PLAINSCAPITAL BANK

COMMODITY HIGHLIGHTS

Commodities Commentary
December 2025

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

Executive Summary

- Global crude oil prices decline despite robust Permian output growth.
- Rising inventories and decreasing geopolitical risks are putting downward pressure on oil prices.
- Increased global production outweighs sanctions and disruptions to Russian infrastructure.
- Production is expected to stay high through 2026 with steady growth.
- Major producers consolidate Permian assets to gain cost benefits and strengthen resources.
- Silver surges past $66 per ounce, setting an all-time high.
- Prices have increased by 125% compared to last year, significantly exceeding historical averages.
- Industrial demand is increasing in the solar, EVs, and electronics sectors.
- Investment inflows into silver ETFs increase amid macroeconomic uncertainty.
- Supply remains limited since 70% comes from byproduct mining sources.
- Technical indicators indicate overbought conditions, implying short-term pullbacks may occur.
- The long-term outlook stays bullish due to strong demand and limited supply.
- Bitcoin trades close to $79,000, down 36% from its 2025 high.
- Q4 seasonality reversed, making it the second-worst fourth quarter on record.
- Liquidity tightening and a strong dollar led to systemic repricing in Q4.
- ETF inflows indicate institutional confidence despite aggressive profit-taking.
- Technical breakdown below $90,000 triggered cascading liquidations and bearish sentiment.
- Historical patterns indicate recovery potential in early 2026 after post-tax selling. The long-term outlook remains positive, with an 85% chance of higher lows.

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

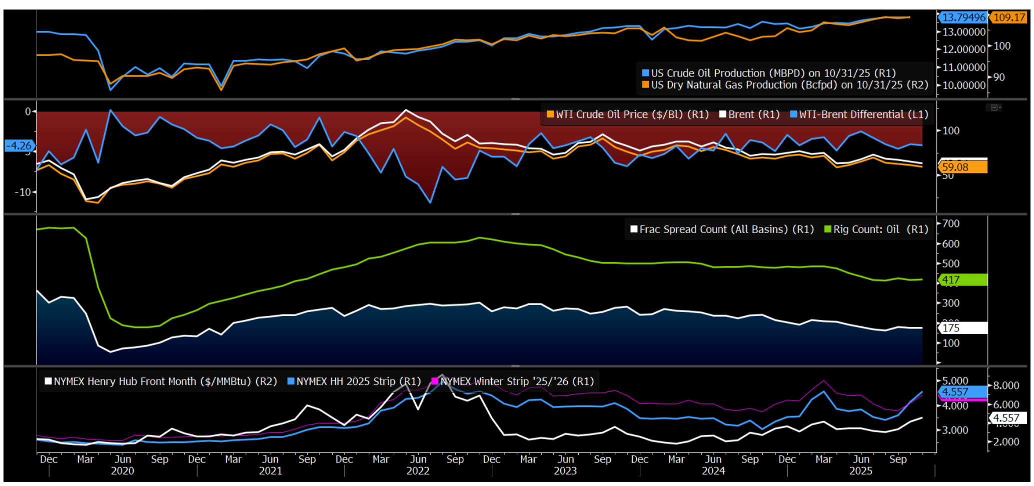
Oil and Gas Highlights

The current West Texas Intermediate Crude price is $55.27, Brent Crude is at $58.92, and Natural Gas is at $3.89 per MCF.

Despite strong Permian production, global crude prices have softened, with West Texas Intermediate (WTI) near multi-year lows, putting downward pressure on producer revenues. Rising inventories and easing geopolitical risk premiums are projected to exert further downward pressure on crude prices. In November, the average Brent crude oil spot price was $64/bbl, down $11/bbl from November 2024. The ongoing decline in crude oil prices is primarily driven by increasing production, which is outpacing the impact of rising drone attacks on Russia's oil infrastructure and the latest sanctions imposed on the country's oil sector.

The Permian Basin has achieved a record high in crude oil production, reaching about 6.76 million barrels per day—a historic peak for the region. It's producing nearly half of all U.S. oil and remains the primary driver of U.S. shale output. Even if growth slows after this peak, production is expected to stay elevated through 2026, indicating a move toward steady, industrial-scale production rather than rapid growth.

Operators continue drilling: several well permits have recently been issued across key counties in the basin, including horizontal wells targeting the Spraberry, Wolfcamp, and other formations. Activity indicators point to ongoing drilling with disciplined capital spending by major producers, rather than a broad increase in rig counts.



Permian Resources reported strong Q3 2025 operational results, raised production guidance, and improved cost efficiency – a sign that leading operators are adapting to lower oil prices with tighter capital management. Many producers are prioritizing capital discipline and cost reduction over aggressive growth, focusing on sustained free cash flow rather than maximizing volume at all costs.

Major players like ExxonMobil, Chevron, and ConocoPhillips have consolidated Permian assets and continue to focus investment in the basin due to its cost advantages and strong resource base.

Critical points for oil and gas:

- WTI crude trades at ~$55, near multi-year lows.
- Brent crude is ~$60; natural gas is ~$4 per MCF.
- Global crude oil prices decline despite robust Permian output growth.
- Rising inventories and decreasing geopolitical risks are putting downward pressure on oil prices.
- Brent averaged $64 in November, which is $11 less than last year.
- Increased global production outweighs sanctions and disruptions to Russian infrastructure.
- Permian Basin reaches a record high of 6.76 million barrels per day in output.
- Production is expected to stay high through 2026 with steady growth.
- Operators sustain drilling through disciplined capital spending and a focus on efficiency.
- Major producers consolidate Permian assets to gain cost benefits and strengthen resources.

Commodity Highlights

Silver has recently experienced an extraordinary rally, surpassing $66 per ounce—a new all-time high—as it continues to outpace gold and broader commodities. Silver has increased more than 125% year-over-year, significantly exceeding its historical averages. Several converging factors drive this rapid ascent.

On the demand side, industrial applications—especially in solar technology, electric vehicles, and electronics—are reaching new heights. Despite record-high prices, industrial offtake is expected to grow steadily. Meanwhile, investment interest has increased: silver-backed ETFs are attracting billions in inflows as investors seek inflation hedges and safe-haven assets amid macroeconomic uncertainty.

On the supply side, production is limited: about 70% of silver is a byproduct of other metals, making supply inelastic, while recycling and mining growth struggle to keep up, leading to a structural deficit in 2025. Exchange delivery shortages remain persistent, with reports indicating roughly 37 million ounces were withdrawn from COMEX vaults in recent weeks—a record drawdown.

Chart: Silver Logarithmic Scale - 10 (Source: Bloomberg)

The chart above shows a logarithmic silver chart with a trend channel since 1967. Today, the upper bound is approximately $80/oz. Parabolic price movements are historically hard to predict; however, significant corrections are common. This and other technical indicators show overbought conditions, indicating short-term pullbacks could occur. Nevertheless, the overall momentum remains strong—with persistent demand and limited supply supporting a bullish outlook into 2026.

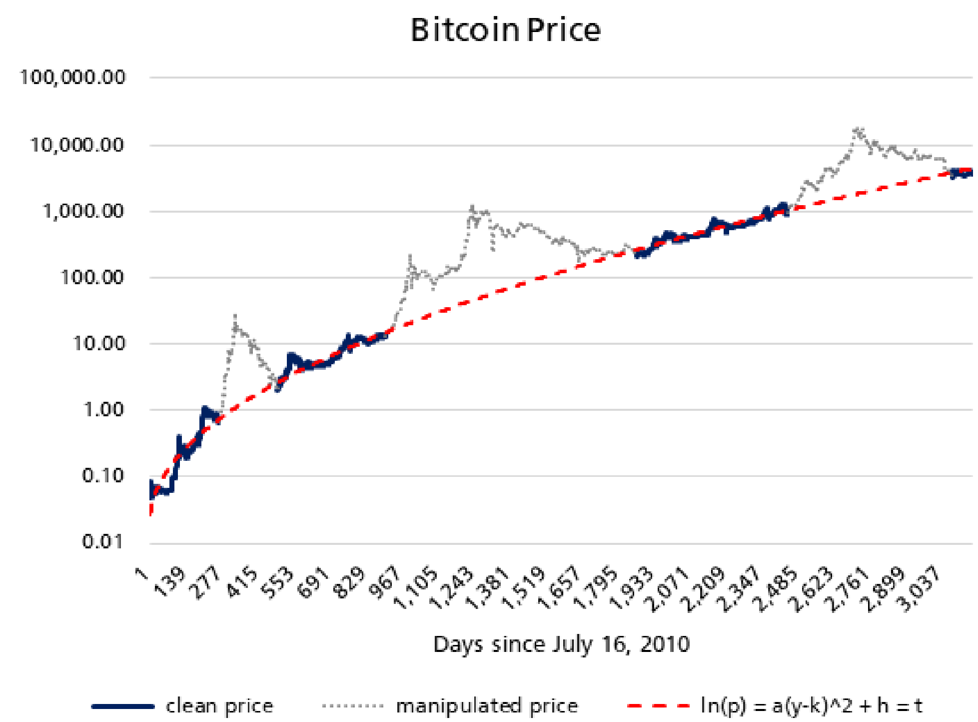
Critical Points for Commodities:

- Silver surges past $66 per ounce, setting an all-time high.
- Prices have increased by 125% compared to last year, significantly exceeding historical averages.
- Industrial demand is increasing in the solar, EVs, and electronics sectors.
- Investment inflows into silver ETFs increase amid macroeconomic uncertainty.
- Supply remains limited since 70% comes from byproduct mining sources.
- Recycling and mining growth lag behind, leading to a structural deficit in 2025.
- COMEX vault withdrawals reach 37 million ounces, a record decrease.
- Technical indicators indicate overbought conditions, implying short-term pullbacks may occur.
- The long-term outlook stays bullish due to strong demand and limited supply.
- Upper trend channel boundary near $80, signaling potential upside risk.

Crypto Highlights

Bitcoin has fallen about 36% from its 2025 peak near $125,000, dismissing typical fourth-quarter seasonality and testing support close to the 2025 low at $79,351. Correlations with 2022 price movements are unusually high (daily around 80%, monthly around 98%), highlighting a bear market pattern driven by tighter global liquidity, stronger real yields, and a stronger U.S. dollar. Leveraged futures liquidations, year-end tax-loss strategies, and capital shifts toward higher-beta altcoins intensified the sell-off. Meanwhile, ETF flows and institutional activity indicate that core adoption stays solid despite the volatility.

In the near term, the risk remains skewed toward choppy, headline-driven trading until the end of the year, with historical patterns suggesting a December dip and potential stabilization into the first quarter. Zipf-based seasonality indicates downside limits in the high $70,000s, with a probabilistic support level above $76,400. In the medium term, the chance that 2026's low exceeds 2025's low (approximately 85%) aligns with a maturing market structure, ongoing institutional accumulation, and potential policy easing. If tariffs decrease and the dollar weakens, exposure to macroeconomic factors could re-engage, supporting a rebound. However, liquidity shocks and mining-related supply pressures could delay the recovery. Judging from previous bear markets, the following model by Bitcoin Analyst Tim Peterson, founder of Cane Digital, points to firm support at current prices.



Critical Points for Crypto:

- Bitcoin trades close to $79,000, down 36% from its 2025 high.
- Q4 seasonality reversed, making it the second-worst fourth quarter on record.
- The correlation with the 2022 bear market exceeds 90% on a monthly basis.
- Liquidity tightening and a strong dollar led to systemic repricing in Q4.
- ETF inflows indicate institutional confidence despite aggressive profit-taking.
- Technical breakdown below $90,000 triggered cascading liquidations and bearish sentiment.
- Historical patterns indicate recovery potential in early 2026 after post-tax selling.
- The long-term outlook remains positive, with an 85% chance of higher lows.

Risks:

- Tightening liquidity and higher real yields.
- Persistent dollar strength and macro policy uncertainty.
- Derivatives-led to liquidations and volatility spikes.
- Mining sell-pressure and off-chain liquidity migration.

Opportunities:

- Institutional ETF inflows and balance-sheet adoption.
- Fed easing and weaker dollar tailwinds.
- Structural supply discipline and holder concentration.
- Re-rating on improving macro breadth and risk appetite.