PLAINSCAPITAL BANK

COMMODITY HIGHLIGHTS

Commodities Commentary
September 2026

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Executive Summary

- Texas oil production remains elevated, led by the Permian.
- Permian activity supports current royalties and future development potential.
- Natural gas production and LNG exports continue expanding.
- Record gas production could pressure prices for dry-gas acreage.
- Buyer demand for high-quality Texas mineral interests remains active.
- Cattle prices increased substantially faster than wholesale beef prices.
- Retail beef prices rose meaningfully, but lagged cattle prices.
- Tight cattle supplies drove significant producer price gains.
- Compressed packer margins contributed to major processing plant closures.
- Expanded beef imports aim to moderate consumer prices.
- Ranchers strongly opposed expanded imports amid domestic rebuilding efforts.
- U.S. cattle inventories show early signs of recovery.
- Heifer retention provides additional evidence of herd rebuilding.
- Bitcoin entered September with improved technical momentum after August.
- Bitcoin remains approximately 13% lower year-to-date.
- September remains Bitcoin's historically weakest seasonal month.
- Bitcoin trades approximately 9% above its 200-day average.
- Historical technical signals provide a constructive near-term counterpoint.
- ETF outflows continue but remain within normal historical ranges.
- Regulatory uncertainty increased after the CLARITY Act failed.
- SEC rulemaking may provide interim regulatory clarity.
- Interest rates and broader markets remain important risks.
- Technical strength and potential regulatory progress provide opportunities.

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Oil and Gas Highlights

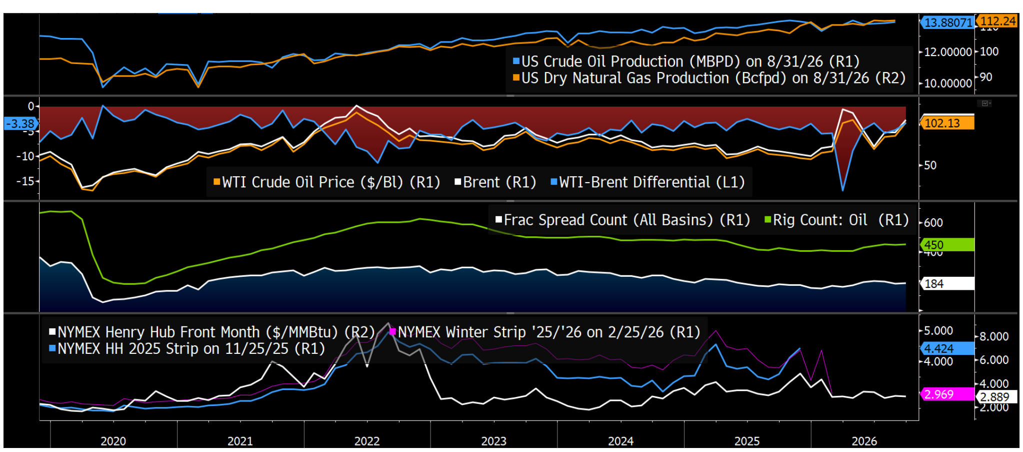
Texas royalty owners are operating in a constructive oil price environment. West Texas Intermediate (WTI) crude closed at $102.43 per barrel on September 16 and trades at $101.24 as of September 17, down $1.19 (-1.2%) over the session. Downstream fuel prices at the retail level tend to lag crude movements, and a sustained pullback in WTI would be expected to work through to gasoline and diesel prices gradually.

Texas production remains at elevated levels. According to EIA data, Texas crude output reached approximately 5.83 million barrels per day in April 2026, the highest monthly figure since November 2025. Texas continues to anchor U.S. oil production, with the Permian Basin playing a central role. EIA Drilling Productivity Report data indicates Permian shale and tight formations produced approximately 6.9 million barrels per day in December 2025, representing a substantial share of total U.S. crude output. For royalty owners, sustained operator activity and deep well inventory — particularly across the Permian — translate directly into producing interests, royalty income, and ongoing development potential for undeveloped mineral acreage.

Natural gas presents a more nuanced outlook for Texas royalty owners. According to EIA Short-Term Energy Outlook projections, U.S. natural gas production is expected to reach a record 111.7 BCF per day in 2026, with a further increase to 115.9 BCF per day projected for 2027. LNG export volumes are also expected to reach record highs over the same period. For Texas royalty owners, this growth is particularly relevant to interests in the following plays:

- East Texas/Louisiana Haynesville Minerals
- Permian Minerals with significant associated gas
- Eagle Ford Minerals
- Barnett Shale Minerals

The principal risk in the natural gas segment is that record production growth can pressure spot prices, shifting relative value toward oil-heavy interests over pure dry-gas acreage—unless the gas position benefits from particularly attractive infrastructure arrangements or long-term development commitments.



Critical points for oil and gas:

- Texas royalty owners benefit from a constructive oil environment.
- Texas oil production remains elevated, led by the Permian.
- Permian activity supports current royalties and future development potential.
- Natural gas production and LNG exports continue expanding.
- Record gas production could pressure prices for dry-gas acreage.
- Mineral values depend heavily on acreage quality and drilling inventory.
- Buyer demand for high-quality Texas mineral interests remains active.
- Unsolicited offers may indicate nearby production or development activity.
- Initial mineral purchase offers may not reflect full value.
- Professional mineral review can uncover overlooked ownership and royalties.

Natural Gas is becoming a more interesting part of the story, as Nat Gas is a mixed picture. United States Natural Gas production is expected to reach a record 111.7 BCF per day in 2026, with another increase to 115.9 BCF per day projected for 2027. LNG exports are also expected to reach record highs.

For Texas royalty owners, this is particularly relevant to:

*Haynesville Minerals

*Permian Minerals with significant associated gas

*Eagle Ford Minerals

*Barnett Shale Minerals

The royalty business remains fundamentally an acreage-quality business. A Texas mineral interest is not simply valued at a fixed multiple of annual royalty income. Sophisticated buyers are increasingly underwriting acquisitions across a full set of value drivers: current cash flow, remaining drilling inventory, operator quality, acreage position, decline curve characteristics, commodity mix, infrastructure access, and lease terms. Owners who understand these factors are better positioned to evaluate offers and negotiate from an informed baseline.

The Texas royalty market remains healthy and selective. Oil prices are firm, Permian drilling activity is sustained, natural gas production is at record levels with LNG demand providing a structural demand floor, and mineral buyer appetite remains active. When unsolicited offers to purchase mineral interests arrive, they typically signal that production is occurring or imminent on or near the relevant acreage.

Before responding to any offer, we encourage clients to contact our mineral management team to review activity within your legal descriptions. Mineral interests — particularly in the Permian — are attracting competitive buyer interest, and initial offers rarely reflect full value. Engaging our team before any transaction ensures you have the information needed to make a fully informed decision. Personally, I am against selling royalties or any mineral interests in Texas, especially the Permian Basin, because you never know what might happen or what the next trend will be. I have many stories of clients who didn't know what, or how much, they owned and received 1099s from oil companies for large amounts of income. They then tracked it down to find that they owned quite a bit and then even owned more but had to go back and probate certain legal descriptions to receive that royalty as well. As a mineral manager, especially here in the trust department, it's a fun task to help folks work through those steps and acquire the interests they have inherited. I love ferreting out money in suspense for my clients and even friends. It is one of my favorite parts of my position here at PlainsCapital Bank in the Oil and Gas department.

Commodity Highlights

The U.S. beef complex has experienced a significant divergence between cattle, wholesale beef, and retail beef prices over the past five years. Fed live cattle prices rose from approximately $127.58/cwt in September 2021 to $212.08/cwt in September 2026, a gain of roughly 66%. This reflects the impact of the smallest U.S. cattle herd in decades, drought-related herd liquidation, and limited feeder cattle supplies.

By comparison, the USDA Select Boxed Beef Cutout rose about 15% over the same period. Retail beef prices, measured by the Beef & Veal CPI, rose from approximately 391 in September 2021 to approximately 511 currently, a gain of roughly 31%. The data indicates that cattle producers have captured the largest price gains. At the same time, packer margins have compressed substantially, a dynamic reflected in ongoing beef plant closures by major processors including Tyson and JBS.

Source: Bloomberg
CME Live Cattle Continuous Contract – (Blue)
USDA Select Boxed Beef Cutout – (White)
Beef and Veal CPI – (Orange)

In 2026, the Trump Administration implemented several distinct policy actions designed to increase beef imports and moderate consumer prices. The administration authorized an additional 80,000 metric tons of Argentine beef at preferential tariff rates beginning in February. A separate August 26 proclamation expanded the lean beef trimming quota to 100,000 metric tons per month for 90 days at no above-quota tariff rate. Additionally, a 90-day expansion announced August 21 allows up to 300,000 metric tons of ground beef imports at lower tariff rates, with Argentina and Brazil confirmed as primary sources. These measures are intended to offset domestic supply shortages while the U.S. cattle herd rebuilds. Domestic ranchers have pushed back strongly against the import expansion, prompting the administration also to announce country-of-origin labeling requirements and a rancher processing support program.

Critical Points for Commodities:

- Cattle prices increased substantially faster than wholesale beef prices.
- Retail beef prices rose meaningfully, but lagged cattle prices.
- Tight cattle supplies drove significant producer price gains.
- Compressed packer margins contributed to major processing plant closures.
- Expanded beef imports aim to moderate consumer prices.
- Ranchers strongly opposed expanded imports amid domestic rebuilding efforts.
- U.S. cattle inventories show early signs of recovery.
- Heifer retention provides additional evidence of herd rebuilding.
- Beef production recovery will likely lag herd expansion.
- Packer capacity remains an important structural industry constraint.

Over the next five years, the U.S. beef market is likely to transition from an extreme supply-driven cattle cycle toward a more balanced environment. The primary driver will be the pace of herd rebuilding following the historically low cattle inventory reported at the start of 2026. The most recent USDA semi-annual report, as of July 1, 2026, showed the U.S. herd at 94.2 million head, up 0.2% year-over-year — the first increase in several years — with heifers 500 pounds and over rising 0.7% year-over-year, an early indicator of producer retention. The USDA announced a heifer retention insurance program in August to support further rebuilding efforts. However, meaningful increases in beef production typically lag herd expansion by several years, and packer capacity rationalization remains an ongoing structural adjustment.

Crypto Highlights

Bitcoin entered September with improved technical momentum after a strong August, but seasonal and policy headwinds remain significant. Bitcoin moved above its 200-day moving average on August 19 and now trades about 9% above it. Historically, similar readings have been followed by predominantly positive 100-day performance. However, Bitcoin remains about 13% lower year-to-date, and September has historically been its weakest month. Over the past decade, September has posted negative returns in seven of ten years, bringing the 10-year average seasonal return to -3.2%. The data highlights September 18–25 as a particularly difficult seasonal window, with an average decline of roughly 7%. It also notes that after positive August returns, September has declined 80% of the time.

	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

The outlook therefore presents conflicting signals. Historical analogs show Bitcoin advancing over the subsequent 30 days about 60% of the time under comparable conditions, while a move above the 200-day average offers a potentially constructive technical signal. Conversely, the first nine months of the year have historically correlated strongly with fourth-quarter results. With Bitcoin still meaningfully negative year-to-date, the research suggests the probability of a positive fourth quarter remains limited unless September produces unusually strong gains. Recent Bitcoin ETF outflows of $463 million represent another headwind, though that amount is consistent with normal fluctuations rather than an unusually severe withdrawal. Bitcoin and gold investment flows have periodically converged, suggesting broader financial conditions remain a key driver for both assets.

Critical Points for Crypto:

- Bitcoin entered September with improved technical momentum after August.
- Bitcoin remains approximately 13% lower year-to-date.
- September remains Bitcoin's historically weakest seasonal month.
- Bitcoin trades approximately 9% above its 200-day average.
- Historical technical signals provide a constructive near-term counterpoint.
- ETF outflows continue but remain within normal historical ranges.
- Regulatory uncertainty increased after the CLARITY Act failed.
- SEC rulemaking may provide interim regulatory clarity.
- Interest rates and broader markets remain important risks.
- Technical strength and potential regulatory progress provide opportunities.

Policy uncertainty increased after the Senate failed to advance the CLARITY Act on September 15, when the procedural cloture vote fell 49–50, well short of the 60 votes required to advance the bill. Market-implied odds of legislation passing in 2026 stood at about 12% ahead of the vote. Without legislation, the SEC and CFTC can continue to issue rules and guidance — and the SEC moved quickly, issuing guidance on September 17 that permitted tokenized versions of securities to trade in the US. However, agency actions may prove less durable than congressional legislation. The proposed law would have established clearer operating standards for crypto companies and expanded opportunities for banks to provide digital-asset services. However, compliance costs and potential bank deposit outflows remain concerns.

Overall, the four principal risks are historically unfavorable September seasonality, continued regulatory uncertainty, additional interest-rate pressure, and weaker broader risk markets. The four opportunities are Bitcoin's move above its 200-day moving average, historically favorable subsequent returns from comparable technical levels, potential regulatory clarity through ongoing agency rulemaking or future legislation, and improving conditions should interest rates reverse their 2026 trend. In the short run, the weight of the evidence appears to favor the bears, while longer term it looks more constructive and supports the bulls.