

PLAINSCAPITAL BANK

# COMMODITY HIGHLIGHTS



Commodities Commentary  
July 2026

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## Executive Summary

- Brent fell 4.83% to \$73.40/bbl, and WTI dropped 4.62% to \$70.27/bbl.
- U.S. crude inventories declined 6.1 million barrels to 412.1 million barrels, 7% below the five-year average.
- Gasoline inventories rose 2.1 million barrels, while gasoline production fell to 9.5 million bpd.
- Strait of Hormuz disruptions are driving countries to expand strategic oil reserves.
- New storage capacity will boost crude demand and could provide long-term support for oil prices.
- Venezuela's oil reforms offer limited near-term market impact.
- Restoring Venezuelan production requires substantial capital and time.
- Iran's renewed exports support global energy supply stability.
- Gold's weakness aligns with higher rates and dollar strength.
- Federal Reserve policy remains the primary market driver.
- Rising real yields continue to pressure gold prices.
- De-dollarization trends show little evidence of reversing.
- Market fundamentals outweigh theories of coordinated dollar reinforcement.
- Bitcoin fell about 18% in June, nearing \$58,600.
- Crypto markets underperformed despite resilient U.S. stock markets.
- Bitcoin ETF outflows exceeded \$4.1 billion during June.
- Bitcoin remains below the average ETF investor cost basis.
- Seasonal trends suggest June through September are historically weak.
- Strategy abandoned its long-standing commitment to never sell Bitcoin.
- Institutional selling increased, while some buyers viewed weakness positively.
- Bitcoin valuations remain historically low despite significant market declines.

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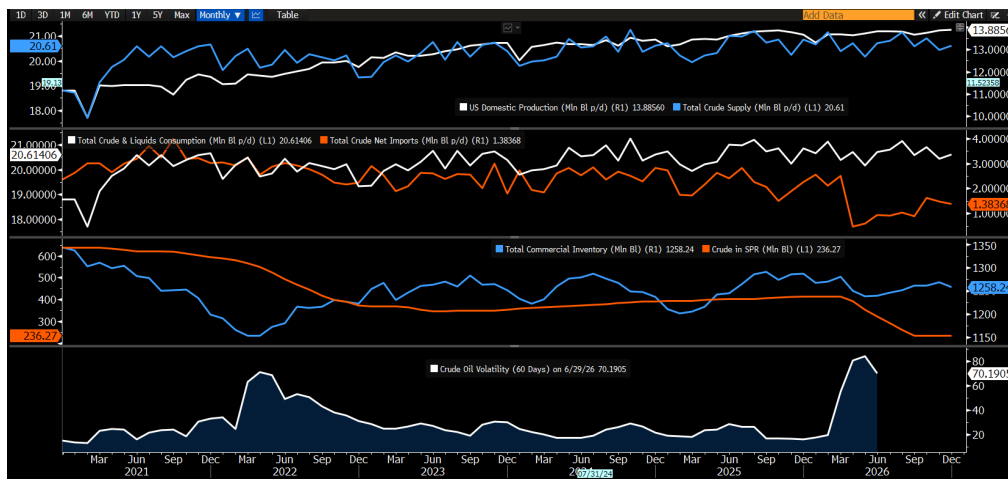
## Oil and Gas Highlights

Crude prices were lower, with Brent futures trading at \$73.40 per barrel – down 4.83% and nearly \$7 per barrel from this time last week. West Texas Intermediate was also trading down 4.62% at \$70.27.

Crude oil inventories in the United States decreased by 6.1 million barrels during the week ending June 19, according to new data from the U.S. Energy Information Administration (EIA). This decrease brings commercial stockpiles to 412.1 million barrels, down 7% from the five-year average for this time of year, according to government data.

For total motor gasoline, the EIA reported that inventories had increased by 2.1 million barrels, compared with the week prior's 9000,000 barrel dip. The most recent figures showed that average daily gasoline production decreased to 9.5 million barrels.

The closure of the Strait of Hormuz and the trading of more than 10 million barrels per day of crude oil in the Persian Gulf served as a wake-up call for import-dependent countries to expand their capacity to hold strategic and commercial reserves. Many countries, especially in the Asia-Pacific, are looking to build new reserve capacity to boost their energy security and never again be caught off guard by a massive supply disruption like the one triggered by the closure of the most important oil and LNG chokepoint.



Major oil producers are also considering expanding their global reserve sites to sell their crude if another flare-up closes the Strait. Expanded reserve capacity could help cushion the blow of the next supply shock, whenever it occurs, and soften the impact of a price spike in a future crisis. On the other hand, filling expanded capacity will require hundreds of millions of barrels of crude and fuel, creating additional demand in the near- to medium-term and putting a floor under oil prices.

### Critical points for oil and gas:

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- Gasoline inventories rose 2.1 million barrels, while gasoline production fell to 9.5 million bpd.
- Strait of Hormuz disruption concerns are driving countries to expand strategic oil reserves.
- New storage capacity will boost crude demand and could provide long-term support for oil prices.

## Commodity Highlights

Recent U.S. actions in Venezuela and Iran suggest efforts to reinforce the dollar's role in global energy markets. Supporters point to Venezuela's hydrocarbon reforms after Maduro's capture, the U.S.-Iran conflict disrupting energy flows, and declining gold prices since January. Expanded access to Venezuelan oil could boost dollar-based markets, while falling gold prices indicate reduced demand for alternatives to the dollar.

Gold hit a record \$5,595.47/oz on January 29, 2026, closing at \$4,008.02/oz on June 30—about 28% below its peak. Despite this decline, geopolitical risks remained high with ongoing U.S.-Iran conflict, Venezuelan unrest, and emerging-market stress, which usually boost safe-haven demand. This anomaly underpins the dollar-hegemony thesis, but evidence remains limited. These events are better explained by strategic, monetary, and energy market forces than by a coordinated effort to reshape the global monetary order.

1-Year Gold Price Chart: Source (Bloomberg)



Venezuela's National Assembly passed sweeping hydrocarbons reforms on January 29, 2026 — the same day gold reached its all-time high of \$5,595.47/oz — with the law signed by acting President Delcy Rodríguez the following day. The reforms open the country's oil sector to greater foreign investment, expand private-sector participation, and grant greater autonomy in production and sales, marking the most significant overhaul of Venezuela's hydrocarbons framework in more than two decades. Critically, this reform did not stem from an independent Venezuelan policy pivot: it followed the U.S. military operation that led to Maduro's capture and was implemented under a government explicitly aligned with U.S. economic plans.

Despite the significance of the legal reform, Venezuela's energy sector faces substantial operational and financial challenges. Restoring production capacity to historical peak levels is estimated to require more than \$100 billion in investment over many years. Major international operators have remained cautious: Exxon described Venezuela as "uninvestable" as recently as January, and Chevron's CEO

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- Restoring Venezuelan production requires substantial capital and time.
- Iran's renewed exports support global energy supply stability.
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- Federal Reserve policy remains the primary market driver.
- Rising real yields continue to pressure gold prices.
- De-dollarization trends show little evidence of reversing.
- Market fundamentals outweigh theories of coordinated dollar reinforcement.

stated in March that "more groundwork" is needed before large-scale investment commitments are viable. Although Venezuelan crude exports reached a seven-year high of 1.17 million barrels per day in June, much of this increase was supported by the release of floating storage accumulated before Maduro's capture, rather than by sustained gains in productive capacity. Furthermore, international traders, including Trafigura and Vitol, are actively marketing Venezuelan crude to Asian buyers — limiting the argument that these developments primarily strengthen Western, dollar-denominated energy markets.

The Iran dimension of the thesis is similarly difficult to sustain on the evidence. The U.S. conducted active military operations against Iran beginning in late February 2026, including strikes on Kharg Island and a naval blockade of the Strait of Hormuz that materially disrupted global oil flows. An interim peace agreement was signed on June 14, followed by a 60-day sanctions waiver issued on June 22 that explicitly permits Iran to sell crude and petroleum products, with payments accepted in multiple currencies. Iran has indicated its intention to maximize exports under the current framework and to sell oil to all countries except Israel.

The outcome has been a significant increase in global oil supply rather than its restriction: commercial shipping through the Strait of Hormuz has surged to more than 10 million barrels per day with U.S. military support, catching Tehran off guard and underscoring its now-limited ability to halt traffic through the corridor. Taken together, these developments appear more consistent with efforts to stabilize global energy supplies than with a strategy focused on consolidating dollar-denominated oil markets. Notably, during the conflict, portions of Hormuz transit fees were settled in yuan-denominated arrangements — a concrete example of dollar alternatives gaining traction precisely during the period the thesis claims dollar dominance was being reinforced.

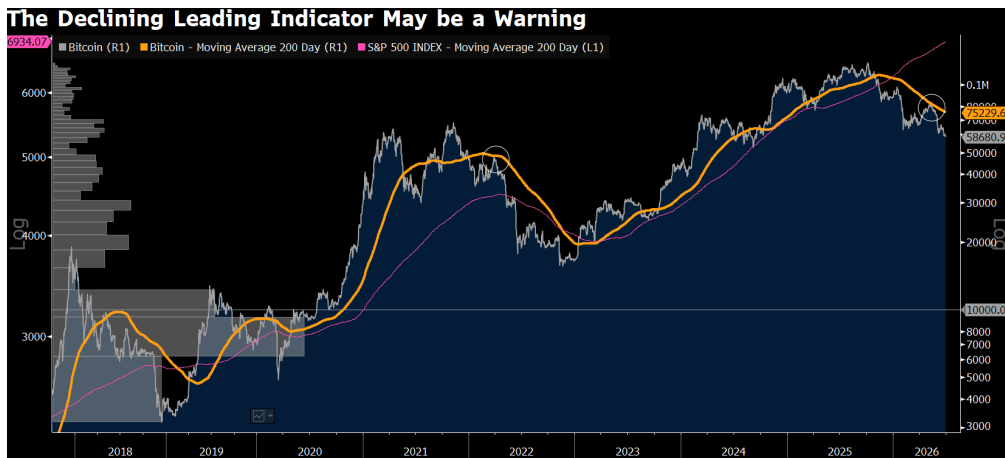
Developments in monetary policy offer a compelling explanation. The Federal Reserve, under Chair Kevin Warsh, has adopted a hawkish stance in H1 2026, with markets expecting further rate hikes. The 10-year U.S. real yield was 1.93% on July 1, providing a positive return and acting as a headwind for non-yielding assets like gold. The DXY strengthened in three of five months from February to June, with March and June seeing the largest gains (+2.4% and +2.3%), coinciding with significant declines in gold. Rising real yields and dollar appreciation are well-known headwinds for gold, making geopolitical factors unnecessary to explain its performance.

If U.S. actions in Venezuela and Iran had meaningfully reinforced dollar dominance, one would expect to see structural de-dollarization trends stall or reverse. The available evidence points in the opposite direction. A June 30 survey by the Official Monetary and Financial Institutions Forum found that emerging-market reserve managers plan to increase yuan allocations over the next 12–24 months and over the next decade. Utilization of People's Bank of China yuan swap lines reached a two-year high in Q1 2026. And, as noted above, yuan-denominated settlement arrangements emerged during the Hormuz transit during the Iran conflict. This development is directly at odds with the thesis that the conflict reinforced dollar-based energy markets. The U.S. dollar remains the dominant global reserve and transaction currency, but these trends indicate that structural diversification efforts have not materially reversed.

The theory linking U.S. actions in Venezuela and Iran to a deliberate effort to reinforce dollar dominance identifies a noteworthy sequence of events. Still, it does not establish a clear causal mechanism. A hawkish Federal Reserve, rising real yields, and a strengthening dollar provide a more conventional, evidence-based framework for understanding gold's performance in H1 2026. Capital requirements constrain the near-term impact on supply from Venezuelan oil, and the oil is flowing to non-Western buyers. The Iran peace deal has expanded global oil supply rather than restricting competing producers. De-dollarization trends have continued uninterrupted.

## Crypto Highlights

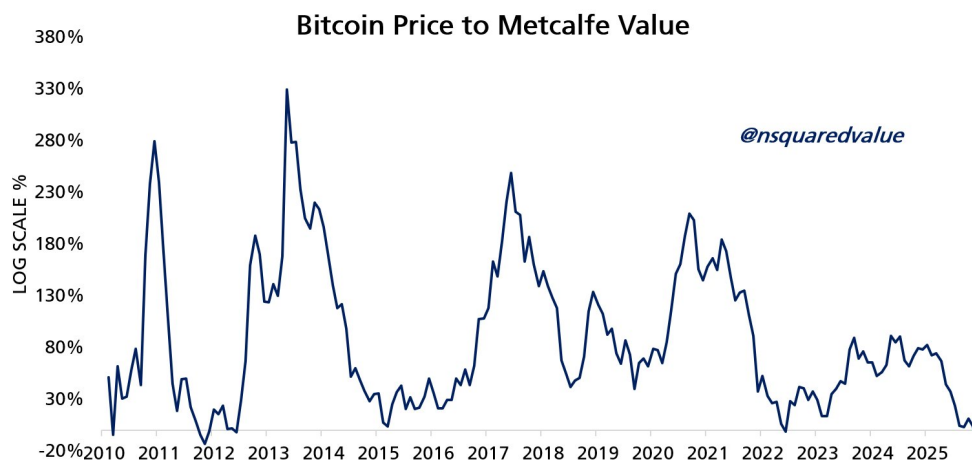
In June 2026, Bitcoin and crypto markets plunged, diverging from the resilient U.S. stock market. Bitcoin, which started near \$73,000, fell about 18% to \$58,600, more than 50% below its late 2025 high. It's on track for its worst first half since 2022. Altcoins such as Ethereum, XRP, Solana, and Dogecoin also declined more than 3% on the last day amid institutional sell-offs. A \$10 billion Bitcoin options expiry on Deribit on June 27, with mostly bullish bets expiring out of the money, added downward pressure.



U.S.-listed Bitcoin ETFs are seeing their worst month of outflows since January 2024, with more than \$4.1 billion withdrawn from 13 funds, led by BlackRock's IBIT. Since the October downturn, ETF flows have been negative, and Bitcoin remains below an estimated average ETF holder cost basis of \$82,500, adding pressure. Despite this, Bitcoin's valuation is among the lowest on record, and historical data suggest that weak 30-day performance often precedes stronger returns. Seasonality shows that June, August, and September are typically Bitcoin's weakest months, adding context to current volatility.

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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
10 Yr Avg	-1.06	15.21	.79	9.97	8.54	1.48	10.94	.47	-3.20	22.51	8.49	11.13
2025	8.96	-17.53	-2.13	14.75	10.84	2.64	8.26	-6.32	5.05	-4.55	-16.68	-3.87
2024	-.12	44.68	15.33	-15.49	12.96	-8.47	4.29	-8.68	8.19	9.65	38.47	-3.23
2023	38.76	.86	22.67	3.35	-7.60	12.07	-3.90	-10.93	4.07	27.99	8.95	12.60
2022	-17.04	8.37	9.87	-16.24	-17.08	-41.07	27.10	-15.17	-3.82	5.05	-16.18	-3.30
2021	12.43	38.79	30.30	-3.64	-35.42	-5.74	20.11	13.16	-7.60	40.38	-6.29	-18.91
2020	30.68	-7.71	-24.93	36.18	7.69	-3.77	24.04	2.93	-8.32	29.36	39.92	49.63
2019	-7.00	11.28	7.64	27.97	62.34	33.98	-11.99	-3.99	-14.39	11.51	-16.10	-7.16
2018	-29.06	5.78	-34.97	35.32	-18.70	-21.74	30.34	-8.39	-6.86	-3.95	-37.64	-6.52
2017	1.02	24.02	-9.89	26.18	68.59	9.47	15.35	64.25	-12.02	52.89	51.38	45.46
2016	-12.69	15.01	-3.93	9.19	14.63	27.51	-5.00	-9.43	5.87	15.87	5.85	28.09
2015	-27.63	10.97	-4.21	-3.10	-2.03	12.59	9.09	-19.07	2.86	36.39	16.58	14.68

A major development in this bear market cycle is the sharp decline in Strategy Inc.'s (formerly MicroStrategy) status as Bitcoin's largest corporate buyer. Strategy's market value has traded below the value of its Bitcoin holdings for much of the past seven months — a stark reversal from the premium it once commanded. On June 29, Strategy announced a major overhaul of its financing, granting itself broader authority to sell Bitcoin, repurchase securities, and maintain liquidity. The company said it may sell up to \$1.25 billion of Bitcoin and set up two \$1 billion repurchase programs. This effectively abandoned Michael Saylor's 'never sell Bitcoin' mantra. Strategy's shares fell 6% on June 30, erasing half of the previous day's gains as investor optimism waned. Several analysts lowered their price targets; TD Cowen cut its target to \$260 from \$400, keeping a Buy rating. Earlier in June, Strategy briefly bought 1,550 BTC for about \$101.3 million after a recent token sale that caused market turmoil. Meanwhile, Bitcoin treasury companies lost a combined \$62 billion in market value during the month's downturn.

Not all institutional activity was negative. Goldman Lampe Private Bank purchased approximately €120 million of Bitcoin on June 30, citing the market dip as an entry opportunity. This highlights the divergence between institutional sellers reducing exposure and opportunistic buyers stepping in at lower levels.

### Key Risks:

- Record ETF outflows in June (\$4.1B+), led by IBIT, with no clear reversal signal
- Strategy Inc.'s financing model overhaul introduces potential forced Bitcoin selling of up to \$1.25B
- Seasonal weakness — June, August, and September have historically been among Bitcoin's weakest months
- Broader risk-asset contagion and tight global liquidity conditions
- Retail disengagement compounding institutional selling pressure

### Key Opportunities:

- Bitcoin trading more than 50% below its all-time high may attract long-term and value-oriented buyers
- Opportunistic institutional purchases suggest some demand at current levels
- Historical patterns suggest deeply negative return periods that have often preceded recoveries
- Long-term holder behavior remains resilient despite significant drawdowns

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