper structural problems, and unless inventories rebound, prices could keep rising.

This episode highlights the vulnerability of global bullion supply chains and the increasing investor interest in hard assets.

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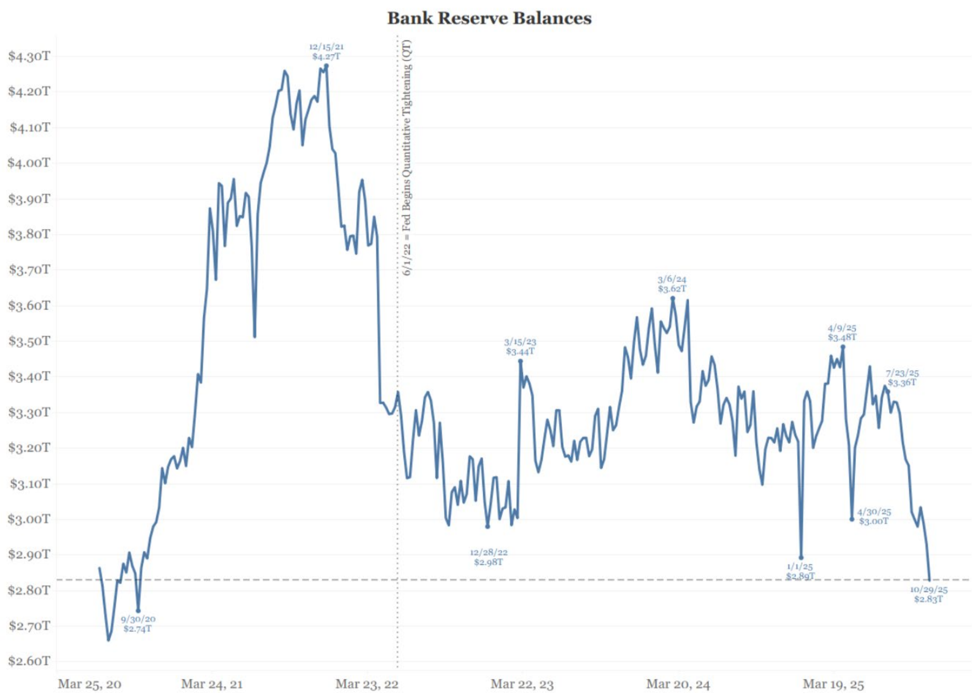
Crypto Highlights

Despite the historic bullish seasonality of October and the fourth quarter, Bitcoin sentiment is currently about as cheerful as a Monday morning in a haunted house. In this update, we explore what's behind the price drop, analyze the dynamics of Bitcoin versus gold, and examine what is happening at a fundamental level in the blockchain to better understand Bitcoin's fundamentals beyond just speculative greed and fear.

Outflows from Bitcoin ETFs are accelerating, but loan-related products below investment grade are also on the outflow list. Credit has faced a few shocks in 2025, but a prolonged liquidity squeeze could lead to further outflows and discounts in high-yield bonds. Publicly traded private asset manager equities also remain under pressure. Generally, these asset classes are being negatively impacted by liquidity constraints and the banking sector's inability to grow its balance sheets due to reserves becoming too low. Bank reserves have been declining since the Fed began Quantitative Tightening (QT), and since the last FOMC meeting, signs of funding stress have been reported in the WSJ and other financial outlets. A bank's inability to expand its balance sheet, for example, by extending credit, is central to the liquidity cycle and, by extension, impacts the price cycles of high-yield bonds, private equity, and illiquid assets, and bitcoin.



Has Bitcoin lost its luster as "digital gold"? Since Bitcoin funds were launched, Bitcoin ETF contributions have exceeded those of gold by about $15 billion. Critically, inflows to gold ETFs and Bitcoin ETFs tend to occur in opposing cycles. Because the flows to both are positive, it cannot be solely attributed to fund switching. According to flows, gold is ahead of Bitcoin, but only at the

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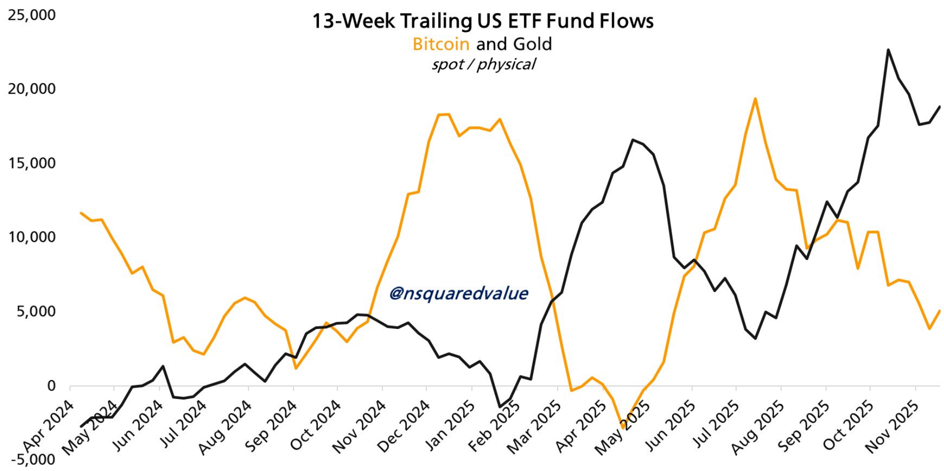
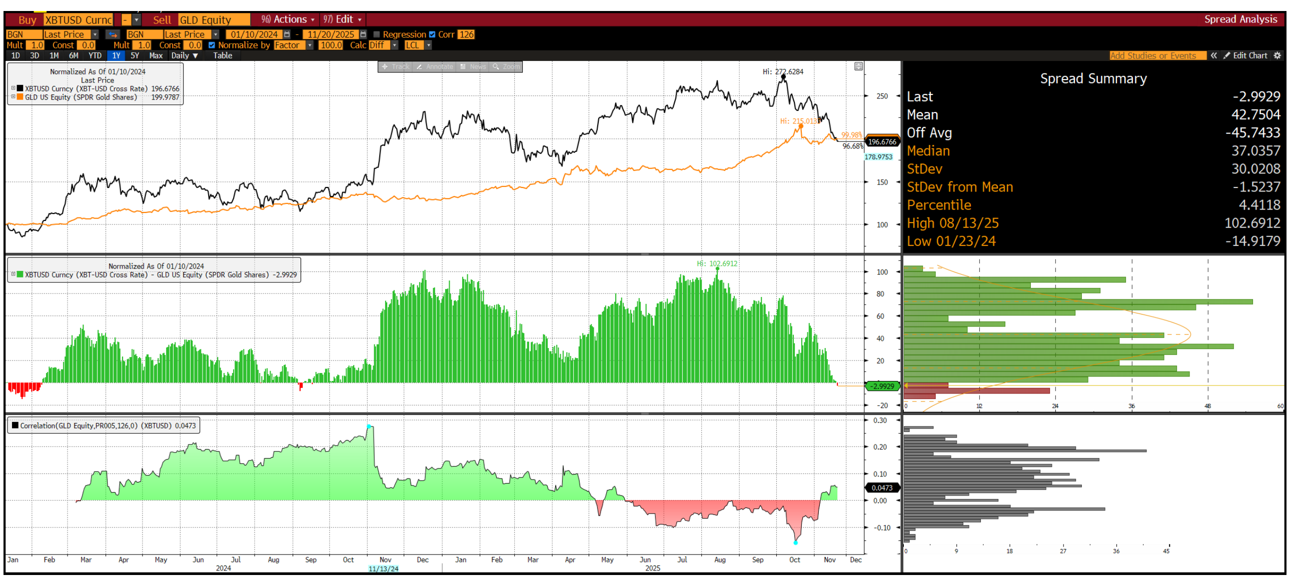
moment and only since July, according to Tim Peterson, CFA, owner and founder of Cane Digital Research.



Since the launch of the Fidelity Bitcoin ETF (FBTC), Bitcoin's performance has outpaced the SPDR Gold ETF (GLD), as shown in the top chart below, with Bitcoin in black and Gold in amber, for a hypothetical $100 investment made at the inception of FBTC on 01/10/2024. Variations, shown in the middle chart, can be linked to Bitcoin's higher volatility—due to a fixed short-term supply—and to leverage. In contrast, few investors leverage their gold, as most are buy-and-hold institutions and sovereign funds. Essentially, differences in fund flow cycles, liquidity, interest rate sensitivity, and investor preferences—such as a tendency to use leverage—explain the deviations between the two over time. The positive correlation between bitcoin and gold only briefly turned negative in June of this year, as gold began its parabolic bullish ascent, and it has since returned to positive, as gold has started to consolidate in November.



Fundamentally, the short-term outlook for Bitcoin tilts negative, as indicated by declining network activity metrics. So far, mempool fees have dropped significantly. Think of mempool fees as a waiting area for on-chain transactions before they are confirmed. When transaction demand exceeds supply, miners can charge higher fees, and fees spike. When demand decreases, fees fall. Bitcoin does not produce cash flows or dividends; its long-term value relies on network usage, adoption, and liquidity (the interest rate connection). Mempool fees reflect network activity rather than speculation and are an essential metric for valuing a blockchain protocol. In sum, they help support a case for a price bottom. Fundamental signs of a buyable low would be ETF flow reversal and an increase in mempool fees.