PLAINSCAPITAL BANK

COMMODITY HIGHLIGHTS



Commodities Commentary
October 2026

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Executive Summary

- Texas oil and gas activity remains elevated statewide.
- Permian drilling reached its highest reported 2026 level.
- WTI above $100 supports continued oilfield service demand.
- Delek's proposed Tyler refinery expansion could increase fuel production.
- Eagle Ford consolidation may reshape regional development and contracting.
- New infrastructure could expand Texas natural gas export capacity.
- LNG development is increasingly intersected with AI power infrastructure.
- Oilfield services hiring is improving but remains selective.
- Halliburton openings signal continued completions and well-services demand.
- Higher drilling activity does not guarantee uniform contractor hiring.
- Central bank demand remains a significant support for gold.
- Emerging-market central banks continue diversifying reserves toward gold.
- Federal Reserve policy remains a major gold price driver.
- Falling rates previously supported gold through lower real yields.
- Renewed rate hikes and rising yields pressured gold prices.
- Dollar strength contributed to gold's recent price weakness.
- Continued central bank buying has helped stabilize gold prices.
- Geopolitical uncertainty continues to support gold's safe-haven demand.
- Bitcoin defended the psychologically important $80,000 level.
- Market sentiment remained fearful despite improving underlying indicators.
- Retail interest fell to historically subdued levels.
- ETF redemptions increased, but cumulative institutional flows remained positive.
- Bitcoin strengthened relative to the Nasdaq after prolonged weakness.
- Network valuation measures suggest Bitcoin remains relatively undervalued.
- Network security remained strong despite miners shifting toward AI.
- Elevated Treasury yields and dollar strength remain market headwinds.

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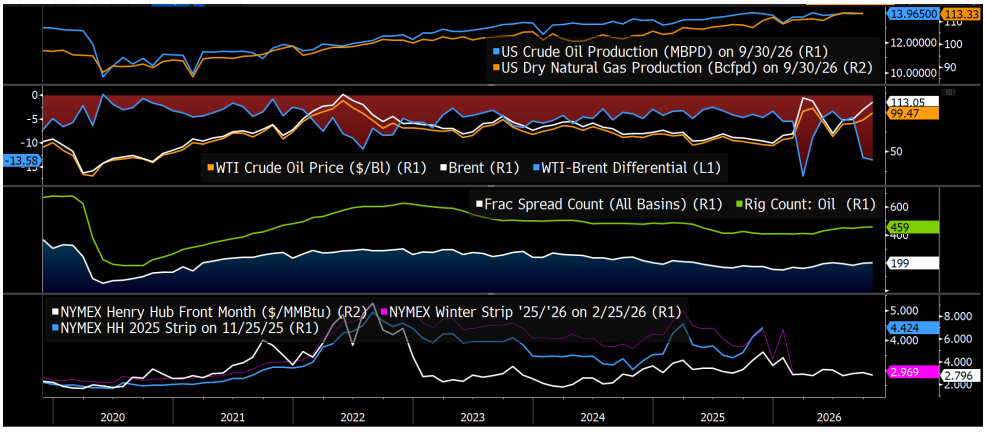
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West Texas

Oil and Gas Highlights

Texas is busier than ever. East, South, and West Texas are booming. This week, watch the oil and gas industry across five key areas: Permian Basin drilling and production, crude oil prices, natural gas and LNG exports, pipeline and refinery operations, and regulatory developments.

During a campaign stop in Tyler, Texas, Vice President JD Vance announced plans to expand the Delek US refinery in Tyler under the Defense Production Act. The facility currently processes about 75,000 barrels of crude per day. The expansion aims to increase commercial and military fuel output, but the administration has not yet specified the additional capacity, funding, or construction timeline.

The Permian Basin and U.S. rig counts reached their highest reported levels for 2026 in the October 9 Baker Hughes report, according to the Permian Basin Oil and Gas Magazine. The Permian Basin has 274 rigs, and the U.S. has 603. Higher rig activity can support demand for drilling crews, completions, rentals, chemicals, trucking, and other oilfield services. The key question is whether this activity translates into sustained spending and new contracts.



Houston-based Crescent Energy agreed to acquire South Texas Eagle Ford shale assets from Devon Energy for an estimated $4.2 billion. The assets reportedly include about 90,000 net acres adjacent to Crescent's existing operations. Consolidation can reshape operator spending, supplier relationships, acreage development plans, and future contracting opportunities across South Texas.

Additional infrastructure is being planned to move Texas gas to export markets. Recent developments include a proposed Bravo LNG project that would transport Texas-sourced gas to an export terminal near Matamoros, Mexico, and new Gulf Coast natural gas liquids export infrastructure. The Bravo proposal seeks authorization to export up to 343 billion cubic feet of gas annually.

Texas oilfield services employment shows signs of renewed strength, but hiring remains selective. The clearest signals this week are rising Permian drilling activity, continued demand for field operations and production services, and new opportunities in specialized technical work. The most useful distinction for workers

Critical points for oil and gas:

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- Eagle Ford consolidation may reshape regional development and contracting.
- New infrastructure could expand Texas natural gas export capacity.
- LNG development is increasingly intersected with AI power infrastructure.
- Oilfield services hiring is improving but remains selective.
- Halliburton openings signal continued completions and well-services demand.
- Higher drilling activity does not guarantee uniform contractor hiring.

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and service companies is that increased drilling activity does not automatically mean every contractor is hiring. Demand varies by basin, service line, experience level, and customer spending.

Baker Hughes and GE Vernova sign power-generation agreements with Venture Global: Venture Global announced agreements with Baker Hughes and GE Vernova to advance up to 16 new power-generation units, each rated at 720 megawatts. The project is intended to support off-grid electricity for LNG operations and, potentially, data centers, including future AI infrastructure.

Halliburton lists openings in West and South Texas: Halliburton posted an opening for an Odessa-based Operator Assistant II – Frac/Acid on October 12 for a full-time role in its Production Enhancement service line. The listing requires relevant competency or equivalent prior experience, physical readiness, and flexibility for long, irregular field hours.

These are concrete hiring signals in completions and well services, particularly for candidates with field experience or a path into cementing operations. With WTI crude above $100 per barrel, the broader activity backdrop supports continued, if selective, demand across Texas oilfield services.

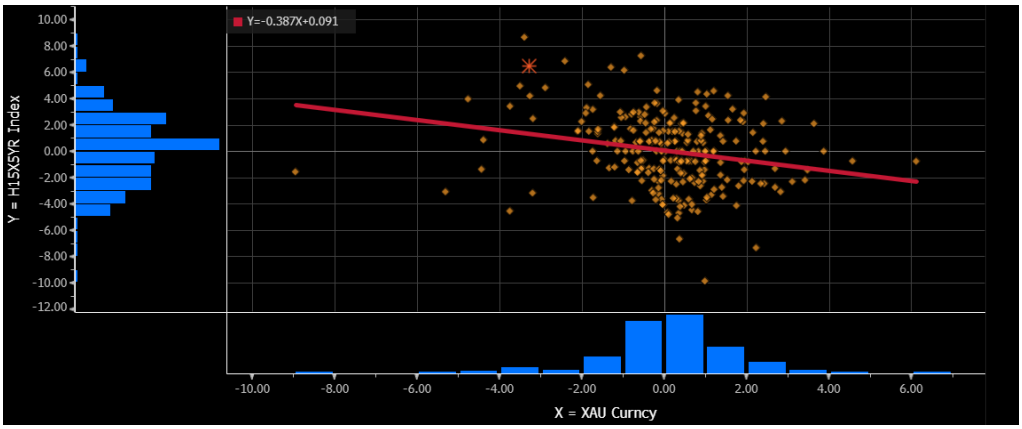
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Commodity Highlights

Over the past two years, strong central bank demand, shifting Federal Reserve policy, and heightened geopolitical uncertainty have driven gold prices. Central banks—particularly those in emerging markets such as China, India, and several Middle Eastern nations—have accumulated gold reserves at a historically robust pace, averaging about 90 tons per month in 2024, more than double the pre-2022 average. This trend reflects efforts to diversify reserve holdings, reduce dependence on the U.S. dollar, and strengthen financial resilience. Consistent official-sector demand has meaningfully supported gold prices, even amid periods of market volatility.

Federal Reserve policy has been a key driver of gold's performance. Throughout 2023 and much of 2024, elevated interest rates weighed on the metal because higher yields on Treasury securities and cash alternatives increased the opportunity cost of holding a non-yielding asset such as gold. As inflation moderated, the Fed cut rates by 175 basis points from September 2024 to December 2025, lowering the federal funds rate to 3.75%. Gold responded sharply, rallying from a 2024 average near $2,388 per ounce to a January 2026 peak near $5,600 per ounce, supported by declining real yields and a weaker U.S. dollar.



More recently, gold has come under renewed pressure. The Federal Reserve raised rates by 25 basis points in September 2026, reversing part of its prior easing, while real yields climbed toward multi-year highs. Gold corrected roughly 27% from its January 2026 peak, briefly falling below $4,000 per ounce in late June, driven by a stronger dollar, hawkish Fed rhetoric, and unwinding geopolitical risk premiums. Nevertheless, ongoing central bank purchases — China's PBOC has accumulated gold for 23 consecutive months as of September 2026, following a brief six-month pause in mid-2024 — along with geopolitical risks and continued safe-haven demand have helped gold stabilize near $4,018 per ounce despite these challenges.

Critical Points for Commodities:

- Central bank demand remains a significant support for gold.
- Emerging-market central banks continue diversifying reserves toward gold.
- Federal Reserve policy remains a major gold price driver.
- Falling rates previously supported gold through lower real yields.
- Gold surged sharply following the Fed's extended easing cycle.
- Renewed rate hikes and rising yields pressured gold prices.
- Gold corrected significantly from its January 2026 peak.
- Dollar strength contributed to gold's recent price weakness.
- Continued central bank buying has helped stabilize gold prices.
- Geopolitical uncertainty continues to support gold's safe-haven demand.

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Crypto Highlights

Bitcoin traded near $80,265 in late October, defending the psychological $80,000 level after testing liquidity near $79,200. Sentiment weakened considerably during the month, now signaling fear and defensive positioning. Retail interest also reached a multi-year low, while momentum indicators approached oversold territory. ETF activity was mixed: substantial late-month redemptions created near-term selling pressure, but cumulative flows over the preceding 30 completed sessions remained positive, suggesting that institutional demand had weakened without disappearing.



Seasonal charts compare 2026 with earlier Bitcoin bear-market years and show relatively resilient performance, though October's typical upward pattern has not fully materialized. Bitcoin also rose above its 200-day average relative to the Nasdaq after 235 sessions below it, signaling improved relative strength. Realized capitalization, which measures Bitcoin's value based on the prices at which coins last moved, continued to rise, suggesting fresh capital was entering the market.



Source: Bluroo AI, Tim Peterson, Cane Island Digital Research

Critical Points for Crypto:

- Bitcoin defended the psychologically important $80,000 level.
- Market sentiment remained fearful despite improving underlying indicators.
- Retail interest fell to historically subdued levels.
- ETF redemptions increased, but cumulative institutional flows remained positive.
- Bitcoin strengthened relative to the Nasdaq after prolonged weakness.
- Network valuation measures suggest Bitcoin remains relatively undervalued.
- Network security remained strong despite miners shifting toward AI.
- Elevated Treasury yields and dollar strength remain market headwinds.
- Rising realized capitalization suggests fresh capital continues entering Bitcoin.
- Overall conditions indicate defensive consolidation with improving fundamentals.

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Valuation indicators remain constructive despite subdued sentiment. Bitcoin traded below the $85,000 level estimated by the Metcalfe network-adoption model, while network security remained strong as computing power reached a seven-month high. Low transaction fees signaled an orderly, uncongested network rather than financial stress. Broader conditions were less favorable, with elevated Treasury yields, a firm dollar, and modestly wider credit spreads potentially constraining risk appetite.

The outlook therefore remains balanced. Four principal risks are continued ETF redemptions, restrictive interest rates, dollar strength, and weaker credit conditions. Four opportunities include a discounted network valuation, improving relative strength, rising realized capitalization, and historically low retail participation, which may signal a contrarian opportunity. Together, these conditions point to defensive consolidation with improving fundamentals, rather than clear evidence of broad capitulation or renewed speculative excess.

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