

# Giant Capital

## February 2026 Report

### 1.0 Market and Portfolio Commentary

#### 1.1 Macro Industry Commentary

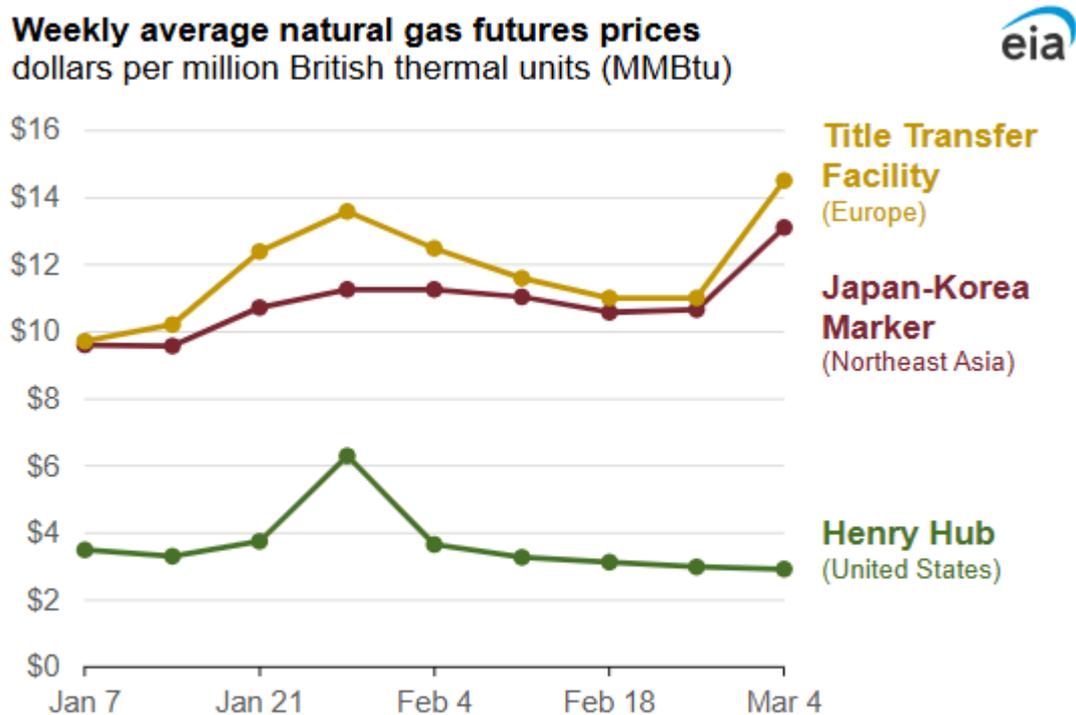
##### General Market Commentary

US Henry Hub prompt gas prices suffered large falls in February as forecasts for the balance of the winter turned warmer and the prompt contract rolled over to March, a shoulder season with reduced demand for heating and low demand for cooling. Month-on-month the prompt fell from \$4.35/mmbtu at close on 30 January to \$2.86/mmbtu at close on 27 February (the last trading day of the month). Calendar 2026 also fell, beginning February at \$4.37/mmbtu and ending at \$3.39/mmbtu.

By 27 February WTI oil had drifted marginally higher but the oil market has been significantly recast by the war in the Middle East that was launched on 28 February and the current closure of the Strait of Hormuz. As matter of historical record, the prompt began February at \$65.21/bbl and closed the month at \$67.02/bbl. Calendar 2026 rose from \$63.57/bbl to \$65.41/bbl.

Twenty per cent of the global supply of both oil and LNG flows through the Strait of Hormuz. Tanker traffic was severely disrupted immediately the attacks by US and Israeli forces on Iran started. Oil prices increased 15% between close of business on 27 Feb and markets opening on 2 March. European gas (TTF) and Asian spot LNG (JKM) also rose strongly. For the week ending 4 March TTF gas averaged \$14.52/mmbtu, \$3.51 higher than the prior week. JKM averaged \$13.11/mmbtu that week, \$2.45 higher than the week before. Henry Hub was flat with all US LNG export facilities already working at full capacity (Figure 1).

Figure 1: Weekly Average Natural Gas Futures Prices (Source: Bloomberg, via EIA)

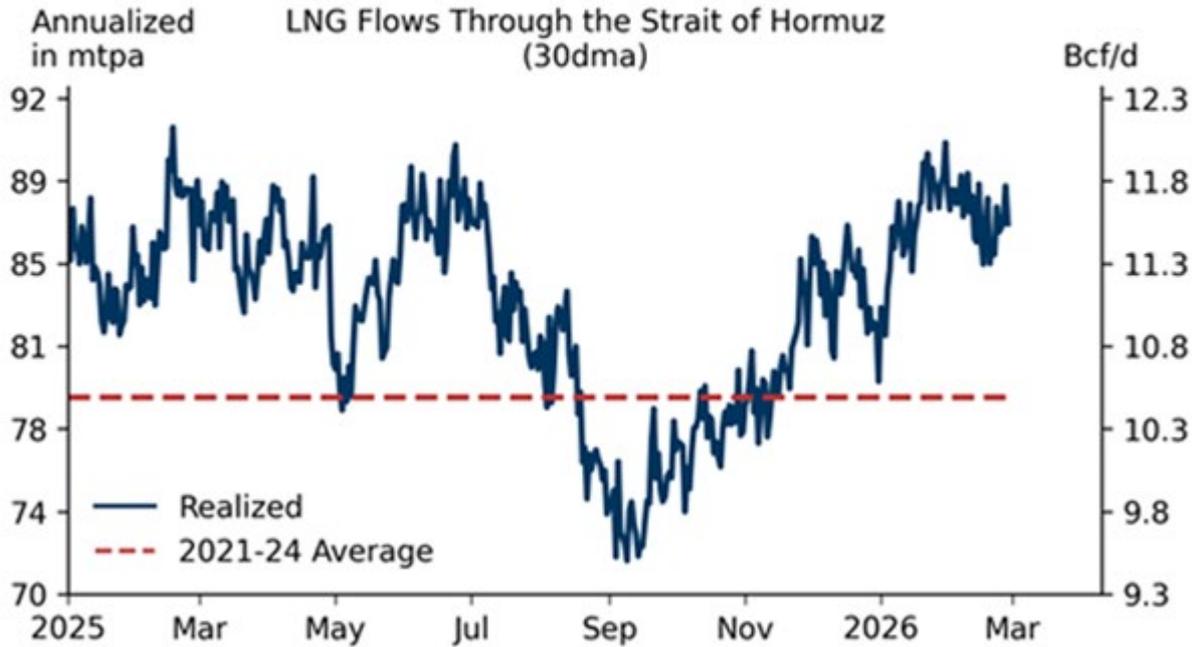


Data source: Bloomberg Finance, L.P.

The LNG impact is material with 80 mtpa (approx. 3.8 tcf), 19% of global supply, mainly from Qatar, flowing through the Strait of Hormuz (Figure 2).

Figure 2: LNG Flows Through the Strait of Hormuz (30 day moving average) (Source: Kpler, via GS)

**Exhibit 2: Flows Through the Strait of Hormuz Were Normal Through Friday; Approximately 80 mtpa of LNG (19% of Global Supply), Mainly From Qatar, Flows Through the Strait of Hormuz**

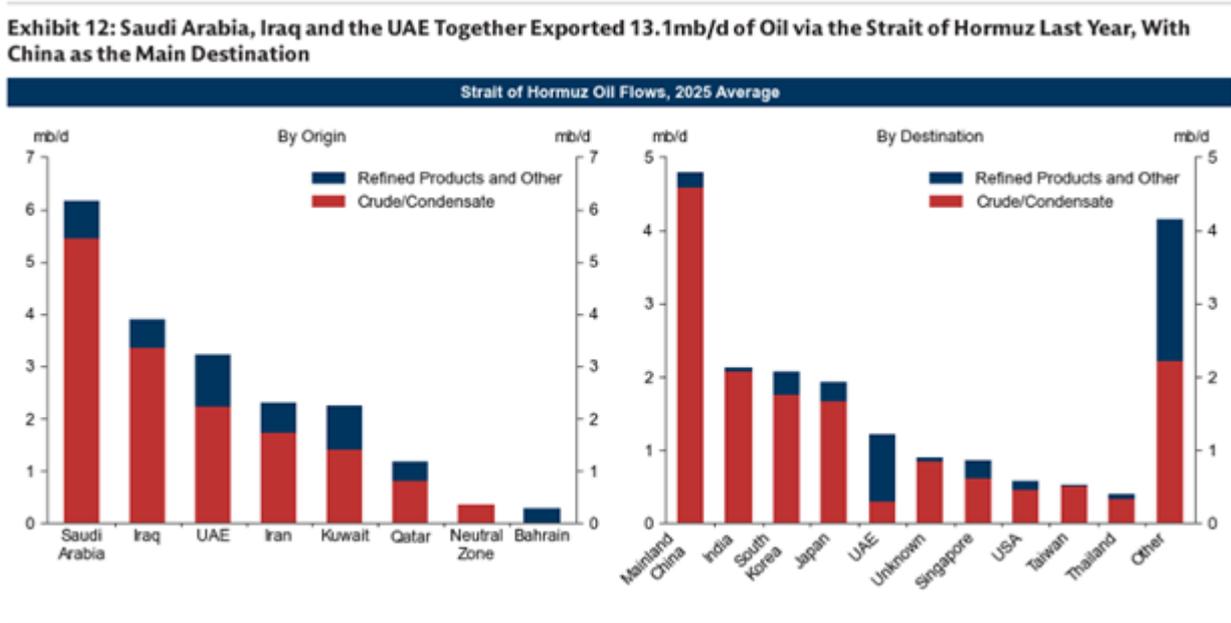


Source: Kpler, Goldman Sachs Global Investment Research

Goldman Sachs commodities research team believes that a one-month halt of LNG flows through the Strait of Hormuz could see TTF approach the \$25/mmbtu threshold that triggered large demand destruction during the 2022 European energy crisis. A disruption of two-months or more could see TTF reach over \$35/mmbtu given the increased difficulty to refill European gas storage ahead of next winter. Because the LNG market is global, JKM prices will follow TTF.

Exports of liquids in 2025 through the Strait averaged 13.4mmbbl/d for crude, 0.2mmbbl/d for condensates, 3.5mmbbl/d for refined products, and 1.4mmbbl/d for NGLs and other liquids. Saudi Arabia, Iraq and the UAE together exported 13.1mmbbl/d of oil via the Strait of Hormuz last year, with China as the main destination (Figure 3).

Figure 3 Strait of Hormuz Oil Flows, 2025 average (Source: Kpler, via GS)



The IEA has estimated that 4.2mmbbl/d of the oil flows through the Strait can be redirected using existing spare pipeline capacities, implying around 16mmbbl/d of oil flows at risk from full closure of the Strait.

Global oil inventory levels rose last year as global supply exceeded global demand by an estimated 1.7mmbbl/d. Global total visible oil inventories are now 7,827mmbbls, near their historical median when expressed as covering 74 days of global demand.

While there is sufficient oil in storage to cover prolonged disruption to supply through the Strait of Hormuz, the supply of middle distillates (diesel, gasoil), jet fuel, naphtha and urea (fertiliser) is much more precarious. Global prices for these commodities have soared in early March.

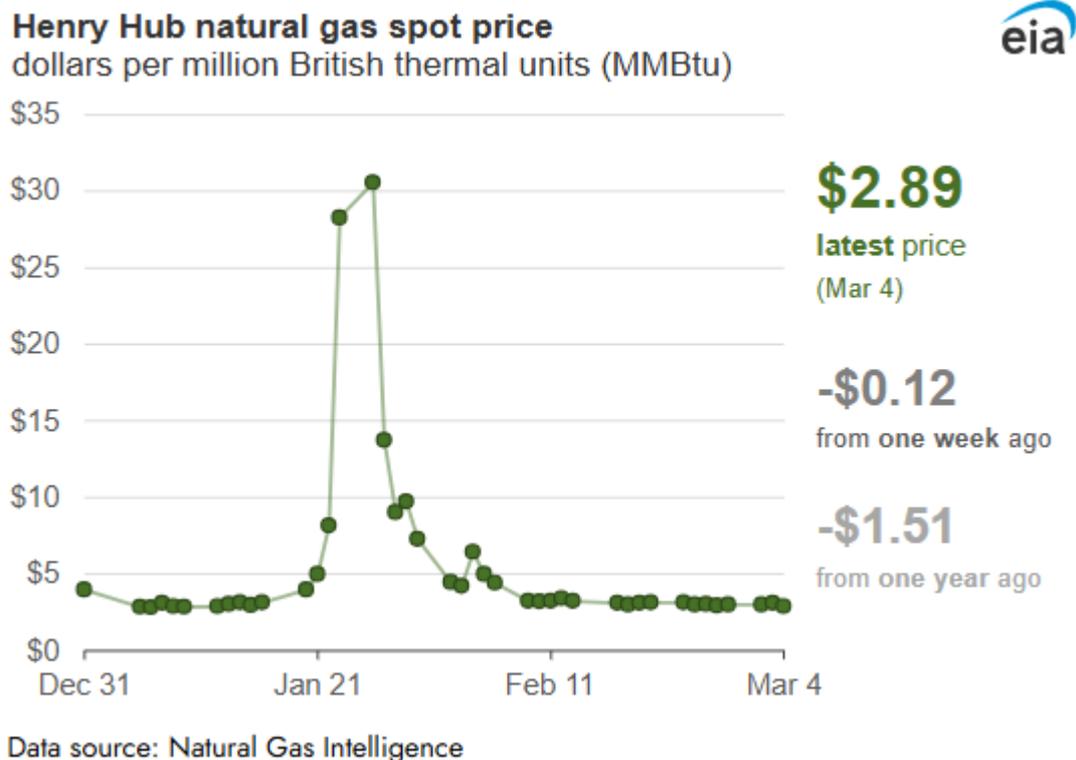
The latest Baker Hughes rig count data follows. In February, US total land rigs increased from 531 to 539. Total oil rigs rose from 409 to 412, gas rigs remained flat at 133.

 <b>NORTH AMERICA Rotary Rig Count</b> 13/03/2026					
Location	Week	+/-	Week	+/-	Year Ago
<b>Inland Waters</b>	2	1	1	0	2
<b>Land</b>	539	7	532	-37	576
<b>Offshore</b>	12	-6	18	-2	14
<b>United States Total</b>	<b>553</b>	<b>2</b>	<b>551</b>	<b>-39</b>	<b>592</b>
<b>Gulf of Mexico</b>	<b>11</b>	<b>2</b>	<b>9</b>	<b>-1</b>	<b>12</b>
<b>Canada</b>	<b>197</b>	<b>-8</b>	<b>205</b>	<b>-2</b>	<b>199</b>
<b>North America</b>	<b>750</b>	<b>-6</b>	<b>756</b>	<b>-41</b>	<b>791</b>
U.S. Breakout Information	This Week	+/-	Last Week	+/-	Year Ago
<b>Gas</b>	133	1	132	33	100
<b>Oil</b>	412	1	411	-75	487
<b>Miscellaneous</b>	8	0	8	3	5
<b>Directional</b>	54	4	50	4	50
<b>Horizontal</b>	485	0	485	-45	530
<b>Vertical</b>	12	-1	13	0	12

### Gas Market

Henry Hub prompt prices drifted lower during February with relatively warm weather forecasts and strong supply driving sentiment (Figure 4).

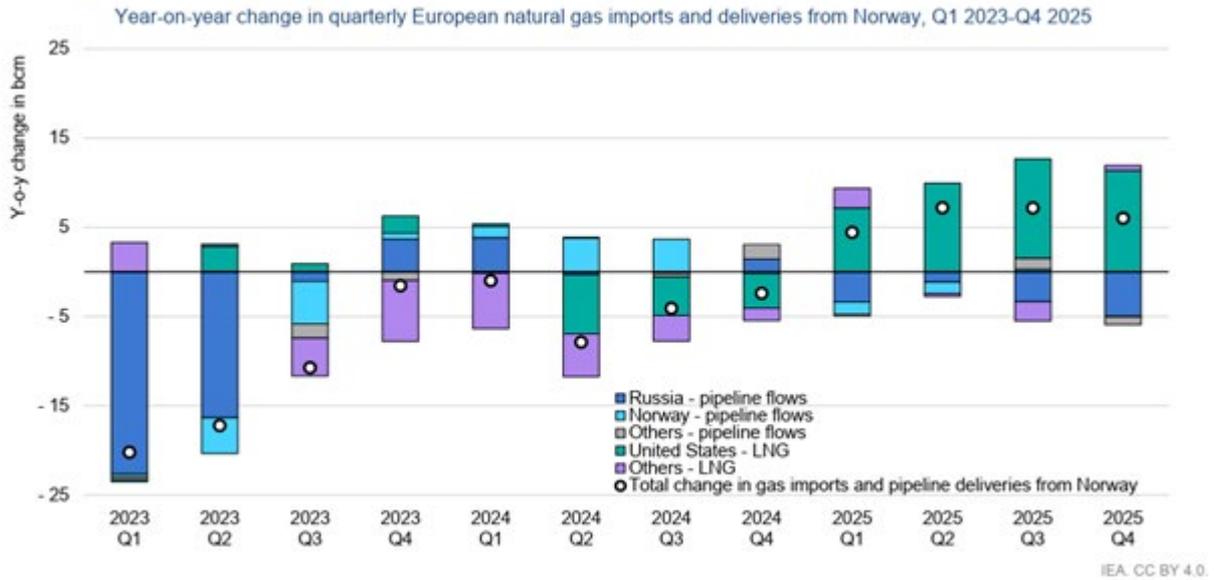
Figure 4: Henry Hub Natural Gas Spot Price (Source: EIA)



The 1Q26 Quarterly Gas Market Report from the International Energy Agency (IEA), released before war engulfed the Middle East, highlights the important role that US LNG supply had in supply of natural gas to Europe during 2025 (Figure 5).

Figure 5: Y-o-Y Change in Quarterly European Natural Gas Imports (Source: IEA)

**Strong US LNG supply played a crucial role in refilling Europe’s gas storage sites in 2025**

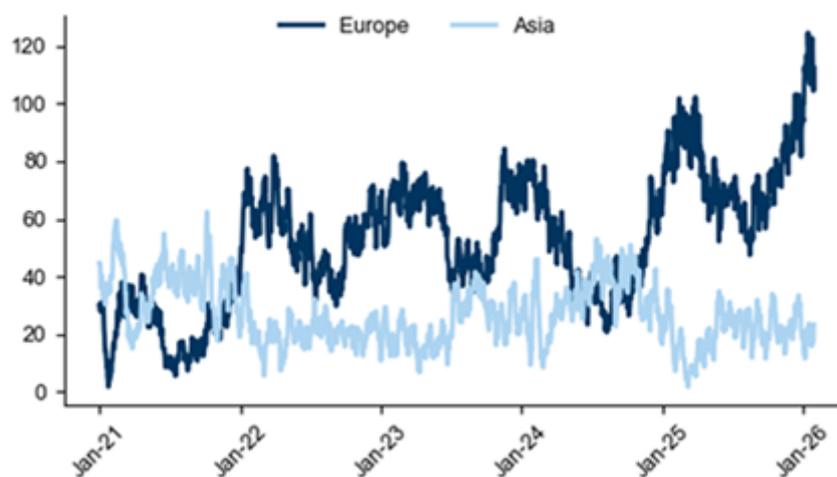


Sources: IEA analysis based on ENTSOG (2026), [Transparency Platform](#); Eurostat (2026), [Energy Statistics](#); ICIS (2026), [LNG Edge](#); JODI (2026), [Gas World Database](#).

Data from Goldman Sachs shows that the US exported record LNG volumes to Europe January 2026, continuing the 2025 trend (Figure 6).

Figure 6: US LNG Deliveries to Europe and Asia (Source: Kpler, GS)

**Exhibit 16: US LNG deliveries to Europe continue to hit record highs**  
US LNG deliveries to Asia vs Europe, mtpa



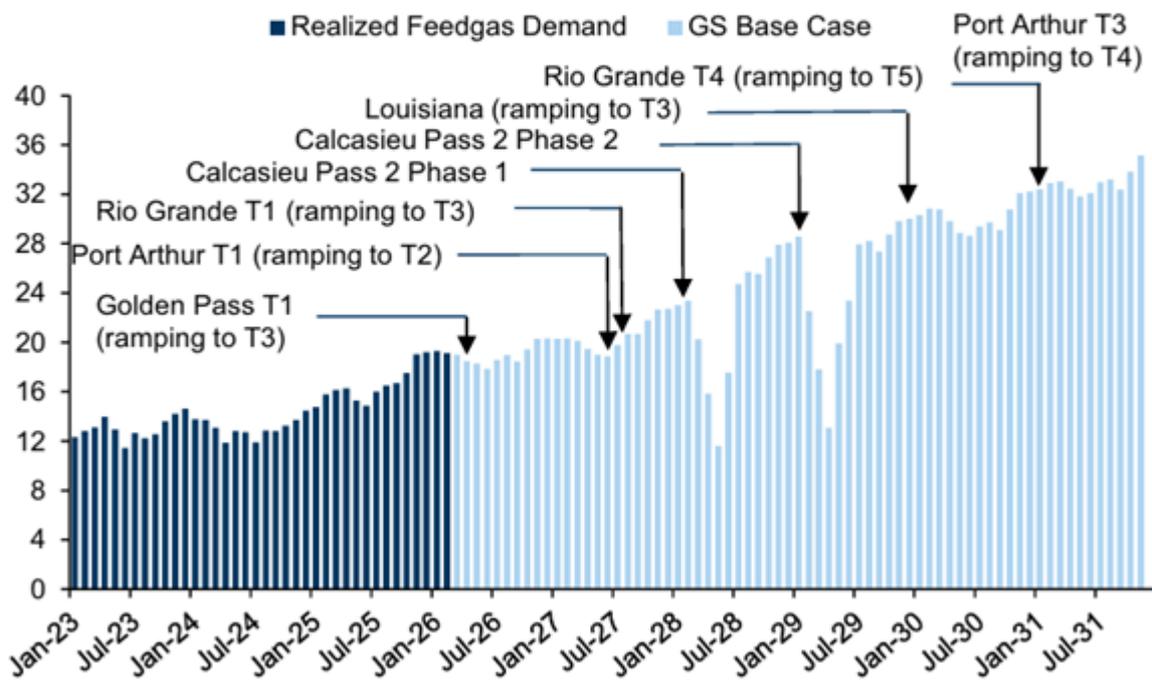
Source: Kpler, Goldman Sachs Global Investment Research

Damage to Qatari LNG export facilities already incurred will, if hostilities ceased immediately, have a material impact on Qatar’s ability to quickly restore pre-conflict LNG exports. The impact on planned Qatari LNG expansion will all be material, although impossible today to quantify. In this environment the growing US LNG export capacity becomes vital for global supply of natural gas (Figure 8).

Figure 8: Feedgas into US LNG Storage (Source: Bloomberg, via GS)

## Exhibit 17: We see continuous ramp of US liquefaction projects through and beyond this decade

Feedgas into US LNG export facilities, Bcf/d



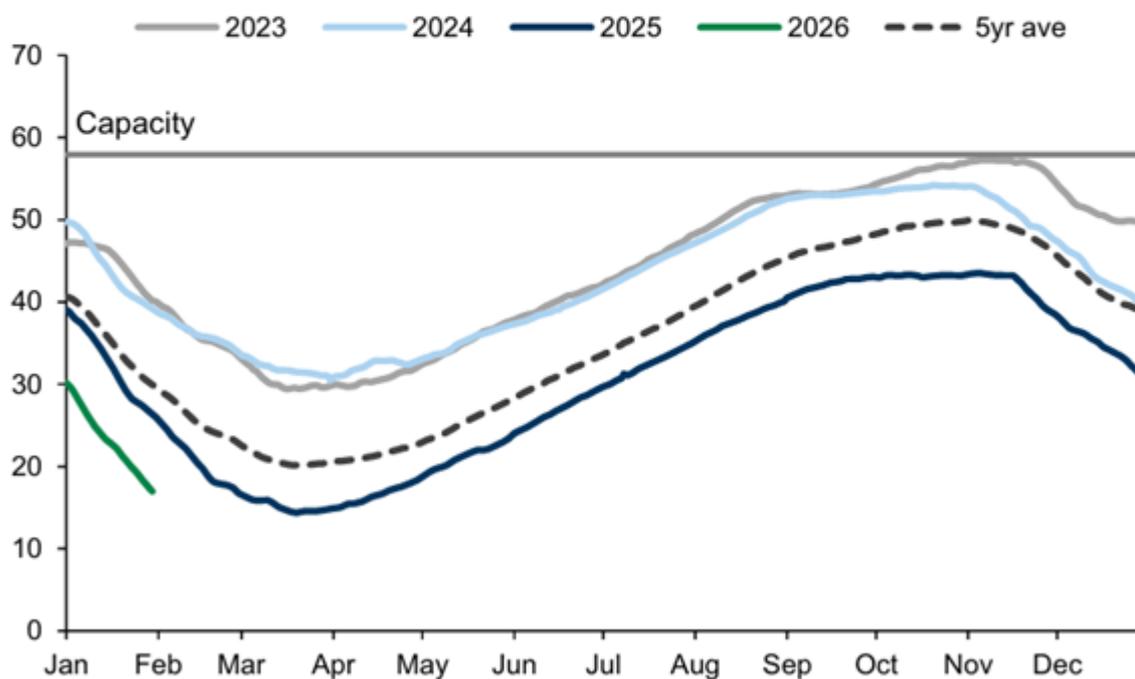
Source: Bloomberg, Goldman Sachs Global Investment Research

North-West Europe is particularly exposed to LNG supply shortages with the region’s storage levels significantly below previous years as they enter Spring (Figure 9).

Figure 9: NW European Gas Storage; Billion Cubic Meters (Source: Bloomberg, via GS)

### Exhibit 27: With NW European storage levels significantly below previous years...

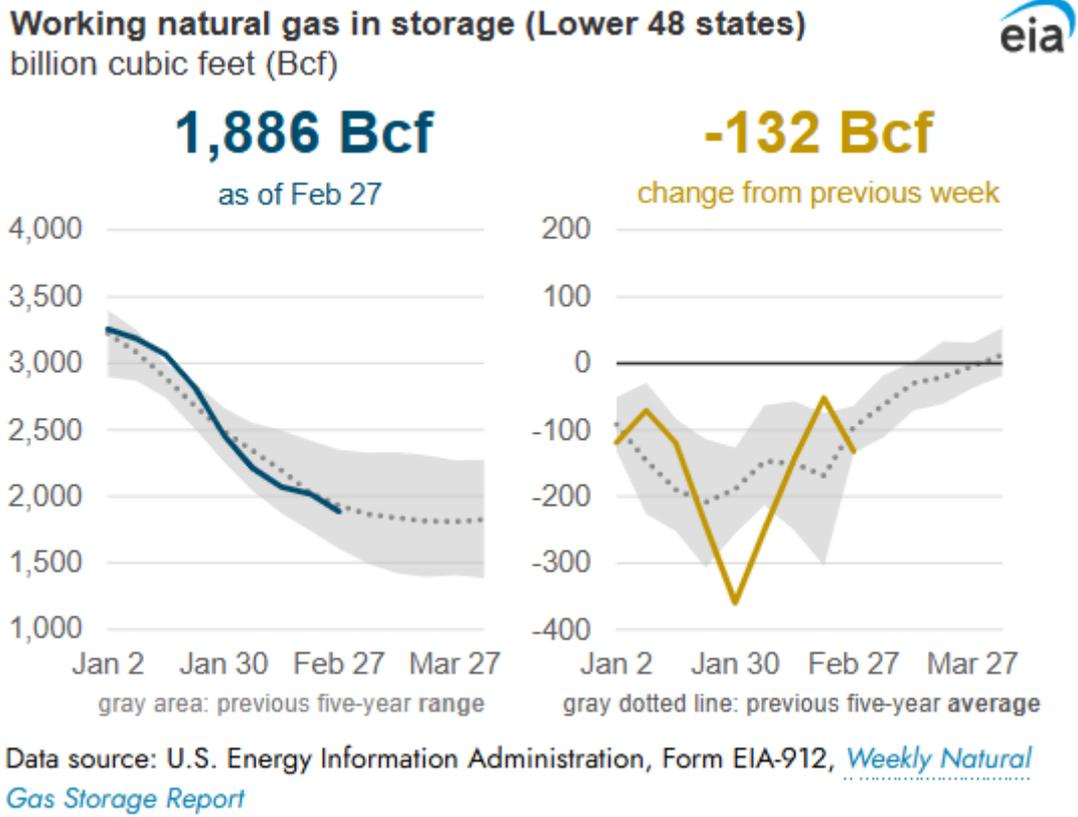
NW European gas storage; Bcm



Source: Bloomberg, Goldman Sachs Global Investment Research

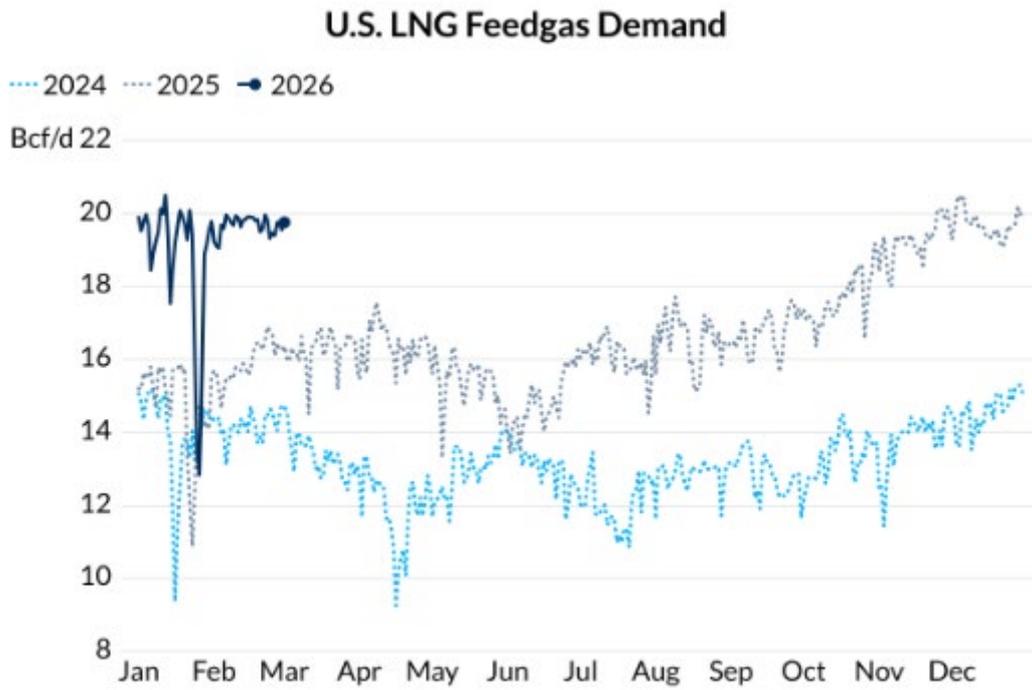
For the week ending 27 February, net storage withdrawals totalled 132 bcf, compared to the five-year (2021-2025) average net withdrawals of 96 bcf and last year’s net withdrawals of 106 bcf during the same week. (Figure 10).

Figure 10: US L48 Natural Gas in Storage (Source: EIA)



US LNG feedgas demand remained steady at approx. 20 bcf/d through February (Figure 11). All US LNG export facilities are running at maximum capacity.

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



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Source: S&P

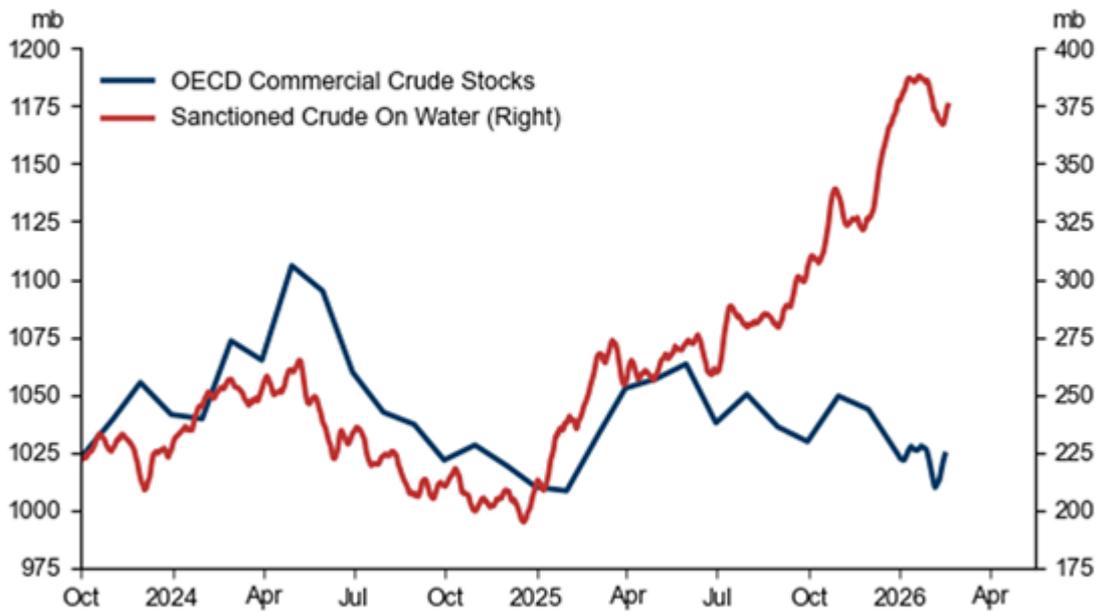


### Oil Market

Events of early March have materially changed the oil market supply fundamentals from those that applied at the end of February. Ahead of the functional closure of the Strait of Hormuz, large volumes of sanctioned crude on water and comfortable OECD commercial crude stocks assured the market of plentiful near-term oil supply (Figure 11). These stocks are now being rapidly drawn down.

Figure 11: Oil Stocks (source: various, via GS)

## A Surge in Sanctioned Crude on Water Weighs on OECD Commercial Stocks



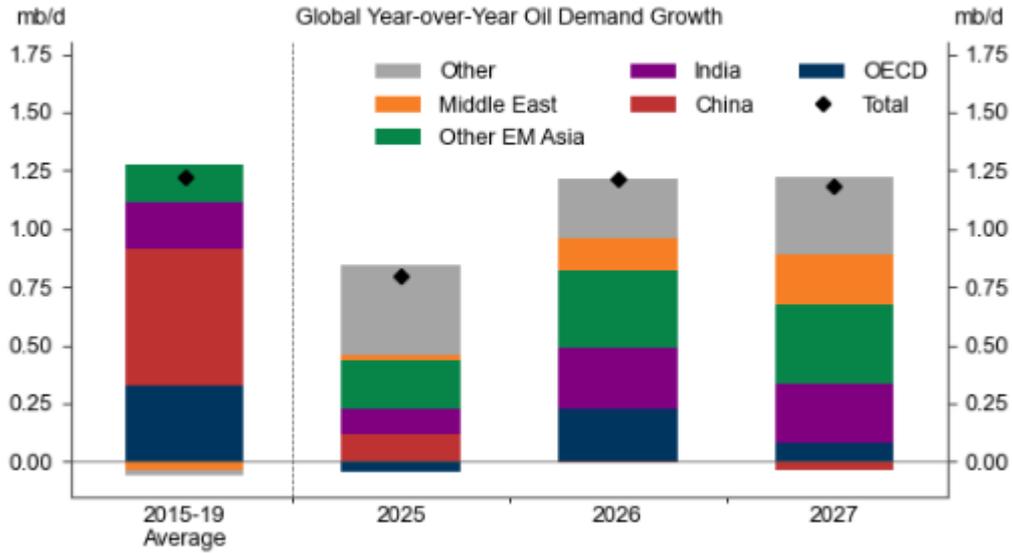
Source: Kpler, IEA, Goldman Sachs Global Investment Research

Goldman Research  
Sachs

Oil demand had been projected by the IEA to grow 1.2mmb/d in both 2027 and 2028 (Figure 12). The impact of the conflict on oil supply and the resulting price induced changes to oil demand, are impossible to determine until fighting ceases and damage can be assessed.

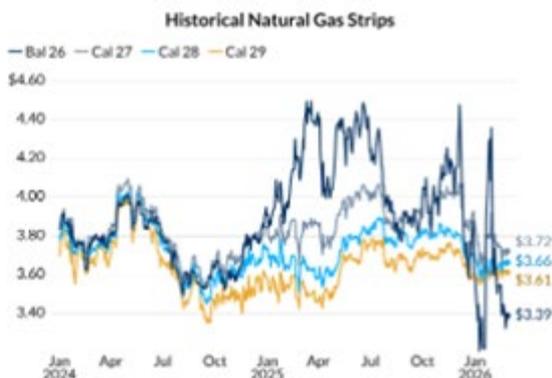
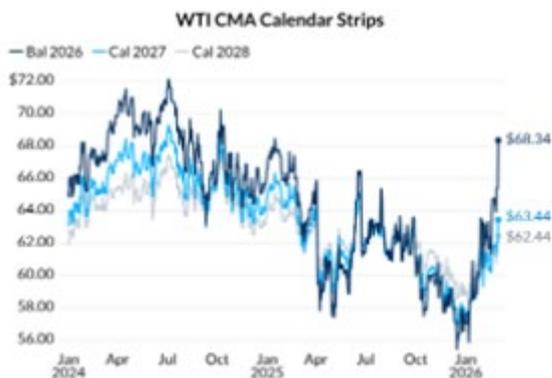
Figure 12: Global Y-o-Y Oil Demand Growth (Source: IEA, via GS)

**Exhibit 18: We Forecast Solid Demand Growth of 1.2mb/d in 2026 and 2027**



Source: IEA, Goldman Sachs Global Investment Research

**Gas and Oil Prices 2 March 2026**



**Crude Oil Swap Pricing**

	Bal 2026	2027
NYMEX WTI	\$68.34	\$63.32
LLS	\$68.76	\$63.88
Mars	\$68.10	\$63.09
Dubai	\$72.94	\$67.86
WCS-WTI	-\$14.21	-\$14.91
ICE Brent	\$73.79	\$68.26
Dated Brent	\$74.92	\$68.75
West TX Sour (WT3)	\$66.45	\$61.42

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**Natural Gas Basis Swap Pricing**

	prompt	Winter 26/27	Summer 26	Winter 27/28	Summer 27
Henry Hub Fixed	\$2.859	\$4.093	\$3.203	4	\$3.428
Perthville East	-\$0.663	\$-0.398	\$-0.810	-0	\$-0.576
Eastern Gas South	-\$0.610	\$-0.762	\$-0.927	-1	\$-0.930
Waha	-\$5.138	\$-1.121	\$-3.482	-1	\$-1.021
TETCOM3	-\$0.343	\$1.894	\$-0.752	2	\$-0.703
Houston Ship Channel	-\$0.630	\$-0.371	\$-0.385	-0	\$-0.353

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