

PLAINSCAPITAL BANK

COMMODITY HIGHLIGHTS



Commodities Commentary
June 2026

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

Executive Summary

- Oil prices are volatile due to Middle East tensions and supply fears.
- Brent ranged between \$102–\$115, settling near \$100.
- WTI peaked at near \$112, then dipped to around \$97, and stayed elevated.
- U.S.–Iran conflict key driver of spikes.
- Strong oil demand + falling inventories boosted prices.
- Aluminum production is not keeping pace with demand.
- Environmental policies and capacity caps restrict aluminum output growth from the world’s largest producer.
- Rising electricity prices are increasing aluminum production costs.
- Conflicts and supply chain issues are reducing the available aluminum supply.
- Expanding use in electric vehicles, renewable energy, and infrastructure continues to support aluminum consumption.
- Bitcoin is consolidating near key technical levels.
- Recent break below \$70K highlights fragile recovery.
- Historical four-year cycles indicate 2026 aligns with prior weaker periods.
- Past bear phases have often preceded stronger returns in subsequent years.

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

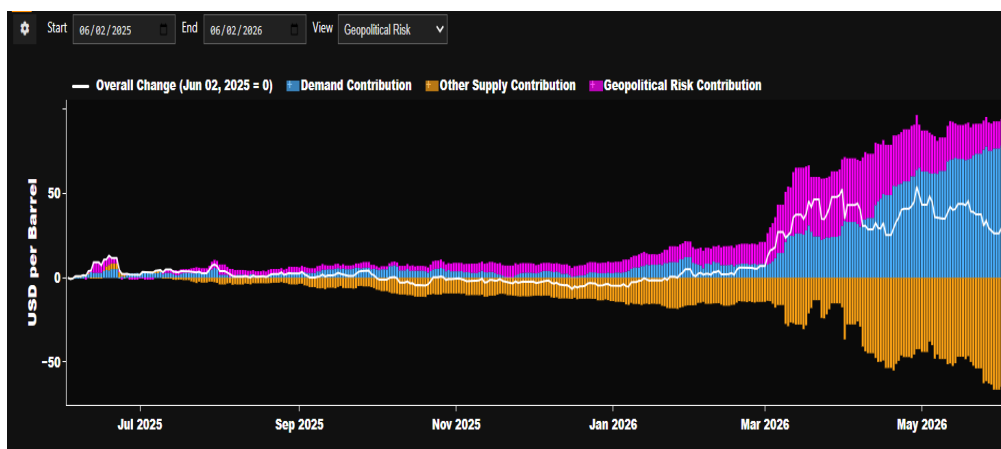
Andrew Cunningham, CFA®, CMT®, ChFC®
Chief Investment Officer
512.457.7534 | andrew.cunningham@plainscapital.com
Central Texas

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

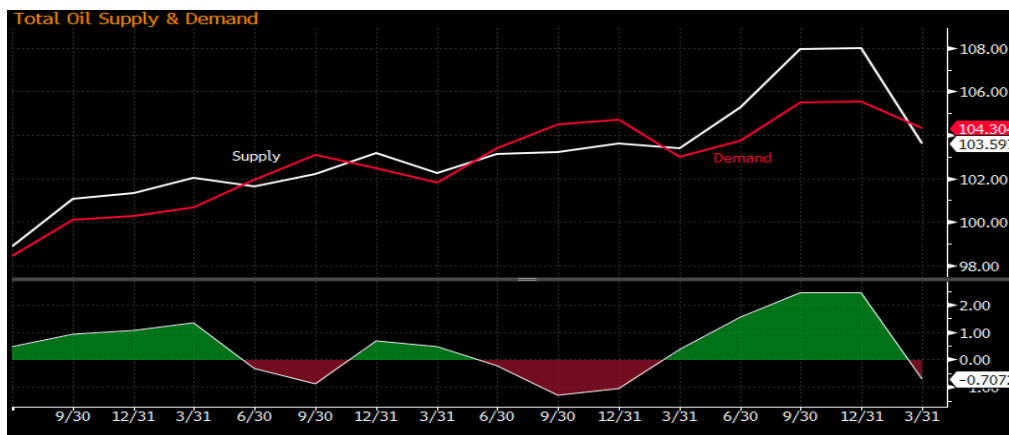
Oil and Gas Highlights

Global oil prices have been highly volatile over the past two weeks, driven largely by geopolitical tensions in the Middle East, concerns about supply disruptions, and declining crude inventories. Brent crude, the international oil benchmark, fluctuated between roughly \$102 and \$115 per barrel before stabilizing near \$100 by late May 2026. West Texas Intermediate traded above \$100 per barrel and, on May 12, rose to \$105.78 per barrel before climbing to \$112.25 by May 18.

WTI prices remained elevated throughout the following week. Reports from Reuters and CME Group indicated that oil markets were responding to uncertainty involving Iran and the United States, as well as concerns about shipping delays and falling inventories. By May 22, WTI crude traded near \$97 per barrel as optimism emerged about possible diplomatic progress between the U.S. and Iran. However, prices quickly became unstable again after renewed military strikes in the region.



The primary driver of recent price movements has been the escalating conflict between Iran and the United States near the Strait of Hormuz. Another important reason for rising prices has been strong demand and falling inventories. According to the U.S. Energy Information Administration (EIA), U.S. crude oil inventories fell by nearly 8 million barrels last week, exceeding analysts' expectations. Gasoline inventories also declined as fuel demand increased ahead of the summer driving season.



Critical points for oil and gas:

- Oil prices are volatile from Middle East tensions and supply fears.
- Brent ranged between \$102–\$115, settling near \$100.
- WTI peaked near \$112, then dipped to around \$97, and stayed elevated.
- U.S.–Iran conflict key driver of spikes.
- Strong oil demand + falling inventories boosted prices.

Commodity Highlights

Aluminum prices are elevated in 2026 due to structural supply constraints, rising production costs, strong demand growth, and geopolitical disruptions. Unlike previous commodity cycles, in which higher prices quickly spurred new supply, today's aluminum market is far less flexible, resulting in sustained upward pressure.

A key driver is tight global supply. The market has shifted into deficit, with production struggling to keep pace with consumption. China, which dominates global aluminum output, has imposed a production cap and stricter environmental regulations, limiting further expansion. These policies prevent rapid increases in supply even when prices rise, creating a structurally constrained market.

Energy costs remain high, significantly affecting aluminum production. Smelting aluminum requires large amounts of electricity, making producers highly sensitive to power prices. Recent increases in energy costs across Europe, Asia, and North America have forced some smelters to cut output or pass higher costs on to buyers. These factors have pushed up the global baseline price of aluminum.

Aluminum, 3-Month LME Contract, Source: Bloomberg



Geopolitical tensions have further tightened supply. Conflicts in key producing regions, particularly in the Middle East, have disrupted smelters and shipping routes, thereby reducing supply in global markets. These disruptions create price volatility and exacerbate existing shortages.

Meanwhile, demand continues to grow steadily. Aluminum is essential across industries, including electric vehicles, renewable energy, construction, and aerospace. The global push toward electrification and lightweight materials has increased consumption, further tightening already tight supply conditions.

Critical Points for Commodities:

- Cattle supplies are at multi-decade lows after prolonged drought and herd liquidation.
- Beef demand has held firm despite record-high prices.
- Elevated feed, labor, and financing costs are pushing break-evens higher.
- Exports continue to support prices, though volatility remains.
- Slow herd rebuilding points to sustained high prices.

Crypto Highlights

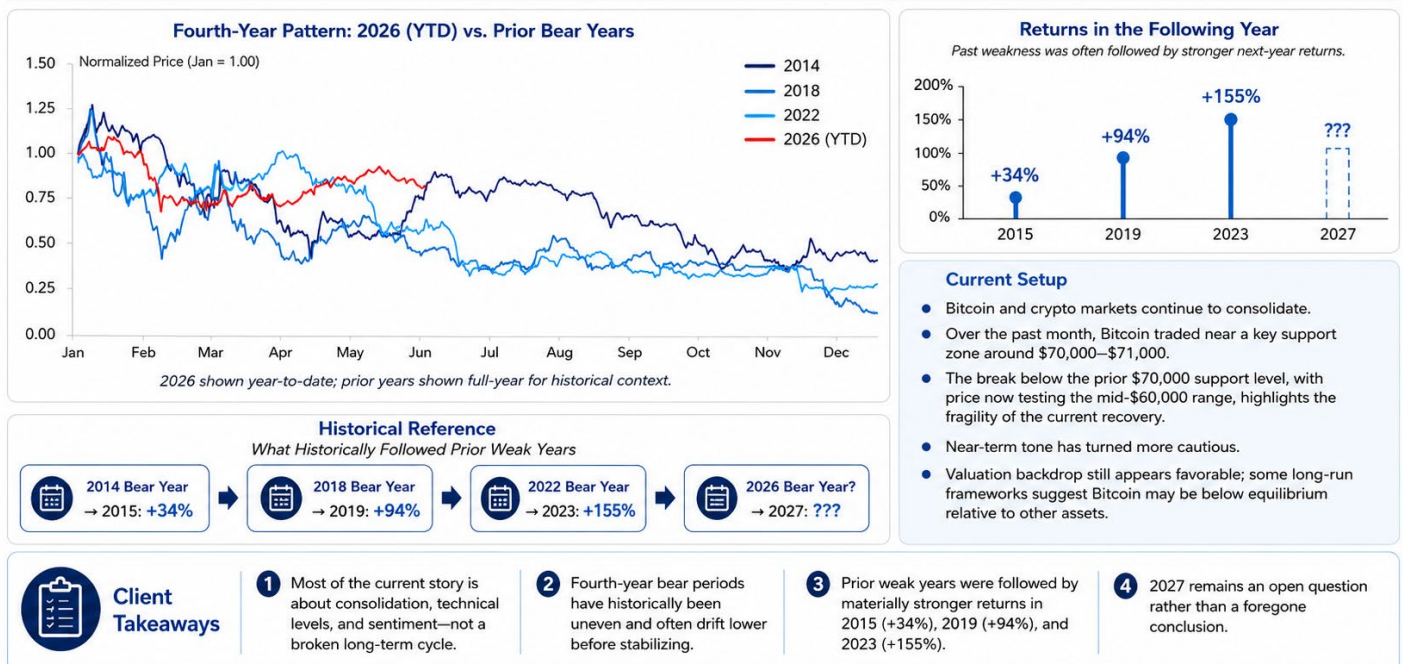
Bitcoin and crypto markets continue to consolidate, with attention on key technical and psychological levels. Over the past month, Bitcoin has traded near a crucial support zone around \$70,000–\$71,000. Valuations look favorable; some argue Bitcoin is below its long-term equilibrium relative to other assets. The recent break below the previously established \$70,000 support level, with prices now testing the mid-\$60,000 range, underscores the fragility of the current recovery and has reintroduced a more cautious near-term tone. Historically, Bitcoin has shown weaker price action every four years, and 2026 appears to follow that pattern, though the trajectory remains uncertain. Past “bear years” have often been uneven, drifting lower over time, even as longer-term cycles remain intact. Importantly, prior periods of weakness have been followed by meaningfully stronger returns in subsequent years, as seen in the acceleration of gains in 2015, 2019, and 2023. While current price action reflects short-term pressure and a potential extension of seasonal or cyclical weakness, it also fits within a broader historical framework in which periods of consolidation and decline have ultimately laid the foundation for future upside, leaving 2027 an open question rather than a foregone conclusion.

Critical Points for Crypto:

- Bitcoin is consolidating near key technical levels.
- Recent break below \$70K highlights fragile recovery.
- Historical four-year cycles indicate 2026 aligns with prior weaker periods.
- Past bear phases have often preceded stronger returns in subsequent years.

Bitcoin Consolidation in Historical Context

Near-term weakness fits a familiar four-year pattern—but history suggests the year that follows can matter more.



Sources: annual BTC closing-price data; historical pattern adapted from @nsquaredvalue.

Historical context is illustrative and not a forecast.

As interest in the asset class continues to broaden—and more investors encounter Bitcoin for the first time—it is helpful to step back from near-term price movements and revisit the foundational principles that underpin its long-term value and behavior. Understanding how the system is designed to function provides important context for interpreting current market conditions and the risks and opportunities they entail.

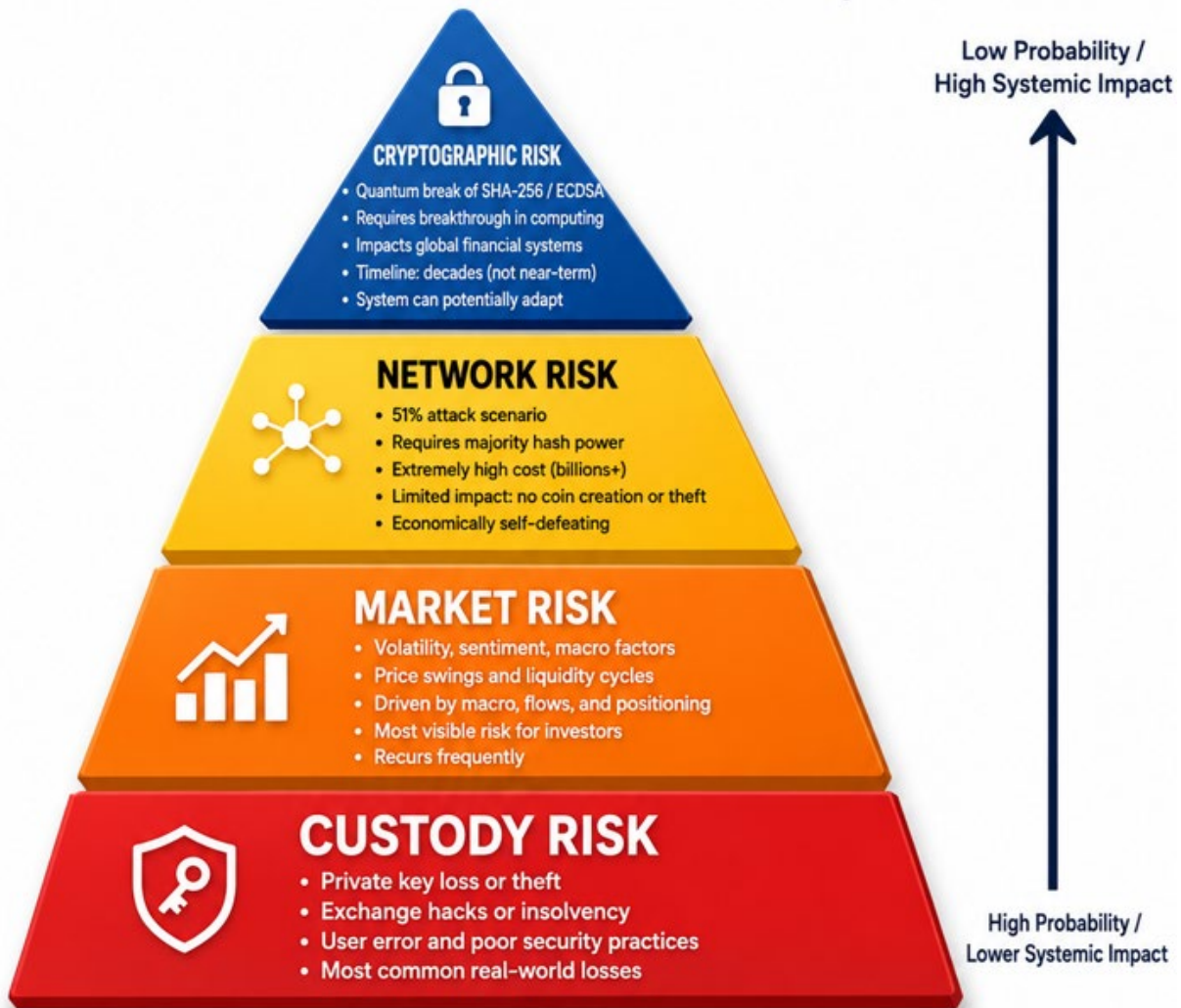
The data and commentary provided herein is for informational purposes only. No warranty is made with respect to any information provided. It is offered with the understanding that Hilltop Holdings Inc., PlainsCapital Corporation, Hilltop Securities and PlainsCapital Bank (collectively “PCB”) are not, hereby, rendering financial and/or investment advice, and use of the same does not create any relationship with PCB. This is neither an offer to sell nor a solicitation of an offer to buy any securities that may be described or referred to herein. PCB does not provide tax or legal advice. Please consult your own tax or legal advisor regarding your specific situation. Whether any of the information contained herein applies to a specific situation depends on the facts of that particular situation. Investment and estate planning and management decisions may have significant financial consequences and should be made only after consulting with professionals qualified to offer legal, accounting and taxation advice. Neither this document nor any portion of its content’s supplements, amends or modifies any account agreement with PCB. Unless otherwise noted:
 *All economic release data referenced from public sources believed to be accurate *The source of data for all charts/graphs included in this presentation is Bloomberg LP. *Figures quoted represent monthly changes (m/m) and are seasonally adjusted

These market dynamics are underpinned by a broader framework grounded in Bitcoin’s design and purpose. Bitcoin was created as a peer-to-peer system for transferring value without reliance on centralized intermediaries, using cryptographic verification rather than institutional trust. Transactions are recorded on a shared ledger, and participants collectively maintain a consistent record through proof-of-work. This mechanism requires computational effort to validate transactions and rewards participants for contributing to network security, thereby aligning incentives to promote honest behavior and system integrity.

Security is reinforced by both economic and technical constraints. A commonly discussed risk is a “51% attack,” in which an entity controls a majority of the network’s computing power. While this could allow limited actions, such as reversing recent transactions or delaying processing, it does not enable the creation of new coins or the theft of other users' coins. More importantly, such an attack would require extremely large, ongoing financial resources, making it economically impractical and self-defeating under normal conditions. The broader risk landscape is therefore often viewed as layered, with more immediate vulnerabilities tied to custody, user behavior, and market conditions rather than to the protocol itself.

Bitcoin Risk Hierarchy

Where vulnerabilities most realistically exist



The data and commentary provided herein is for informational purposes only. No warranty is made with respect to any information provided. It is offered with the understanding that Hilltop Holdings Inc., PlainsCapital Corporation, Hilltop Securities and PlainsCapital Bank (collectively "PCB") are not, hereby, rendering financial and/or investment advice, and use of the same does not create any relationship with PCB. This is neither an offer to sell nor a solicitation of an offer to buy any securities that may be described or referred to herein. PCB does not provide tax or legal advice. Please consult your own tax or legal advisor regarding your specific situation. Whether any of the information contained herein applies to a specific situation depends on the facts of that particular situation. Investment and estate planning and management decisions may have significant financial consequences and should be made only after consulting with professionals qualified to offer legal, accounting and taxation advice. Neither this document nor any portion of its content's supplements, amends or modifies any account agreement with PCB. Unless otherwise noted:

*All economic release data referenced from public sources believed to be accurate

*The source of data for all charts/graphs included in this presentation is Bloomberg LP.

*Figures quoted represent monthly changes (m/m) and are seasonally adjusted

Longer-term considerations include developments in computing, particularly quantum computing. While theoretical advances could eventually affect cryptographic security, current capabilities remain far below the scale needed to pose a near-term threat. Estimates suggest such risks may emerge over decades rather than years. Importantly, the system can evolve its underlying cryptography if necessary.