Quarterly Report

Giant Capital
June Market Review

FIRM INFORMATION

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1.0 Market and Portfolio Commentary

1.1 Macro Industry Commentary

US Henry Hub prompt gas declined modestly in June. The prompt was $3.29/mmbtu at close on 29 May and $3.28/mmbtu at close on 30 June. Calendar 2026 began June at $3.48/mmbtu and ended the month at $3.41/mmbtu. Prices for natural gas in 2026 continue to be driven by near-term weather forecasts. In summer hot weather delivers increased demand for gas powered electricity to supply air-conditioning demand.

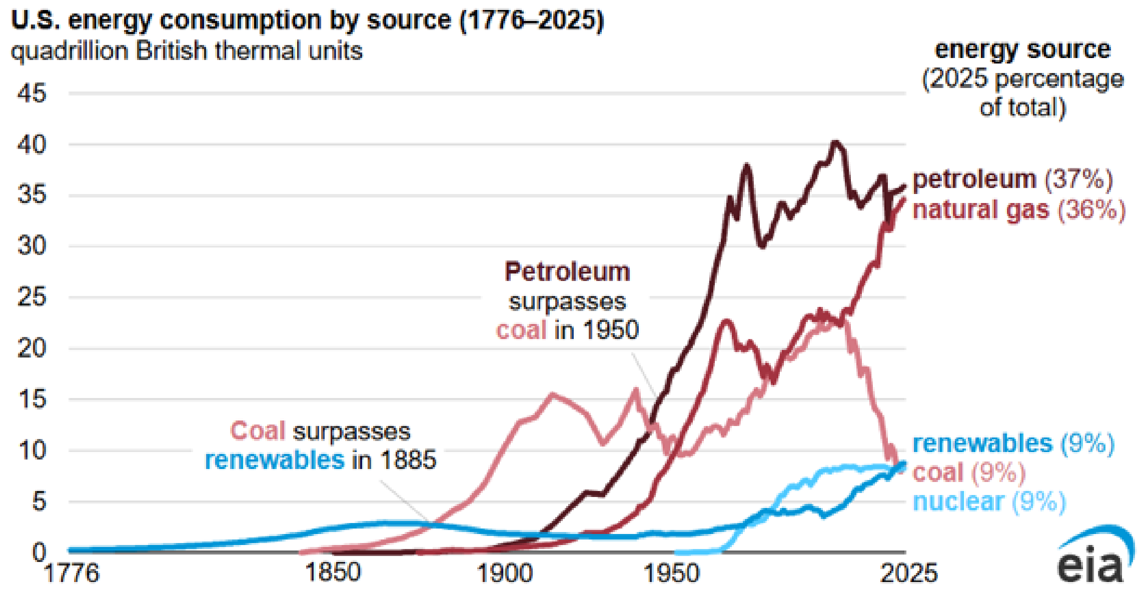
Over the quarter from 31 March to 30 June, Henry Hub prompt rose because of the transition from mild spring season to higher-demand summer cooling season; balance of 2026 was flat, 2027 and 2028 prices fell by 8% and 3% respectively, while 2029 and beyond saw modest falls.

Henry Hub Prices ($/mmbtu)	31/03/2026	30/06/2026	Change (%)
Prompt	$ 2.89	$ 3.28	13%
2026	$ 3.40	$ 3.41	0%
2027	$ 3.78	$ 3.46	-8%
2028	$ 3.78	$ 3.66	-3%
2029	$ 3.65	$ 3.62	-1%

Prompt WTI fell from $101.38/bbl on 31 March to $69.50/bbl on 30 June as the market assumed that the conflict in the Middle East and resulting disruption to shipping traffic through the Strait of Hormuz was substantially resolved. Calendar 2026 fell from $82.81/bbl to $69.09/bbl over the quarter. WTI oil prices for 2027 and beyond were stable, registering only small declines.

Figure 1 shows energy consumption by source in the US from 1776 to 2025. Petroleum (37%) and natural gas (36%) remain the primary energy sources. Coal is the only energy source to have exhibited sustained decline in absolute volume of use in the history of the US (while the percentage has reduced materially, more wood is burned for energy today than was the case when wood provided 100% of US energy).

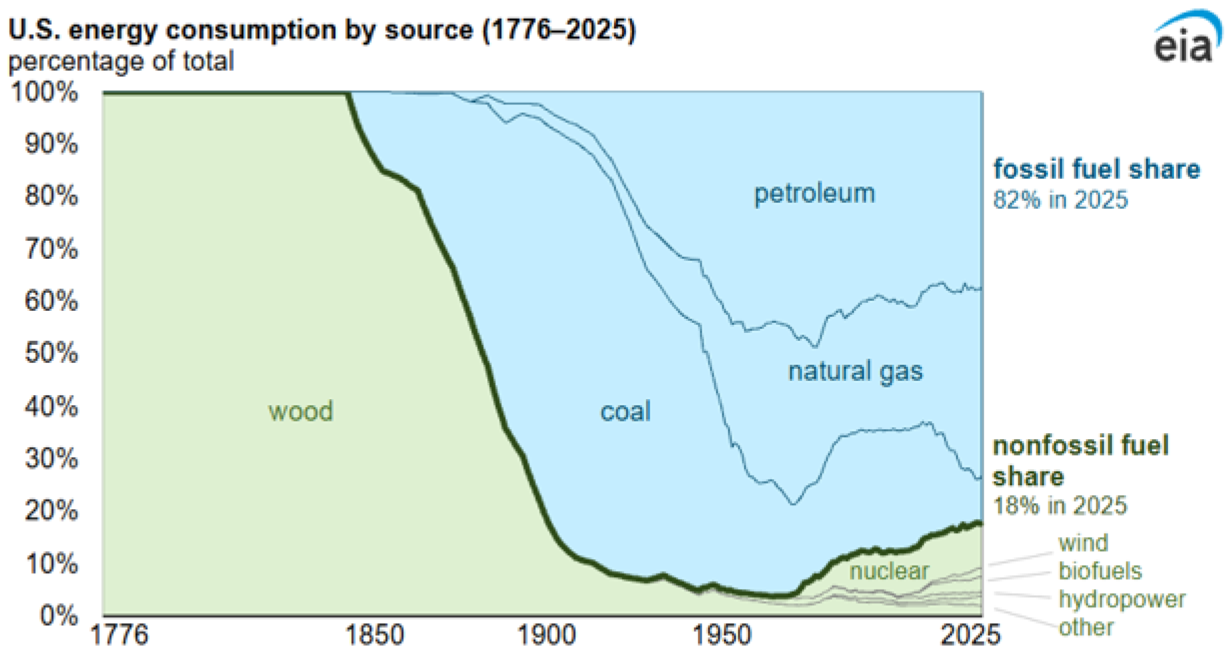
Figure 1: US Energy Consumption by Source (1776-2025) (Source: EIA)



Data source: U.S. Energy Information Administration, *Monthly Energy Review*
Data Values: Primary Energy Consumption by Source and Estimated primary energy consumption in the United States, selected years, 1635–1945
Video: Video summary of the 250-year history of energy in the United States

In percentage terms, fossil fuels in 2025 together contributed 82% of US energy supply (Figure 2).

Figure 2: US Energy Consumption by Source (1776-2025) (Source: EIA)



Data source: U.S. Energy Information Administration, *Monthly Energy Review*
Data Values: Primary Energy Consumption by Source and Estimated primary energy consumption in the United States, selected years, 1635–1945

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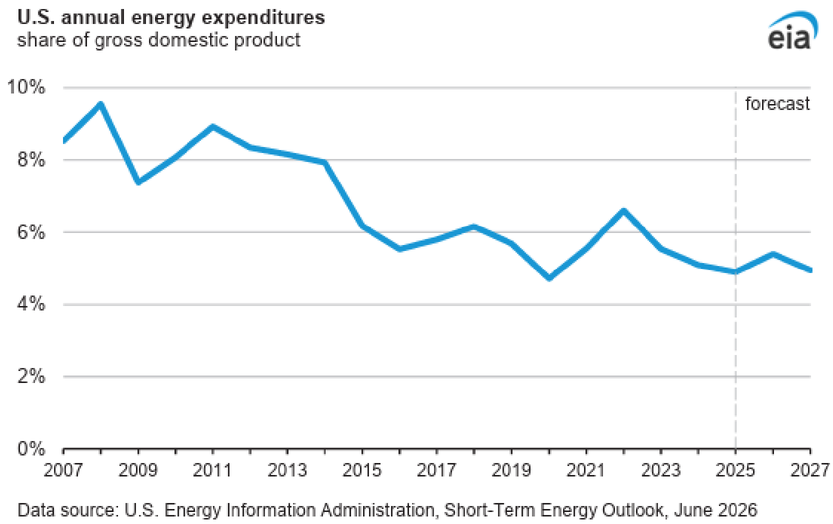
Abundant domestic energy supply has allowed the US to steadily decrease its annual energy expenditures as a share of gross domestic product over the last decade from approximately 9% to current 5% (Figure 3). Data-centre energy demand is the primary driver for modest increase expected in 2026. Reduced energy cost is an important driver of economic growth.

Figure 3: US Annual Energy Expenditures as Share of GDP (Source: EIA)



The latest Baker Hughes rig count data follows. From the beginning of January to the end of March US total land rigs rose by 12 from 524 to 536. Total oil rigs rose by 1 from 410 to 411, gas rigs rose by 8 from 122 to 130. Oil and gas rig totals include 11 offshore and 1 inland water rigs working at the end of March.

Baker Hughes

NORTH AMERICA Rotary Rig Count

02/07/2026

Location	Week	+/-	Week	+/-	YearAgo
Inland Waters	2	0	2	0	2
Land	567	6	561	43	524
Offshore	11	1	10	-2	13
United States Total	**580**	**7**	**573**	**41**	**539**
Gulf of Mexico	**9**	**1**	**8**	**-1**	**10**
Canada	**190**	**-7**	**197**	**39**	**151**
North America	**770**	**0**	**770**	**80**	**690**
U.S. Breakout Information	**This Week**	**+/-**	**Last Week**	**+/-**	**Year Ago**
Gas	126	1	125	18	108
Oil	445	5	440	20	425
Miscellaneous	9	1	8	3	6
Directional	48	-25	73	4	44
Horizontal	520	33	487	40	480
Vertical	12	1	11	-3	15

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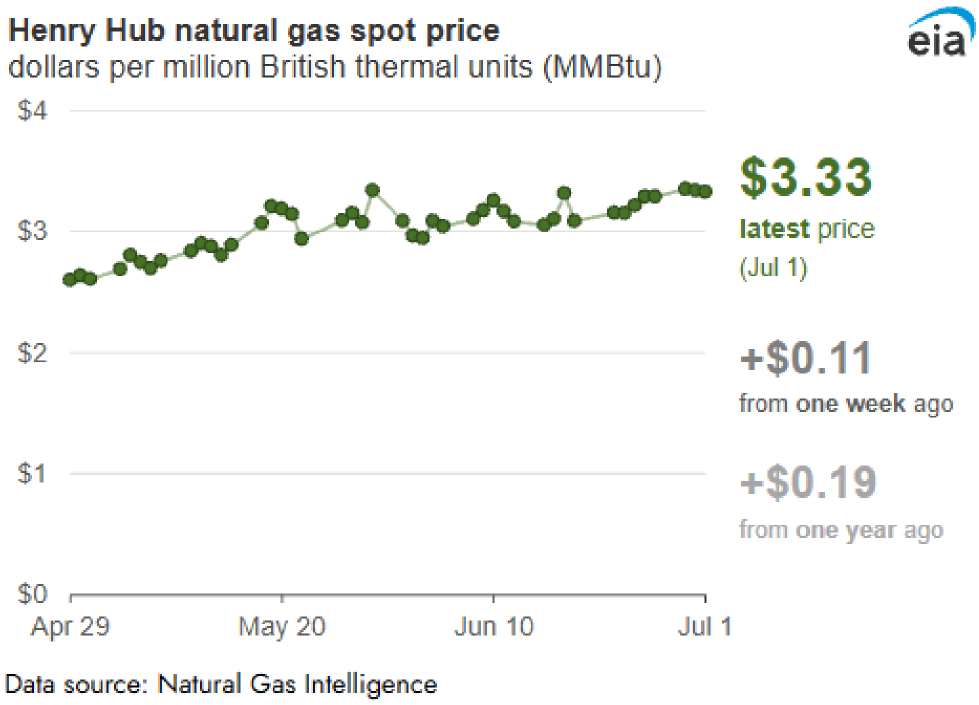
Gas Market

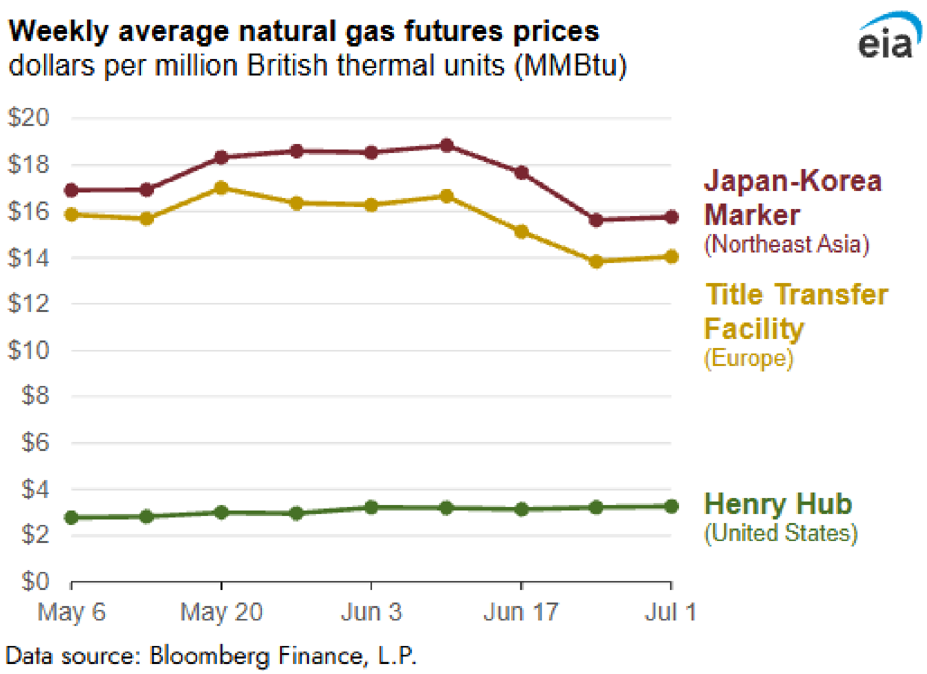
Henry Hub prompt prices retained their relatively low volatility with steady increases over the quarter (Figure 4).

Figure 4: Henry Hub Natural Gas Spot Price (Source: EIA)



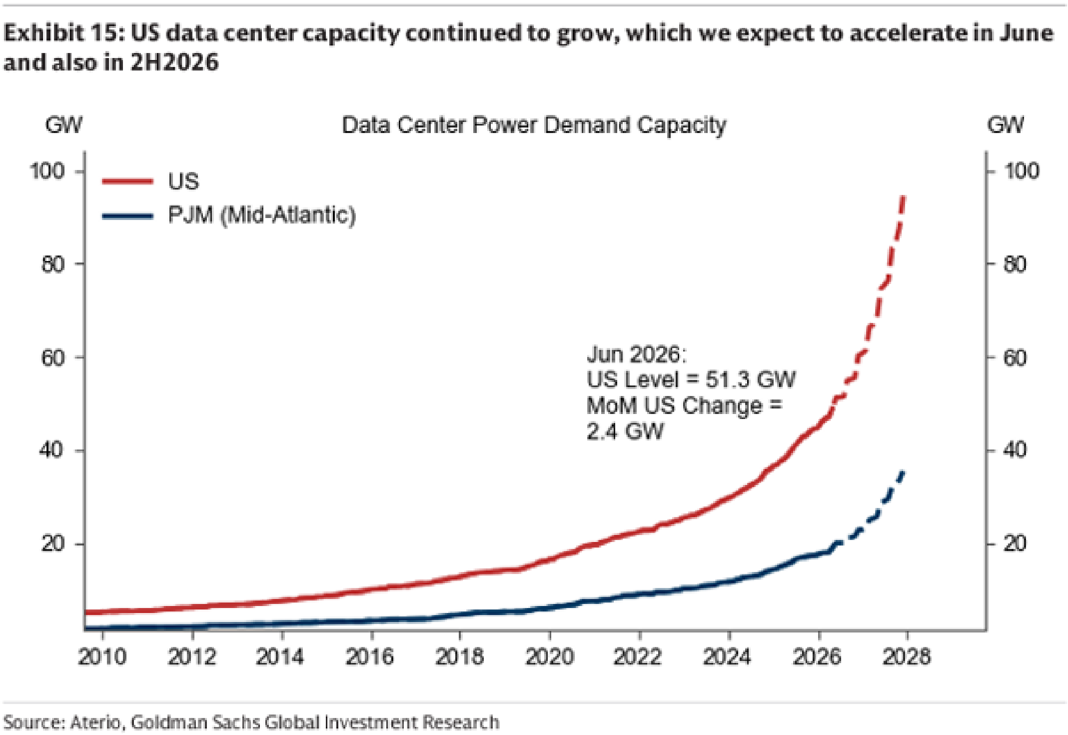
JKM and TTF steadied with optimism that the worst of the disruption to international LNG supply has passed (Figure 5). During the week ended 1 July, TTF averaged $14.01/mmbtu while JKM averaged $15.76/mmbtu.

Figure 5: Weekly Average Natural Gas Futures Prices (Source: EIA)



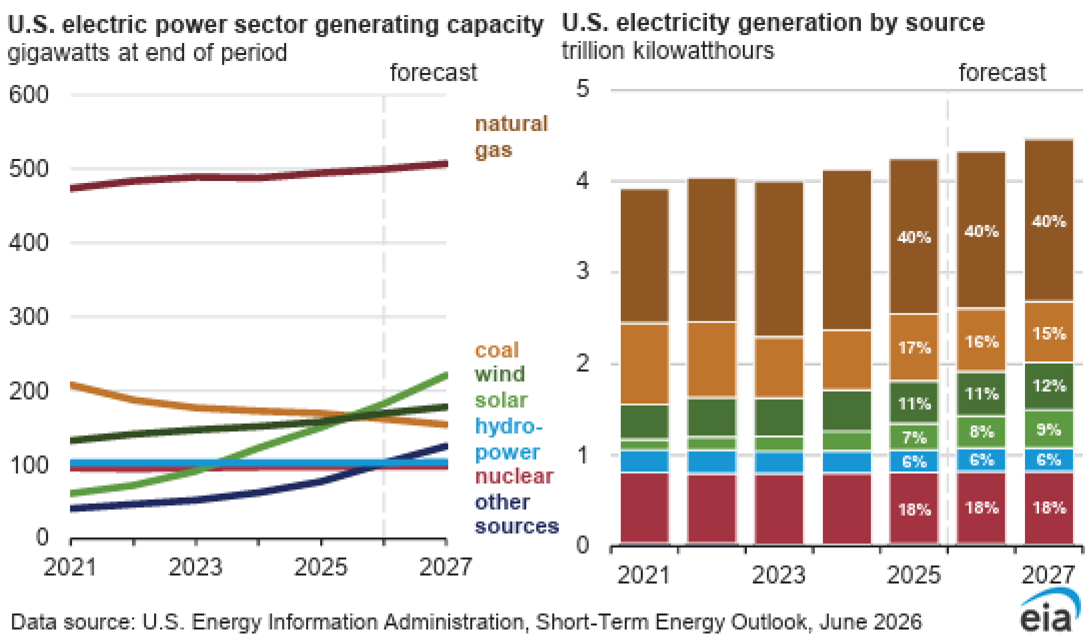
US data centre power demand continues to grow (Figure 6). Goldman expects growth to accelerate in 2H2026.

Figure 6: Data Centre Power Demand Capacity (Source: GS)



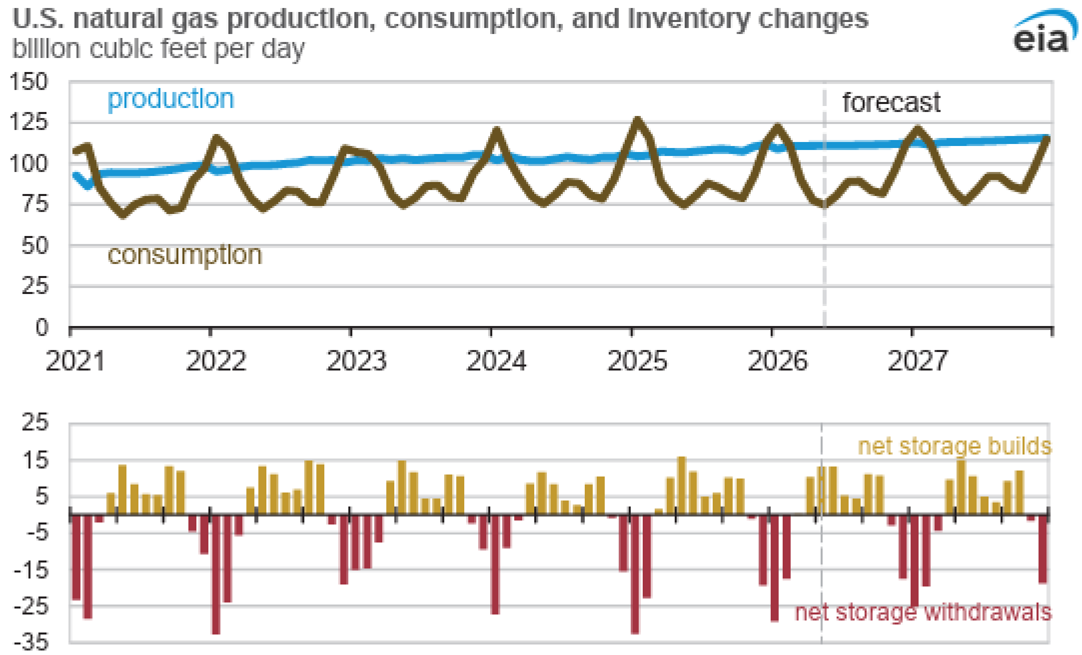
The EIA projects growth in all sources of electric power generation over the current northern summer except for coal (Figure 7). Natural gas-powered generation is expected to grow in proportion to the total market to maintain a 40% share. Capacity utilisation is relatively low for wind and solar which restricts their delivered contribution to levels significantly below installed capacity.

Figure 7: US Electric Power Generation by Source (Source: EIA)



The annual seasonal cyclicality of US natural gas demand is illustrated in the EIA's production, consumption and inventory change data (Figure 8).

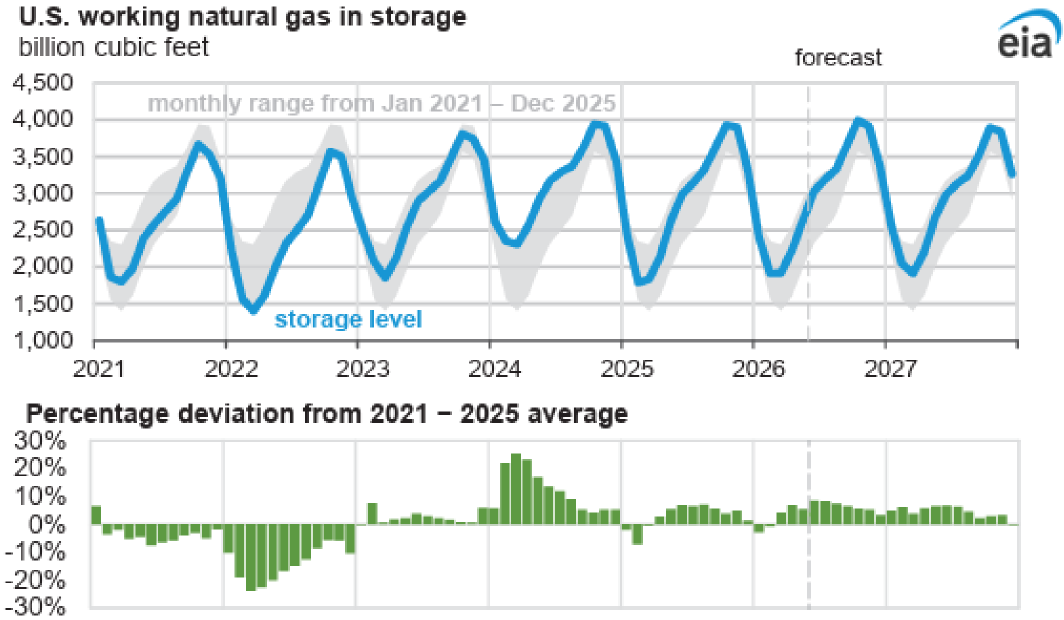
Figure 8: US Natural Gas Production, Consumption and Inventory Changes (Source: EIA)



Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, June 2026

The EIA is currently forecasting that strong production will leave natural gas storage levels at the upper end of their historic range through the end of 2027 (Figure 9). This forecast is currently keeping forward gas prices relatively depressed. Historically. lower prices have reliably resulted in lower investment by producers and therefore lower production which in turn increases prices.

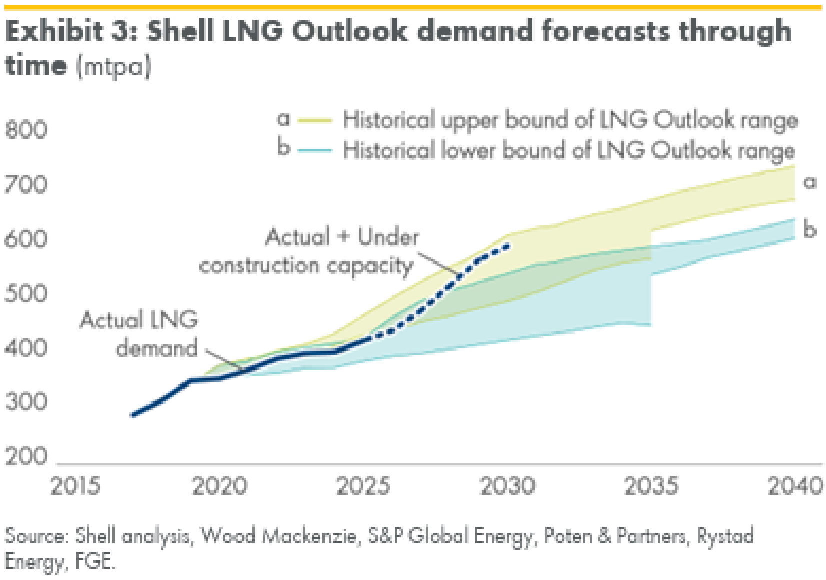
Figure 9: US Working Gas in Storage (Source: EIA)



Data source: U.S. Energy Information Administration, Short-Term Energy Outlook, June 2026

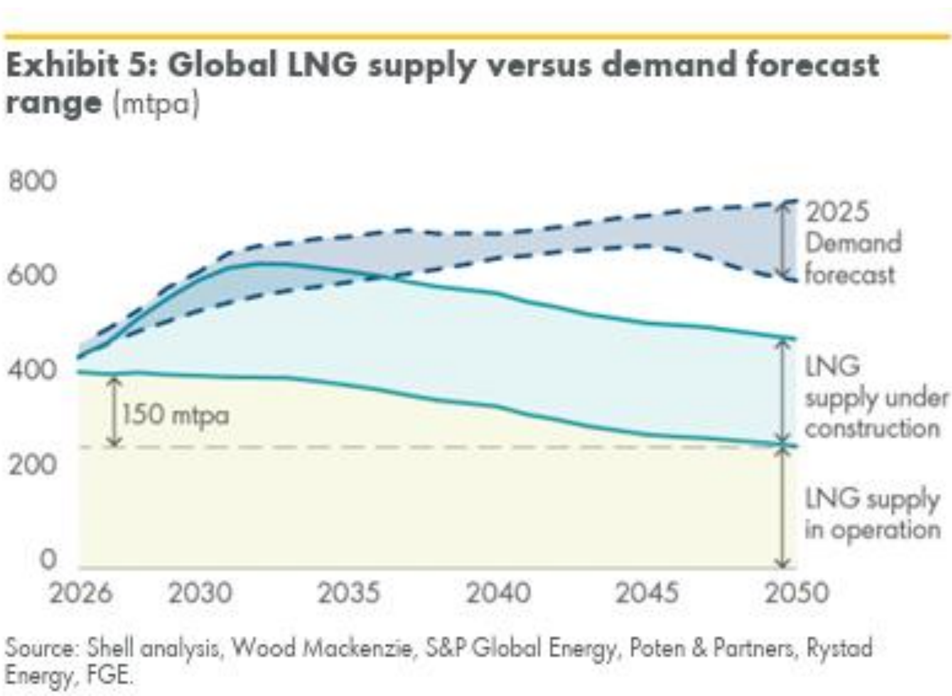
LNG currently provides only 14% of global natural gas supply, equal to just over 3% of total primary energy supply. Shell expects that this will increase to over 4% by 2040 and remain around that level in 2050 (Figure 10).

Figure 10: Shell LNG Demand Forecasts (Source: various, via Shell)



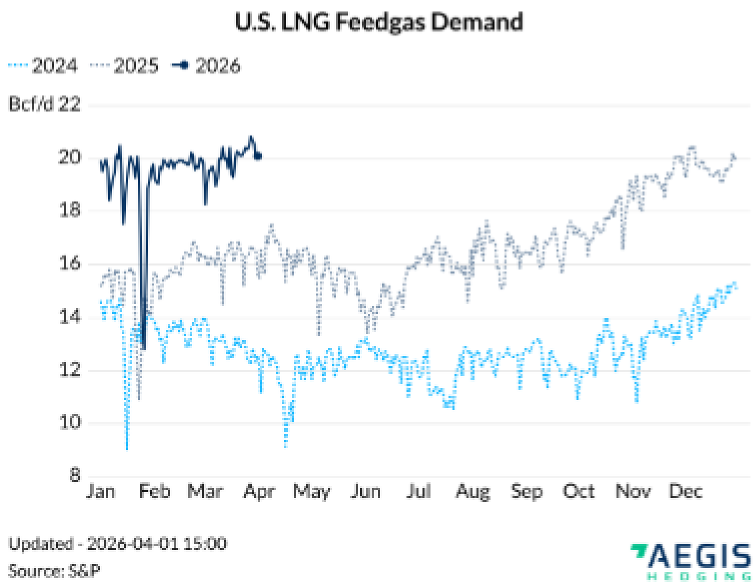
Current global LNG supply capacity (including that which needs to travel through the Strait of Hormuz) is relatively well matched with demand. Production declines from fields supplying many current LNG facilities result in a decrease in LNG supply without new investment. Shell projects that strong LNG demand growth, primarily in developing markets, will deliver a shortfall in supply by 2040 without new LNG export facilities beyond those already under construction (Figure 11).

Figure 11: Shell LNG Supply and Demand Forecasts (Source: various, via Shell)



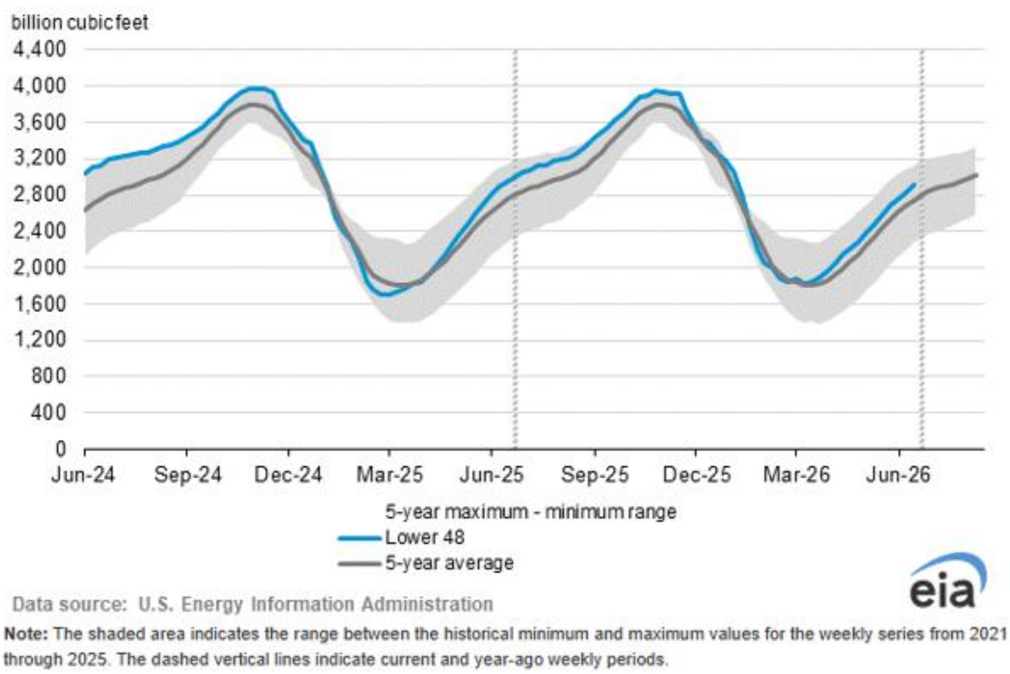
US LNG feedgas demand has recently declined because of scheduled annual maintenance (Figure 12).

Figure 12: US LNG Feedgas Demand (Source: EIA)



Working gas in storage was 2,922bcf as of 26 June 2026, according to EIA estimates. This represents a net increase of 87 bcf from the previous week. Stocks were 23bcf less than last year at this time and 175bcf above the five-year average of 2,747bcf (Figure 13).

Figure 13: US Working Natural Gas in Underground Storage (Source: EIA)

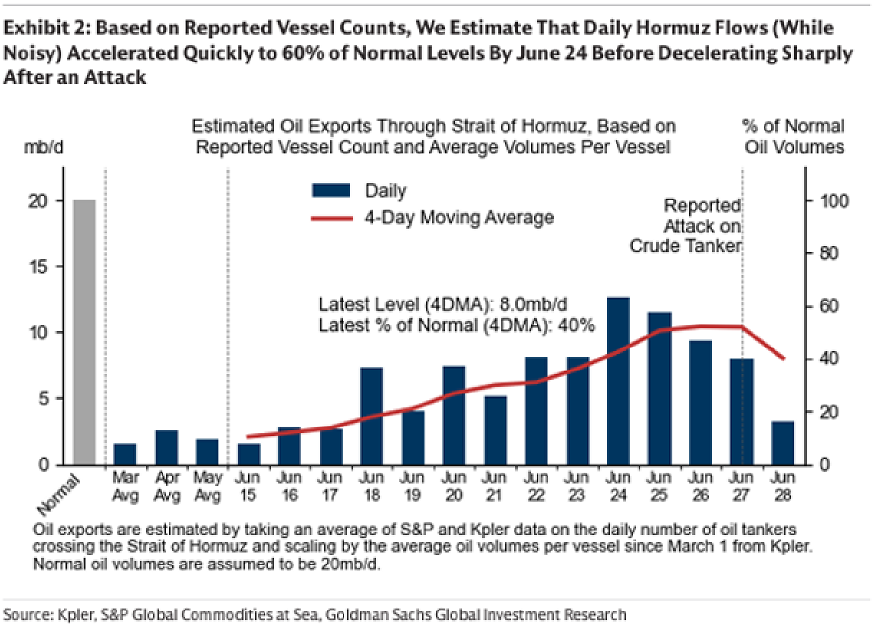


Oil Market

On 17 June, the US and Iran signed a Memorandum of Understanding (MoU) which extended a ceasefire by 60 days and set out guiding points for potential formal agreement for permanent cessation of hostilities. The prices of oil, LNG, and other products negatively affected by shipping restrictions through the Strait of Hormuz, immediately fell and most market analysts adjusted forecasts anticipating that all transit restrictions would be rapidly removed. The immediate response justified this view with Hormuz flows quickly ramping up to push total Persian Gulf supply to 18mmbld, nearly 80% of pre-war levels.

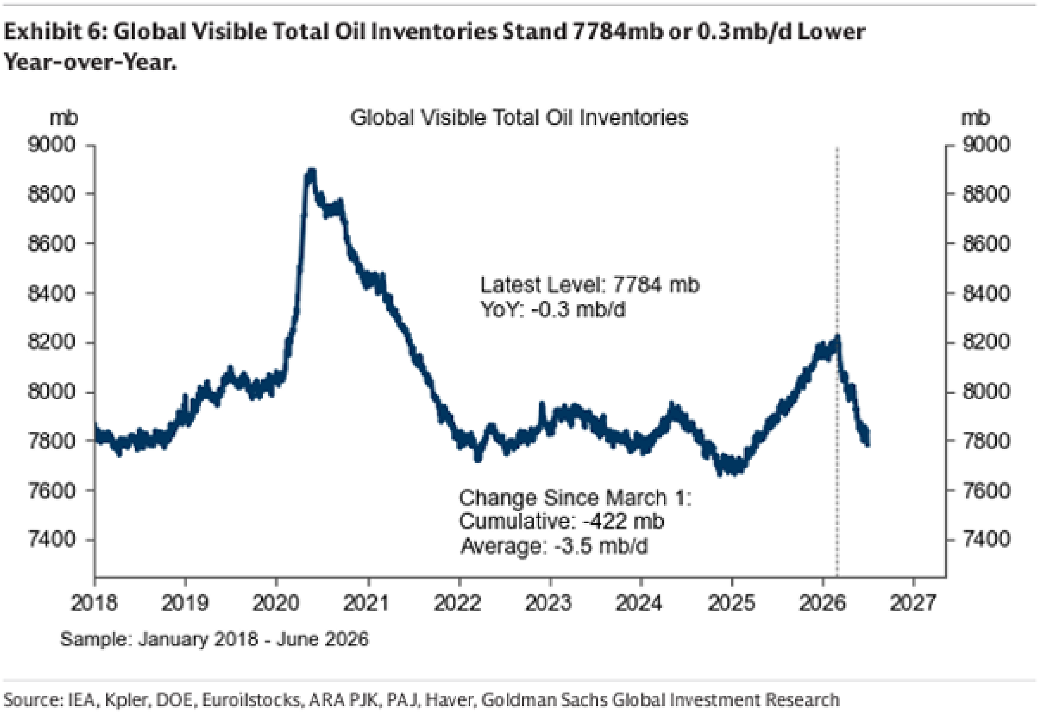
An oil tanker attempting to transit the Strait was attacked on 27 June. The increased risk saw a sharp decline in oil exports through the Strait, decreasing over the last weekend in June to below 5mmbbld, less than 20% of normal volumes (Figure 14).

Figure 14: Estimated Oil Supply from Persian Gulf Countries (Source: various, via GS)



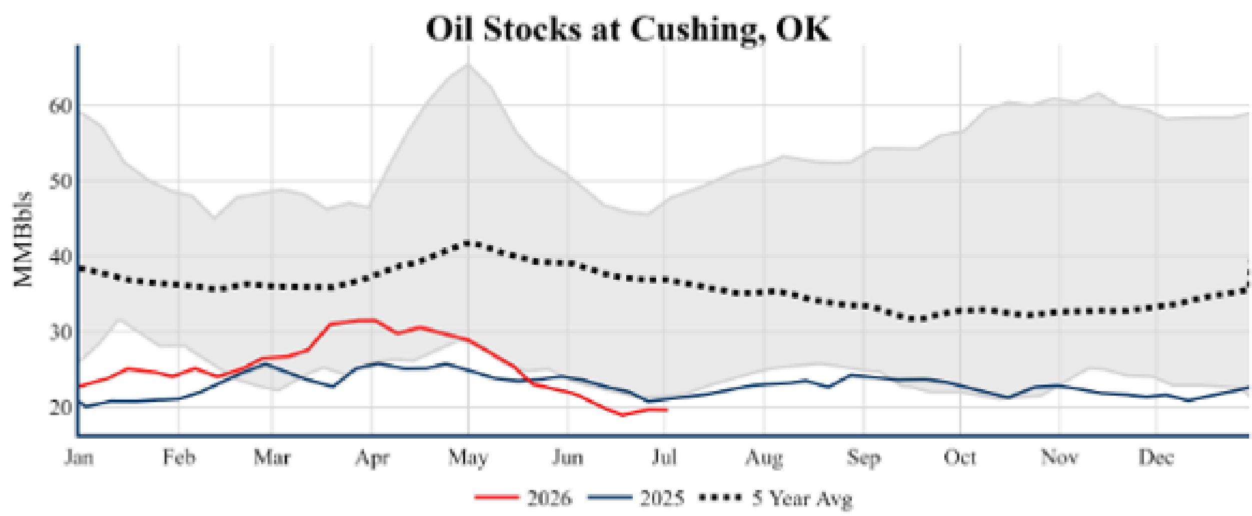
Global visible oil inventories have fallen by 422mmbbls (3.5mmbbld) since 1 March (Figure 15).

Figure 15: Global Visible Total Oil Inventories (Source: various, via GS)



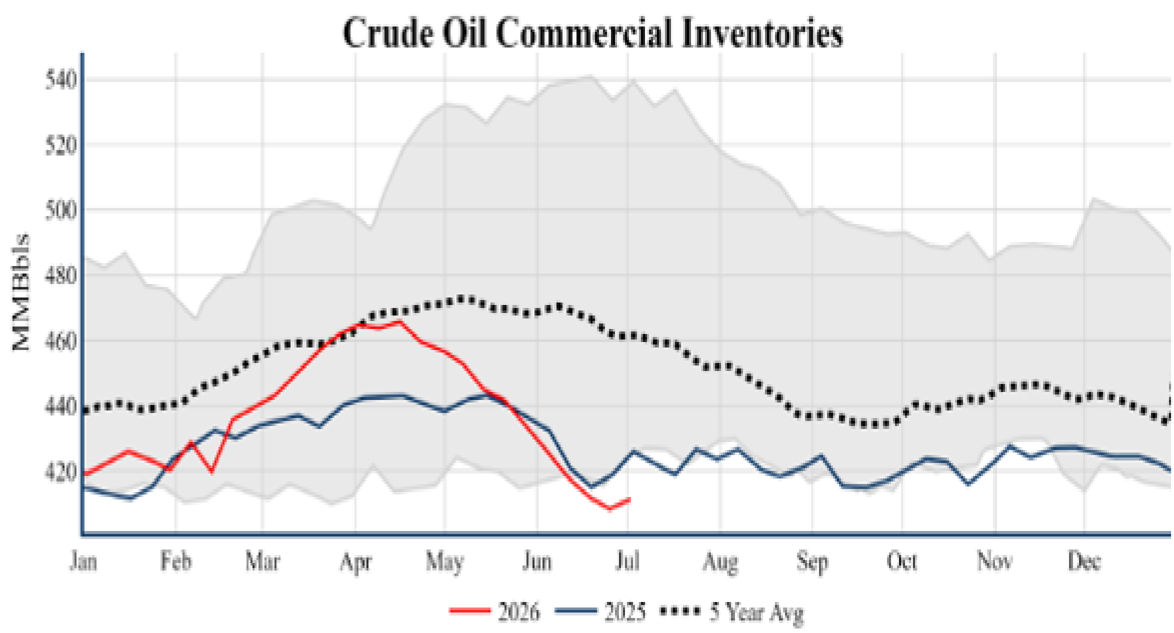
Oil stocks at Cushing, OK (the WTI contract delivery location) remained below the 5-year range at a little under 20mmbbls as of 3 July (Figure 16).

Figure 16: Oil Stocks at Cushing, OK (Source: EIA)



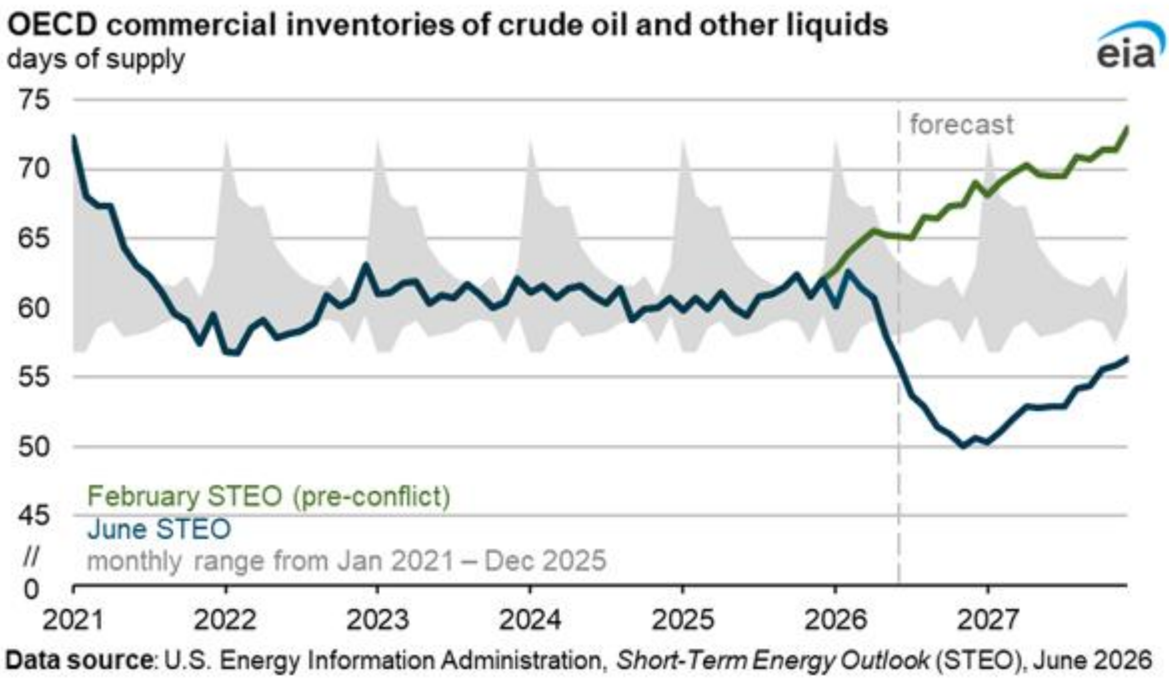
Total US commercial crude oil inventories as of 3 July were 14.70mmbbls (3.4%) below this time last year and 50.40mmbbls (10.9%) below the five-year average (Figure 17).

Figure 16: Total US Commercial Crude Oil Inventories (Source: EIA)



On a days-of-supply basis, which considers how many days of future demand current inventory levels can meet, the EIA now expects OECD inventories to fall to a low of 50 days by the end of 2026. This would be the fewest days of future demand cover since the dataset began in 2003. Before the conflict began, the EIA's February STEO (Short-Term Energy Outlook) projected that OECD oil inventories would continue to build over the forecast period, reaching more than 70 days of future demand cover (Figure 18).

Figure 18: OECD Liquid Fuel Inventories Days of Supply (Source: EIA)



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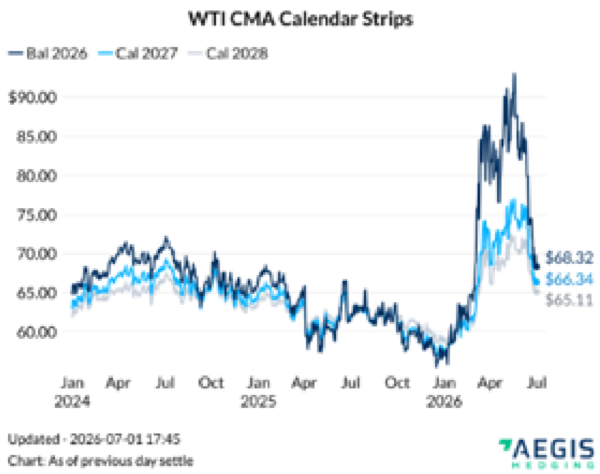
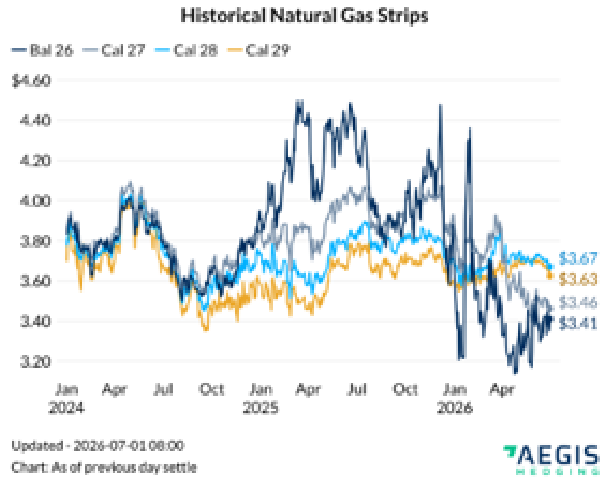
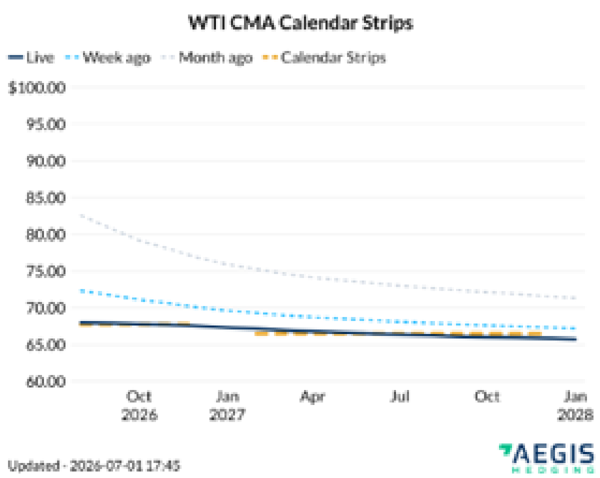
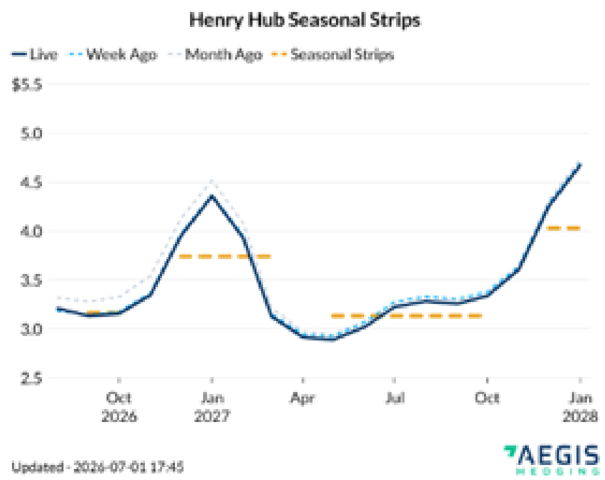
Gas and Oil Prices 1 July 2026









Crude Oil Swap Pricing

	2026	2027	2028	2029
NYMEX WTI	$68.27	$66.34	$65.12	$64.49
LLS	$69.61	$68.42	$67.39	$67.01
Mars	$66.70	$66.33	$63.89	$63.49
Dubai	$68.36	$68.93	$68.50	$68.58
WCS-WTI	-$15.65	-$14.89	-$15.07	NaN
ICE Brent	$72.11	$70.51	$69.59	$69.62
Dated Brent	$71.82	$70.68	$69.68	$69.69
West TX Sour (WTS)	$66.28	$64.11	$64.63	$63.99

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Table: As of previous day settle

Natural Gas Liquids

	Month 1	2026	2027	2028
MBV x-TET C2	$0.240	$0.243	$0.228	$0.230
MBV x-TET C3	$0.717	$0.721	$0.675	$0.630
MBV x-TET C4	$0.907	$0.908	$0.819	$0.746

Natural Gas Basis Swap Pricing

	prompt	Winter 26/27	Summer 26	Winter 27/28	Summer 27
Henry Hub Fixed	$3.275	$3.776	$3.227	4.047	$3.161
Panhandle East	-$0.628	$-0.239	$-0.716	-0.294	$-0.550
Eastern Gas South	-$0.900	$-0.666	$-0.994	-0.690	$-0.879
Waha	-$2.460	$-1.338	$-2.356	-2.027	$-1.699
TETCO M3	-$0.745	$1.998	$-0.856	1.860	$-0.690
Houston Ship Channel	-$0.410	$-0.527	$-0.482	-0.307	$-0.399
Columbia Gulf Mainline	-$0.403	$-0.275	$-0.420	-0.286	$-0.305
NGPL TXOK	-$0.420	$-0.502	$-0.481	-0.321	$-0.380
SOCAL	-$0.410	$0.134	$-0.392	0.604	$-0.203
AECO	-$2.005	$-1.850	$-2.038	-1.920	$-1.648
Chicago City-Gates	-$0.413	$0.195	$-0.461	0.233	$-0.313

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