Giant Capital

August 2026 Report

1.0 Market and Portfolio Commentary

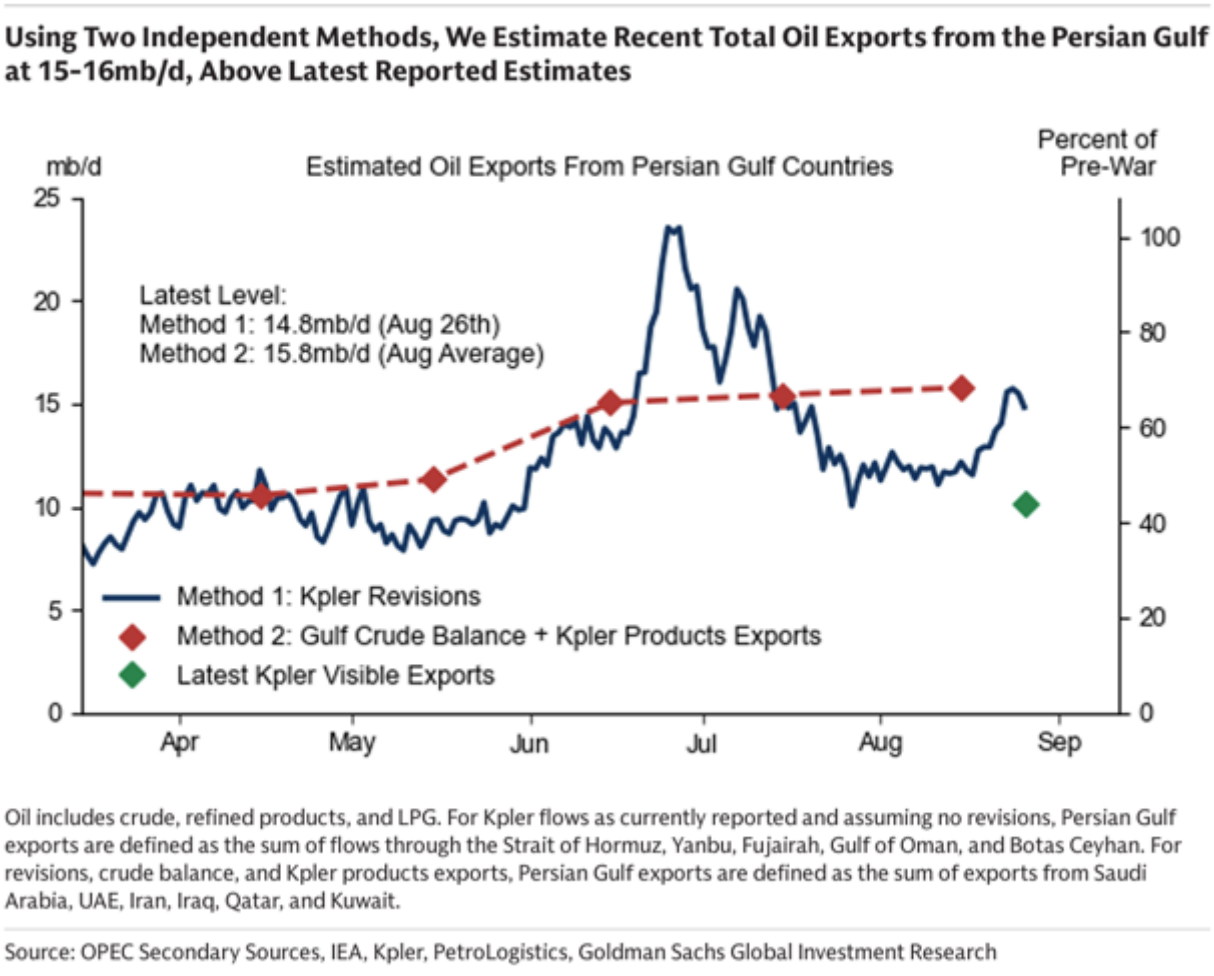
1.1 Macro Industry Commentary

General Market Commentary

US Henry Hub prompt gas prices increased in August as hot weather in the south-east drove record demand for electricity. Month-on-month the prompt rose from $2.75/mmbtu at close on 31 July to $2.94/mmbtu at close on 31 August. Calendar 2026 also rose, beginning August at $3.06/mmbtu and ending at $3.17/mmbtu.

Market estimates assessed that Persian Gulf exports of oil were steady in August at approximately 15.8mmbbl/d or 70% of pre-war levels (Figure 1). The prompt was relatively flat in August, beginning the month at $86.67/bbl and closing it at $85.76/bbl. Calendar 2026 rose from $79.50/bbl to $83.01/bbl.

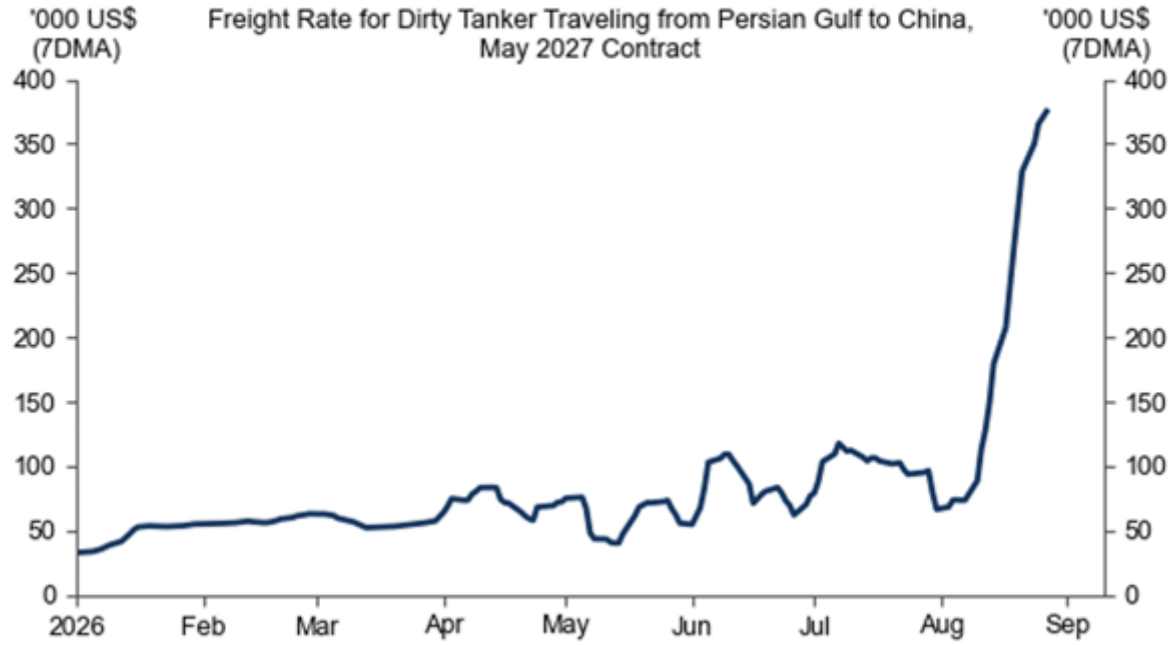
Figure 1: Estimated Oil Exports from Persian Gulf Countries (Source: various, via GS)



Balance 2026 and calendar 2027 forward prices for oil drifted higher through August as hopes for near-term resolution to the Middle-East conflict faded. An increase in the perceived probability that the current transport disruptions will persist well into 2027 contributed to a fivefold increase in the May 2027 freight rate for tankers travelling from the Persian Gulf to China between 1 and 31 August (Figure 2).

Figure 2: Freight Rate for Dirty Tanker Travelling from Persian Gulf to China, May 2027 Contract (Source: various, via GS)

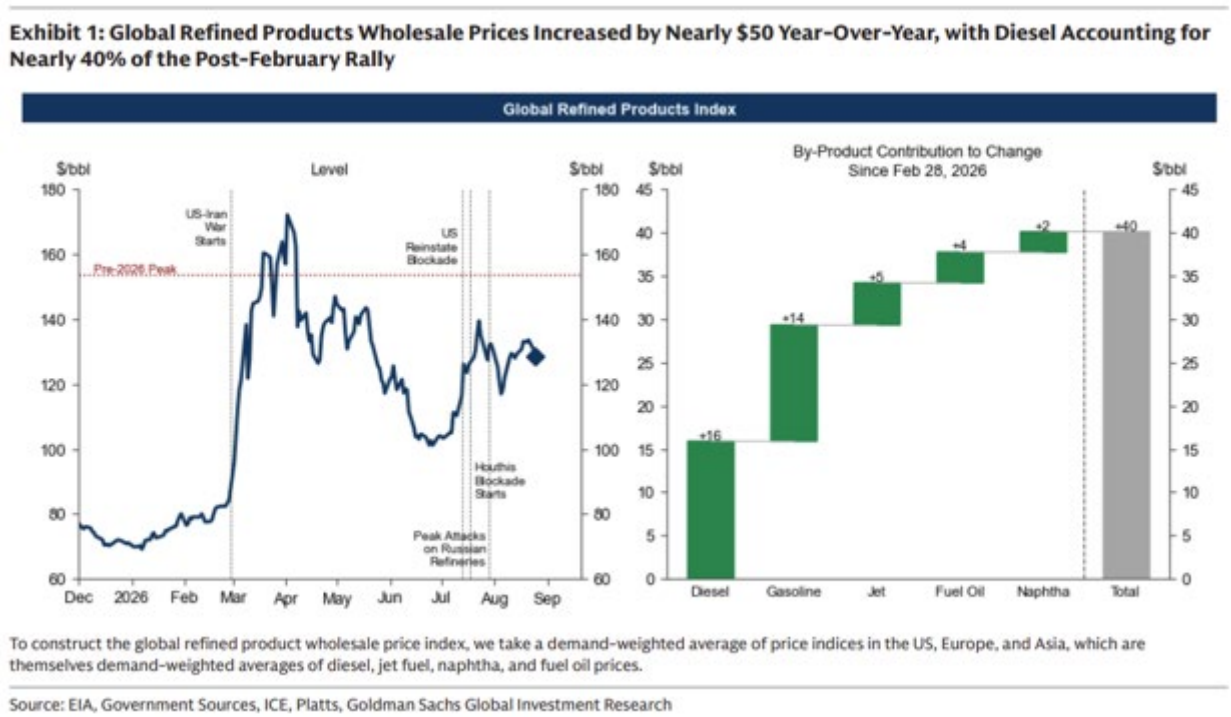
Exhibit 7: The May 2027 Freight Rate for Tankers Traveling from the Persian Gulf to China Increased Fivefold this Month, Reflecting a Sharp Increase in the Perceived Probability of Disruptions Persisting Well into 2027



Source: Refinitiv Eikon, Goldman Sachs Global Investment Research

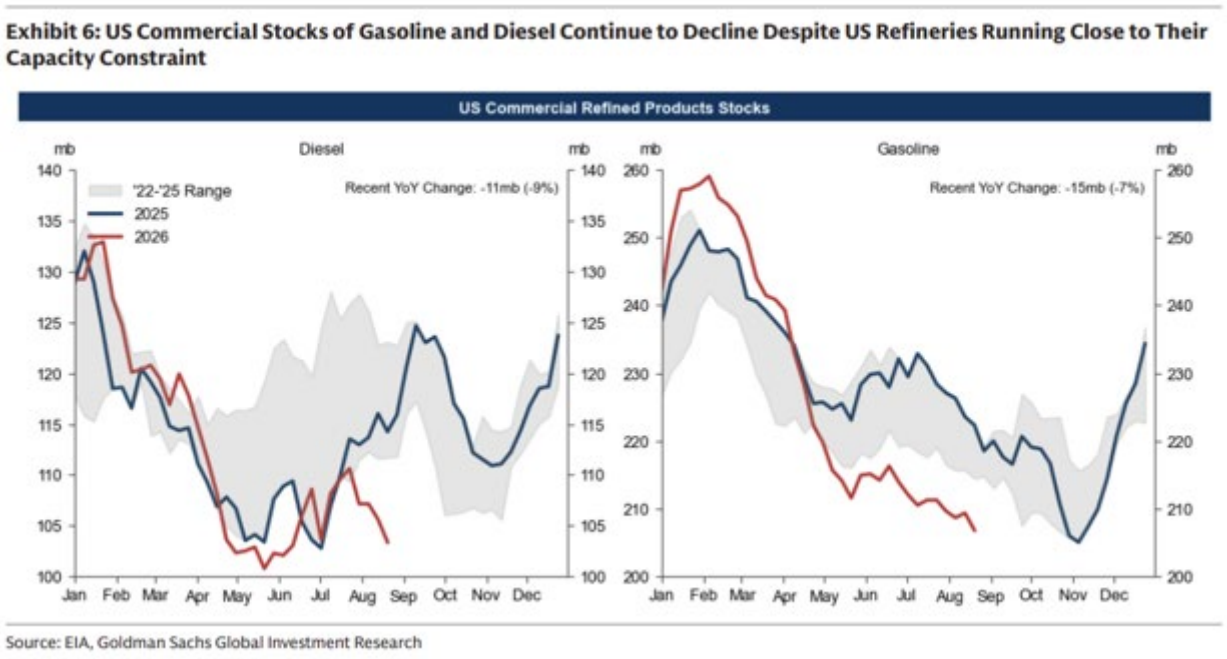
The prices for global refined products have increased more than those for crude oil since the Middle East conflict began in late February. To the end of August, the year-on-year increase has been nearly $50 with the increase in diesel prices contributing nearly 40% of the gain (Figure 3).

Figure 3: Global Refined Products Index (Source: various, via GS)



US commercial stocks of gasoline and diesel continue to decline despite US refineries running close to their capacity constraints (Figure 4).

Figure 4: US Commercial Refined Products Stocks (Source: EIA, via GS)



The latest Baker Hughes rig count data follows. In August, US total land rigs increased from 572 to 581. Total oil rigs fell from 454 to 450, gas rigs rose from 124 to 132.

Baker Hughes

NORTH AMERICA Rotary Rig Count

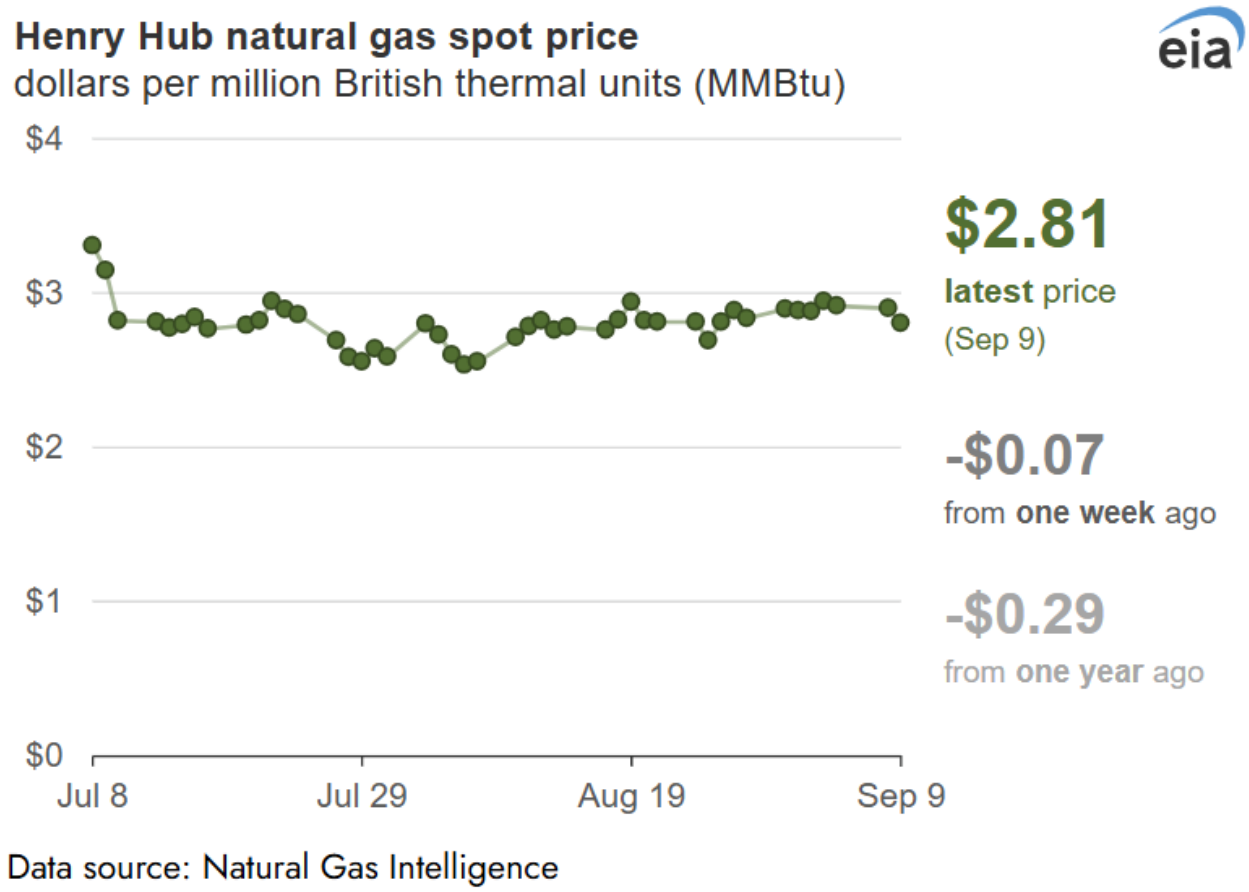
11/09/2026

Location	Week	+/-	Week	+/-	YearAgo
Inland Waters	2	-1	3	0	2
Land	581	4	577	57	524
Offshore	8	0	8	-5	13
United States Total	**591**	**3**	**588**	**52**	**539**
Gulf of Mexico	**6**	**0**	**6**	**-4**	**10**
Canada	**207**	**3**	**204**	**21**	**186**
North America	**798**	**6**	**792**	**73**	**725**
U.S. Breakout Information	**This Week**	**+/-**	**Last Week**	**+/-**	**Year Ago**
Gas	132	2	130	14	118
Oil	450	1	449	34	416
Miscellaneous	9	0	9	4	5
Directional	43	1	42	-13	56
Horizontal	536	1	535	65	471
Vertical	12	2	10	0	12

Gas Market

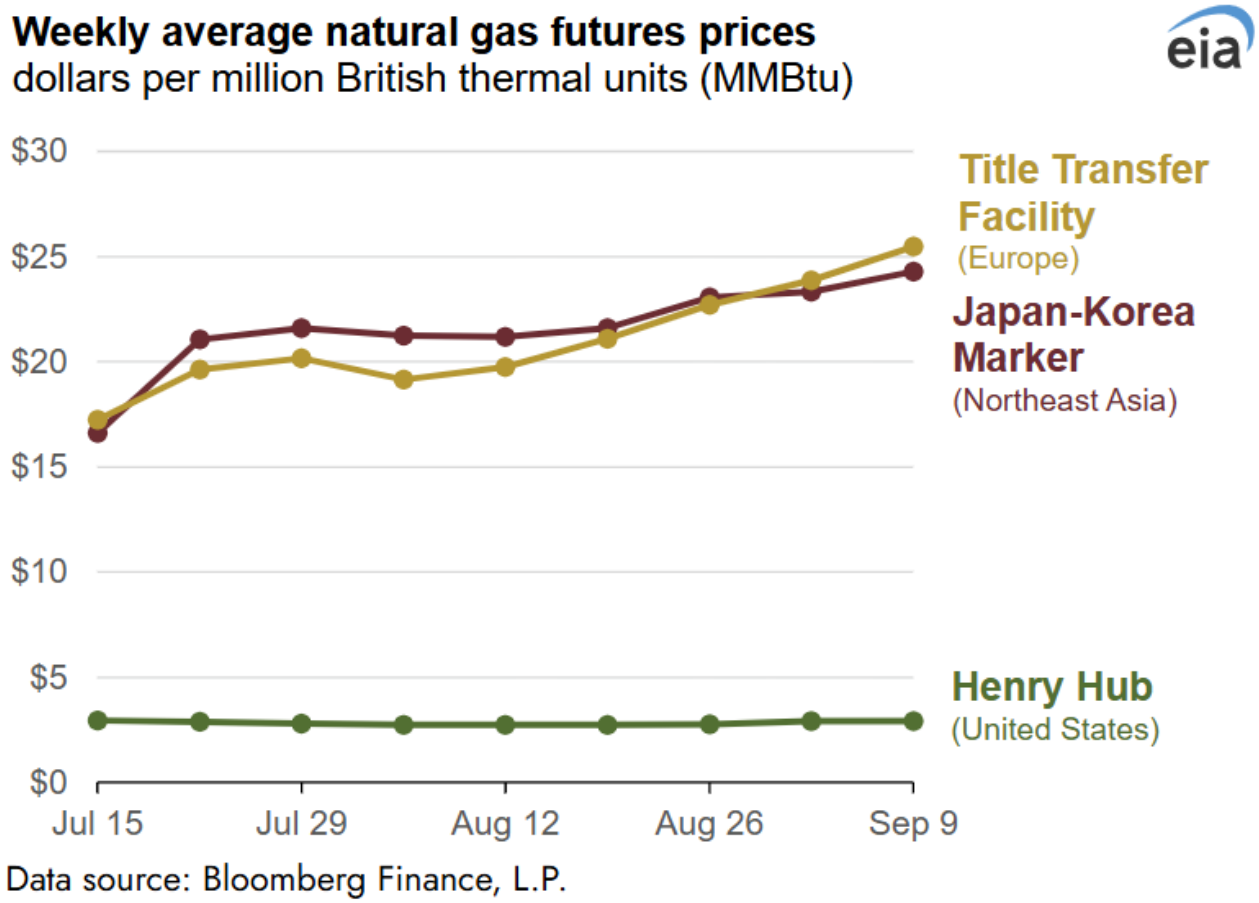
Henry Hub prompt prices were relatively steady around $2.80/mmbtu in August with hot weather and high electricity demand in the south-east balancing increased Permian basin gas supply from new pipelines and ongoing lower LNG export demand because of seasonal maintenance (Figure 8).

Figure 5: Henry Hub Natural Gas Spot Price (Source: EIA)



International natural gas prices, as represented by TTF for Europe and JKM for Asia, reached an average of $25.47/mmbtu and $24.30/mmbtu respectively during the first week of September (Figure 6).

Figure 6: Weekly Average Natural Gas Futures Prices (Source: Bloomberg, via IEA)



The start of a lengthy maintenance period at the 2 bcf/d Freeport LNG export facility from 10 July combined with the commissioning of newly added gas takeaway capacity from the Permian basin contributed to take US Gulf gas storage to it highest surplus to average by the start of August. This triggered a sharp sell-off in cash Henry Hub prices, pulling NYMEX gas prices down with it (LHS, Figure 7). By the end of August, hotter-than-average weather and the end of the Freeport maintenance increased gas demand to normalise US Gulf storage (RHS, Figure 7). This has helped boost cash and forward US prices higher, closer to $3/mmbtu.

Figure 7: US Henry Hub Nat Gas Prices and Salt Storage Levels (Source: various, via GS)

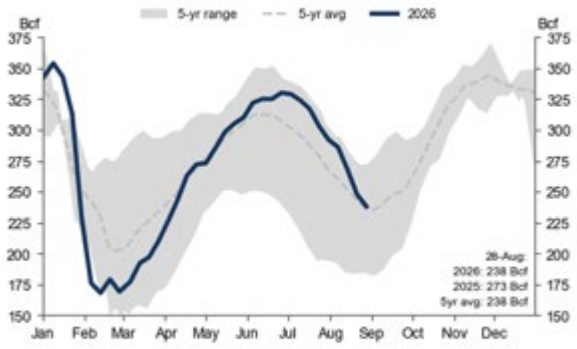
Exhibit 5: US gas prices have been below $3/mmBtu more often than above it this summer...

Henry Hub cash prices day-ahead deliveries.

Source: ICE, S&P Global Commodity Insights, Goldman Sachs Global Investment Research

Exhibit 6: ...as it's taken until recently for US Gulf storage levels to normalize

US salt storage levels, Bcf



US salt storage facilities are the highest deliverability rate facilities in the country, seen as a critical source of market flexibility when the balance is softening or tightening rapidly.

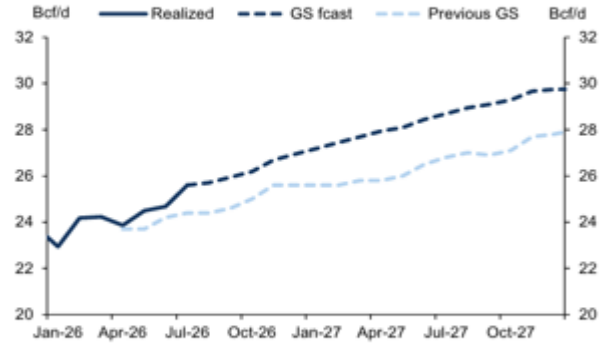
Source: EIA, Goldman Sachs Global Investment Research

Natural gas transport capacity out of the Permian will continue to grow through to the end of 2027. Current estimates are that growth of 15.4bcf/d will take Permian production reaching the market to almost 30bcf/d over this period (Figure 8).

Figure 7: Permian Basin Nat Gas Pipelines (Source: various, via GS)

Exhibit 8: We revise our Permian gas production path higher on a 2026 higher base, and a faster assumed ramp of upcoming pipeline capacity additions

Permian egress growth and early commissioning lift our Permian production forecast



Permian Pipeline Projects

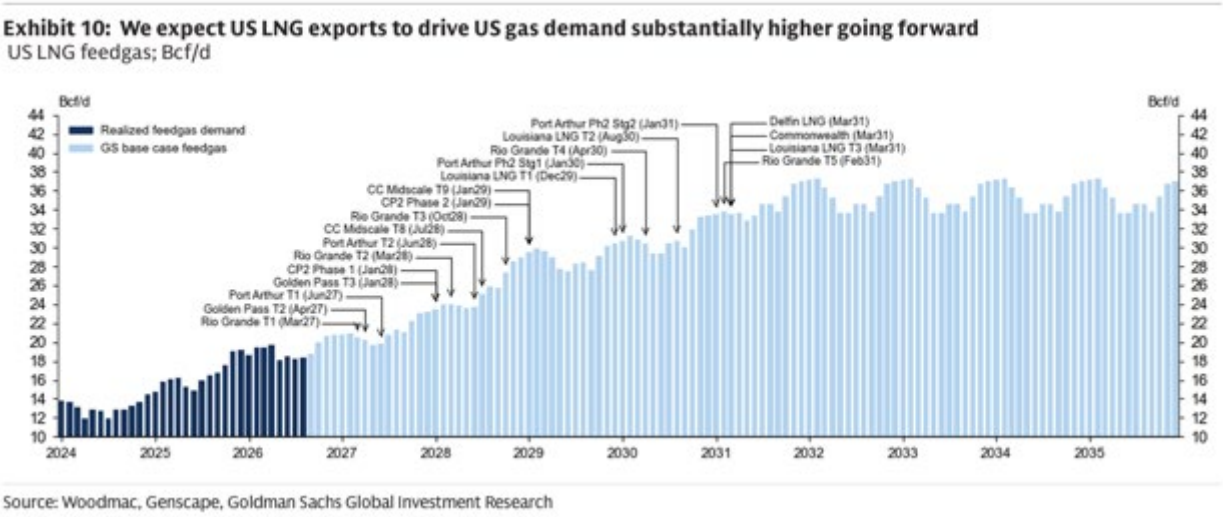
Project	Capacity (Bcf/d)	GS Start Date
Blackcomb	2.5	Oct-26
Hugh Brinson	1.5	Oct-26
Hugh Brinson Exp.	0.7	Mar-27
Eiger Express	3.7	Sep-28
Tallgrass	1.5	Oct-29
Desert SW	1.5	Dec-29
Incremental pipe 1	2.0	Dec-31
Incremental pipe 2	2.0	Jul-33
Total	15.4	

Blackcomb and Hugh Brinson have had partial commissioning (0.4 and 0.6 Bcf/d, respectively) from this summer. The "Incremental pipes" listed on the table assume additional Permian gas pipelines will be built beyond currently FIDed projects.

Source: Woodmac, Genscape, Company data, Goldman Sachs Global Investment Research

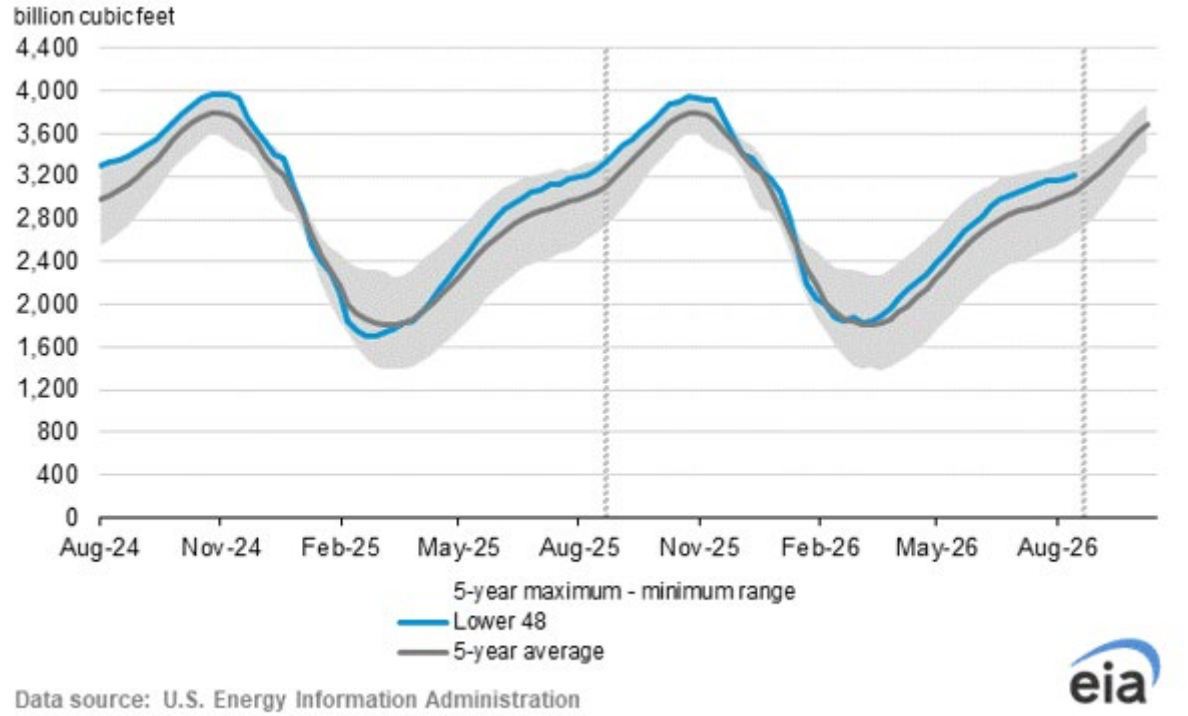
Growing LNG exports are expected to drive US natural gas demand substantially higher in the future (Figure 8).

Figure 8: US LNG Feedgas (Source: various, via GS)



Working gas in storage was 3,214 bcf as of 28 August 2026, according to EIA estimates, an increase of 30bcf from the previous week. Stocks were 50 bcf less than last year at this time and 160 bcf above the five-year average of 3,054 bcf (Figure 9).

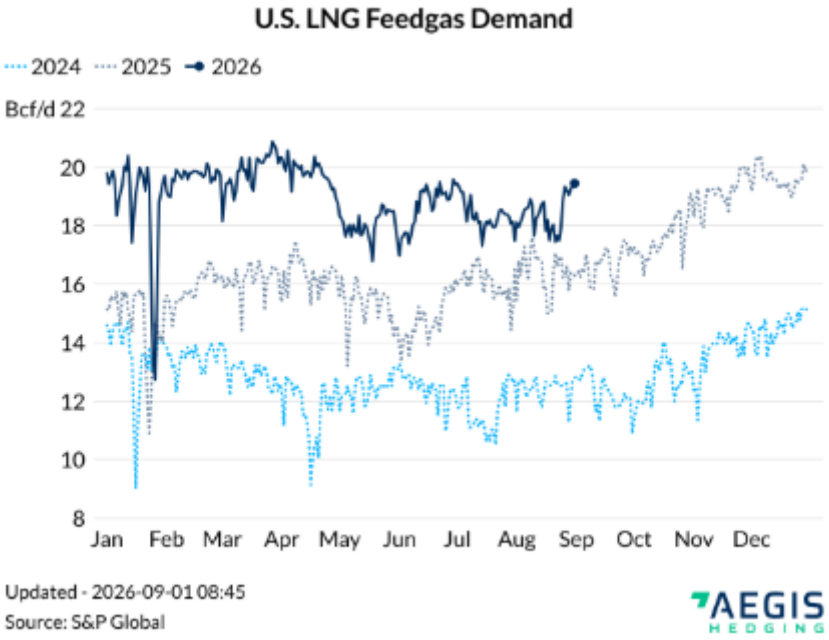
Figure 9: US L48 Natural Gas in Storage (Source: EIA)



Note: The shaded area indicates the range between the historical minimum and maximum values for the weekly series from 2021 through 2025. The dashed vertical lines indicate current and year-ago weekly periods.

US LNG feedgas demand increased back towards 20 bcf/d by the end of August with end of Freeport maintenance the main driver (Figure 10).

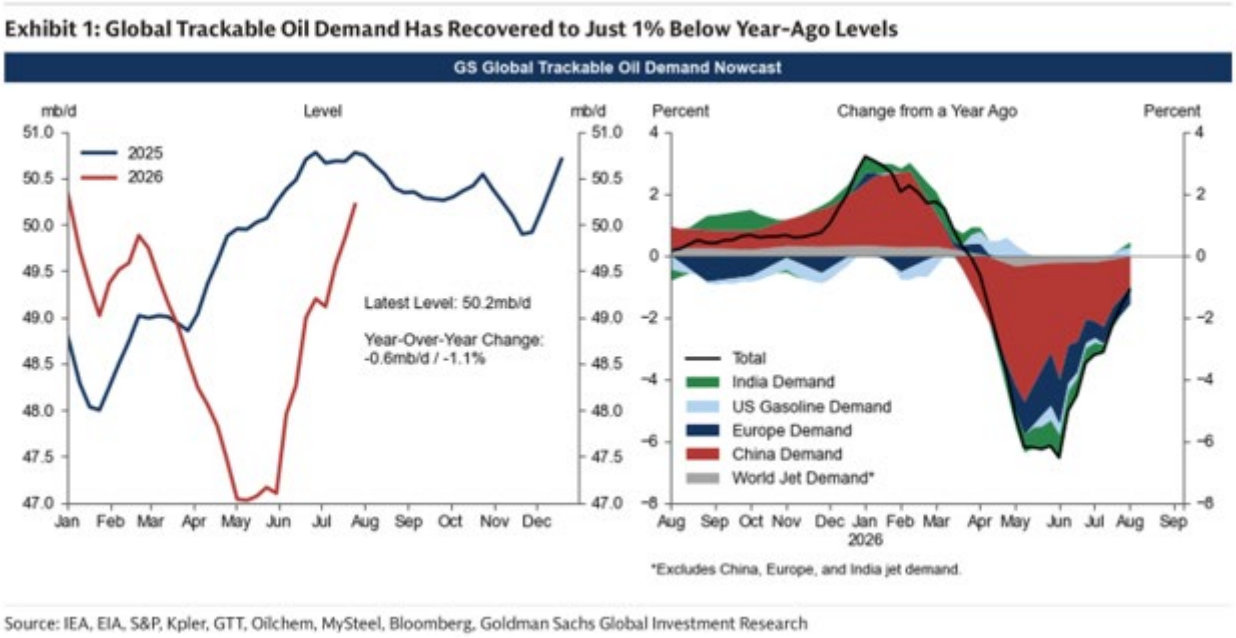
Figure 10: US LNG Feedgas Demand (Source: S&P, via AEGIS)



Oil Market

August saw global oil demand rally from its May low to just 1% below year-ago levels (Figure 11). Around two-thirds of the rebound has been driven by China.

Figure 12: GS Global Oil Demand (source: various, via GS)



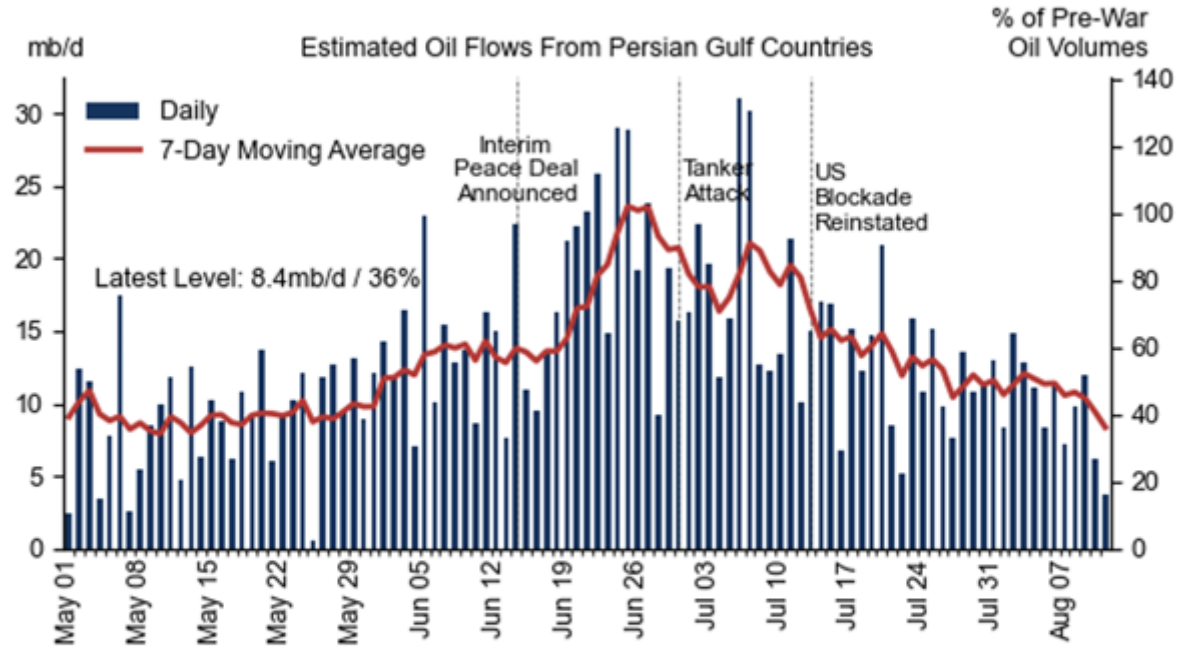
Global visible oil stocks have declined at an average pace of 6.2mmbbl/d since the 13 July announcement of the US blockade and are down 0.7mmbbl/d year-over-year (Figure 12).

Figure 12: Global Oil Inventories (Source: various, via GS)

Estimated oil; exports from the Persian Gulf closed August at 36% of pre-war levels (7-day moving average) (Figure 13).

Figure 13: Estimated Oil Flows from Persian Gulf Countries (Source: Kpler, via GS)

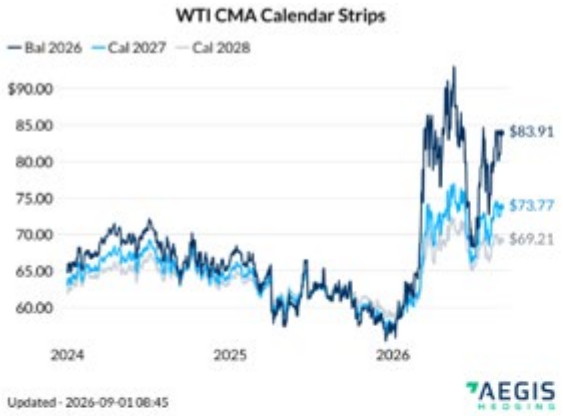
Exhibit 6: Estimated Oil Exports From the Persian Gulf Are at 36% of Pre-War Levels (7-Day Moving Average), Although "Dark Crossings" Imply Upside Risk to This Estimate

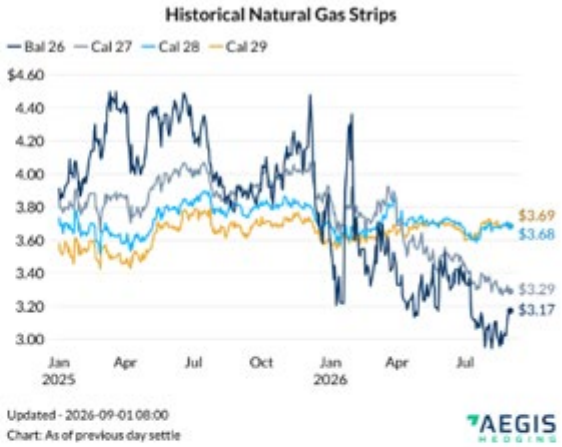


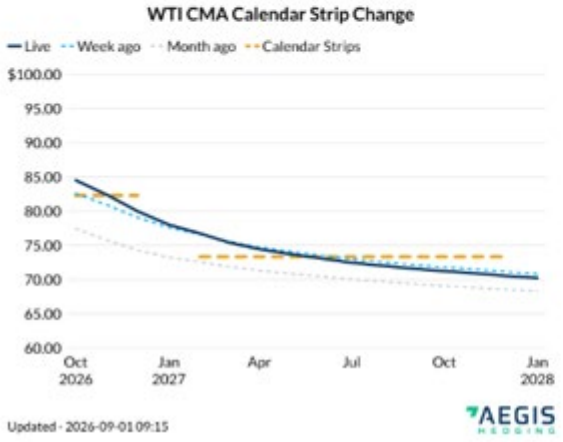
Includes flows through the Strait of Hormuz, Yanbu, Fujairah, Gulf of Oman, and Botas Ceyhan. Yanbu is on the west coast of Saudi Arabia, bordering the Red Sea and connected to Saudi eastern oil fields via the East-West pipeline. Fujairah lies east (outside) of the Strait of Hormuz and is connected to Abu Dhabi's onshore fields via the Abu Dhabi Crude Oil Pipeline (ADCOP). The Gulf of Oman connects the Strait to the Arabian Sea (southeast). The Kirkuk-Ceyhan pipeline allows northern Iraqi crude to be pumped through Turkiye to the Mediterranean sea. "Normal" flows are assumed to be 20mb/d for Strait of Hormuz and 2025 average for Yanbu (1.4mb/d), Fujairah (1.7mb/d), Gulf of Oman (0mb/d), and Botas Ceyhan (0mb/d).

Source: Kpler, Goldman Sachs Global Investment Research

Gas and Oil Prices 1 September 2026







Natural Gas Basis Swap Pricing

	prompt	Winter 26/27	Summer 26	Winter 27/28	Summer 27
Henry Hub Fixed	$2.935	$3.407	$2.935	3.986	$3.045
Panhandle East	-$0.570	$-0.147	$-0.595	-0.148	$-0.499
Eastern Gas South	-$1.230	$-0.610	$-1.211	-0.633	$-0.838
Waha	-$1.308	$-1.190	$-1.411	-1.950	$-1.615
TETCO M3	-$1.115	$1.945	$-1.096	1.974	$-0.668
Houston Ship Channel	-$0.360	$-0.452	$-0.394	-0.332	$-0.388
Columbia Gulf Mainline	-$0.353	$-0.235	$-0.364	-0.261	$-0.295

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