Giant Capital / Longreach Energy

May 2025 Report

1.0 Market and Portfolio Commentary

1.1 Macro Industry Commentary

General Market Commentary

US Henry Hub prompt gas prices fell in May as ongoing fears of tariff induced global economic weakness combined with reduced demand from mild Spring weather and scheduled maintenance at LNG export facilities. Month-on-month the prompt fell from $3.89/mmbtu at close on 29 April to $3.45/mmbtu at close on 30 May (the last trading day of the month). Calendar 2025 also fell, beginning May at $3.85/mmbtu and ending at $3.76/mmbtu.

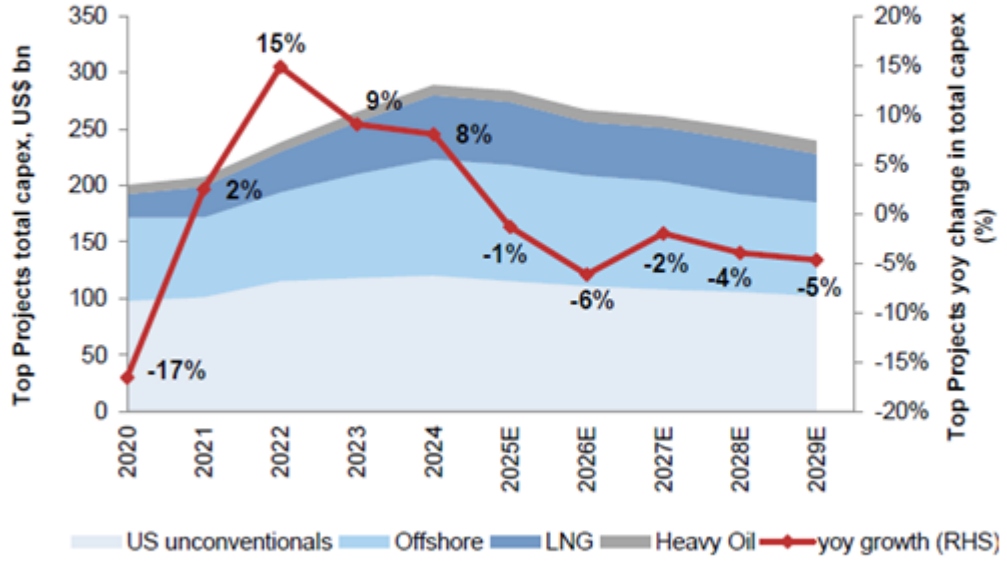
WTI oil was steady. The prompt began May at $60.42/bbl and closed the month at $60.79/bbl. Calendar 2025 dipped from $59.30/bbl to $58.95/bbl.

Illustrative of tightening global oil and gas supply, Goldman Sachs believes that energy industry capex peaked in 2024. They expect that investments in traditional energy (oil, gas upstream) will start to slow from 2025 (Figure 1).

Figure 1: GS Top Projects YoY Change in Total Capex (Source: GS)

Exhibit 19: We believe that energy industry capex peaked in 2024, and expect investments in traditional energy (oil, gas upstream) to slow from 2025...

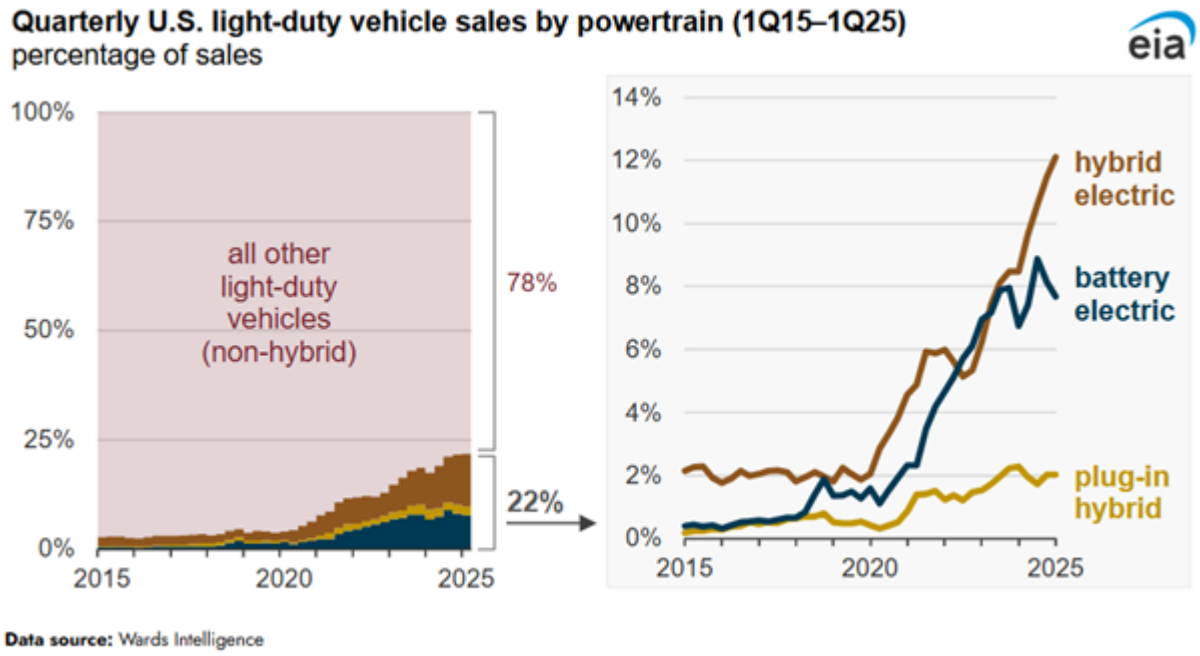
Top Projects yoy change in total capex (%)



Source: Goldman Sachs Global Investment Research

About 22% of light-duty vehicles sold in the first quarter of the year in the United States were hybrid, battery electric, or plug-in hybrid vehicles, up from about 18% in the first quarter of 2024. Among those categories, hybrid electric vehicles have continued to gain market share while battery electric vehicles and plug-in hybrid vehicles have remained relatively flat, according to estimates from Wards intelligence (Figure 2).

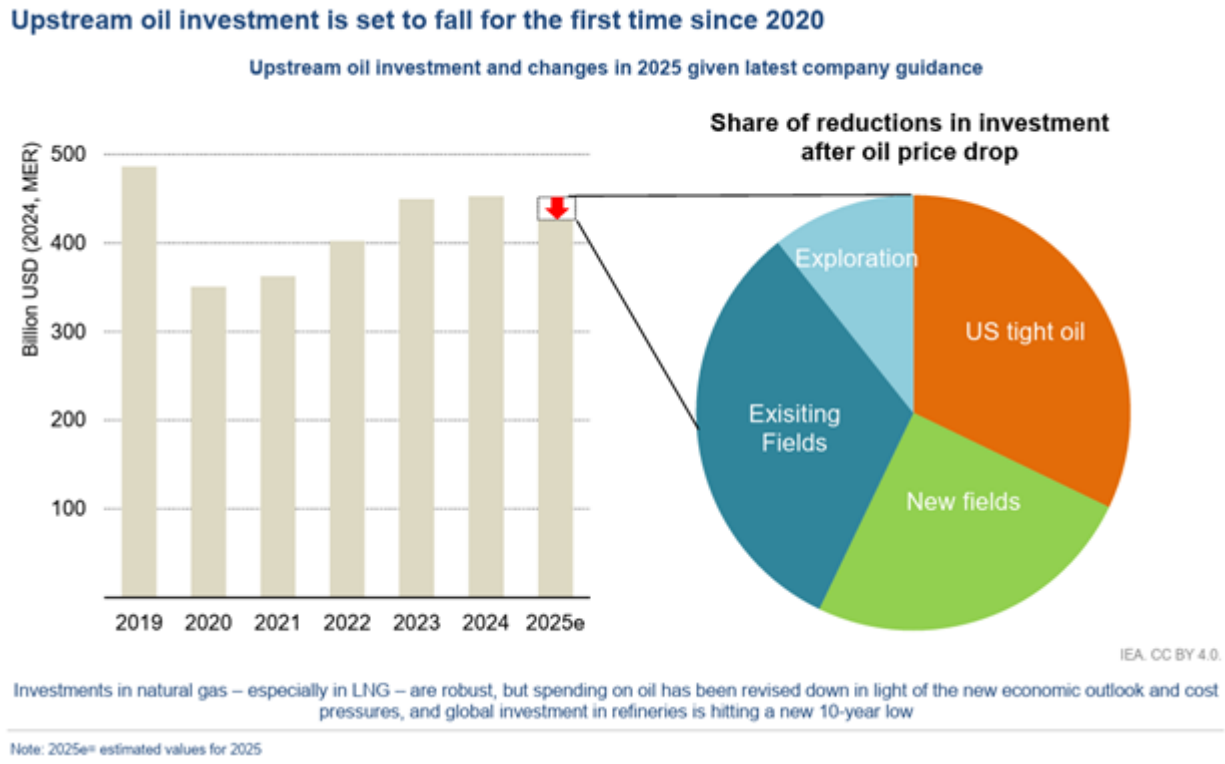
Figure 2: Quarterly US Light Duty Vehicles by Powertrain (1Q15 – 1Q25) (Source: Wards Intelligence)



The International Energy Agency (IEA) has released its World Energy Investment 2025 analysis.

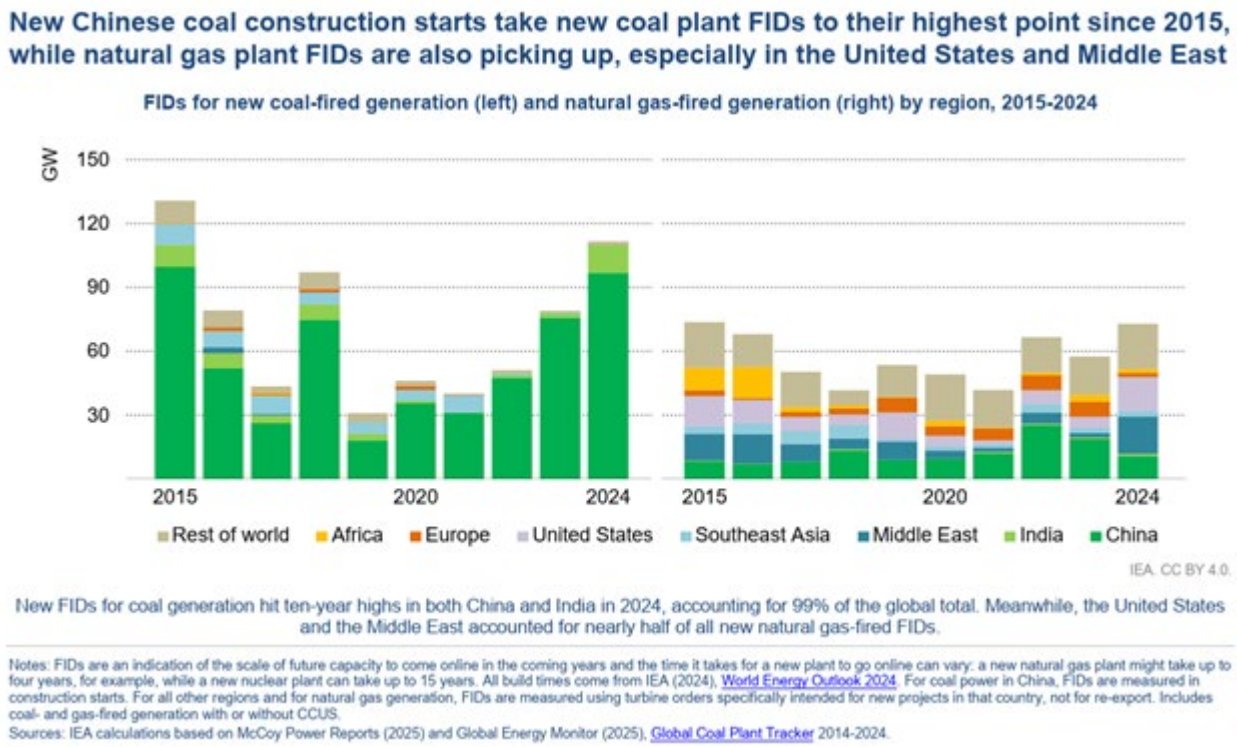
The IEA expects that recent oil price falls will see worldwide upstream oil investment fall in 2025. This would be the first annual decline since 2020 (Figure 3).

Figure 3: Upstream Oil Investment and 2025 Changes (Source: IEA)



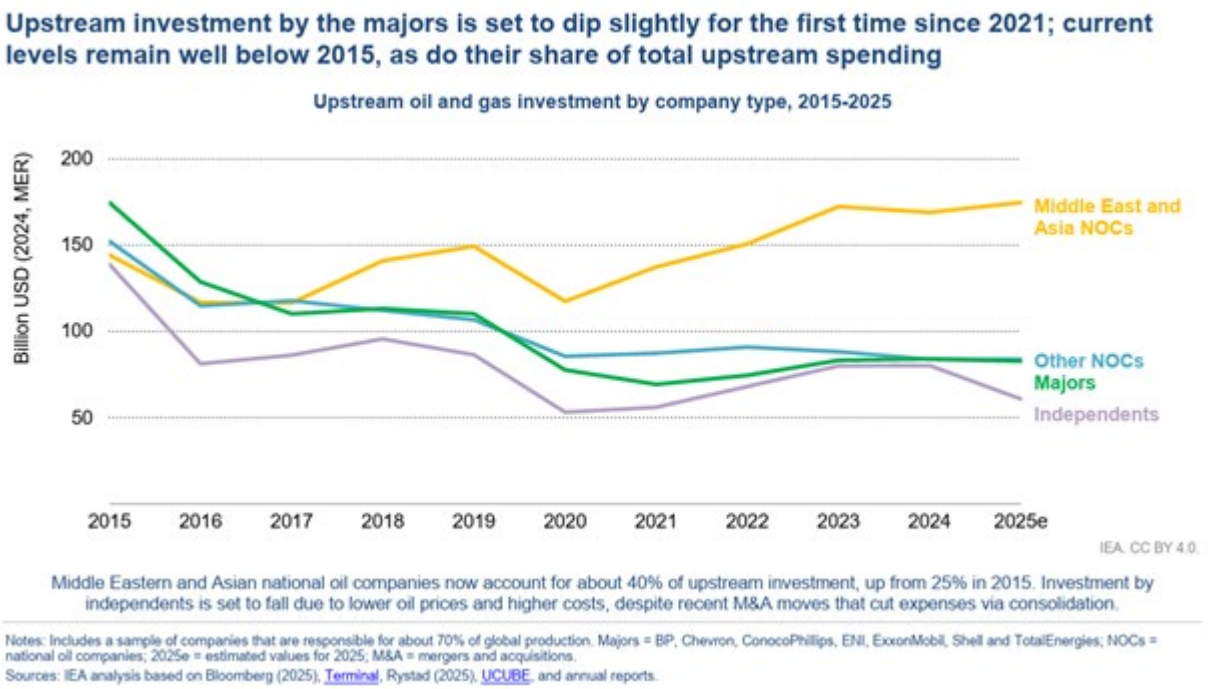
New Final Investment Decisions (FIDs) for coal generation hit ten-year highs in both China and India in 2024, accounting for 99% of the global total. Meanwhile, the United States and the Middle East accounted for nearly half of all new natural gas-fired power FIDs (Figure 4).

Figure 4: FIDs for new Coal Fired (left) and Natural Gas fired (right) Generation (Source: IEA)



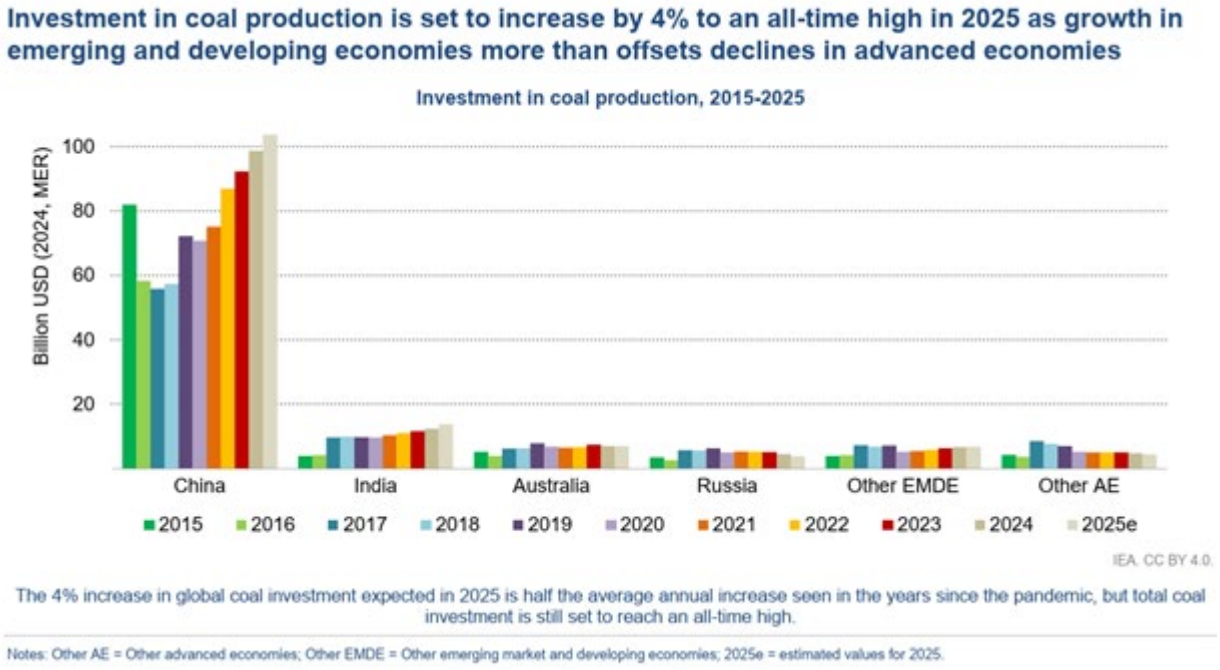
Consistent with Goldman's expectations, the IEA forecasts that upstream investment by the majors and largest independents to dip slightly in 2025. Current levels of investment remain well below 2015. Total upstream investment by the Majors and largest independents in 2025 is expected to come in over US$125b. National Oil Company (NOC) upstream investment continues to rise and in 2025 will total over US$200b.

Figure 5: Upstream Oil and Gas Investment by Company Type (Source: IEA)



Investment in coal production is set to increase by 4% to an all-time high in 2025 as growth in emerging and developing economies more than offsets declines in advanced economies (Figure 6).

Figure 6: Investment in Coal Production (Source: IEA)



The latest Baker Hughes rig count data follows. In May US total land rigs fell by 21 from 564 to 543. Total oil rigs fell by 35 from 474 to 439, gas rigs rose by 12 to 113. Oil and gas rig totals include 10 offshore and 2 inland water rigs working in May.

Baker Hughes

NORTH AMERICA Rotary Rig Count

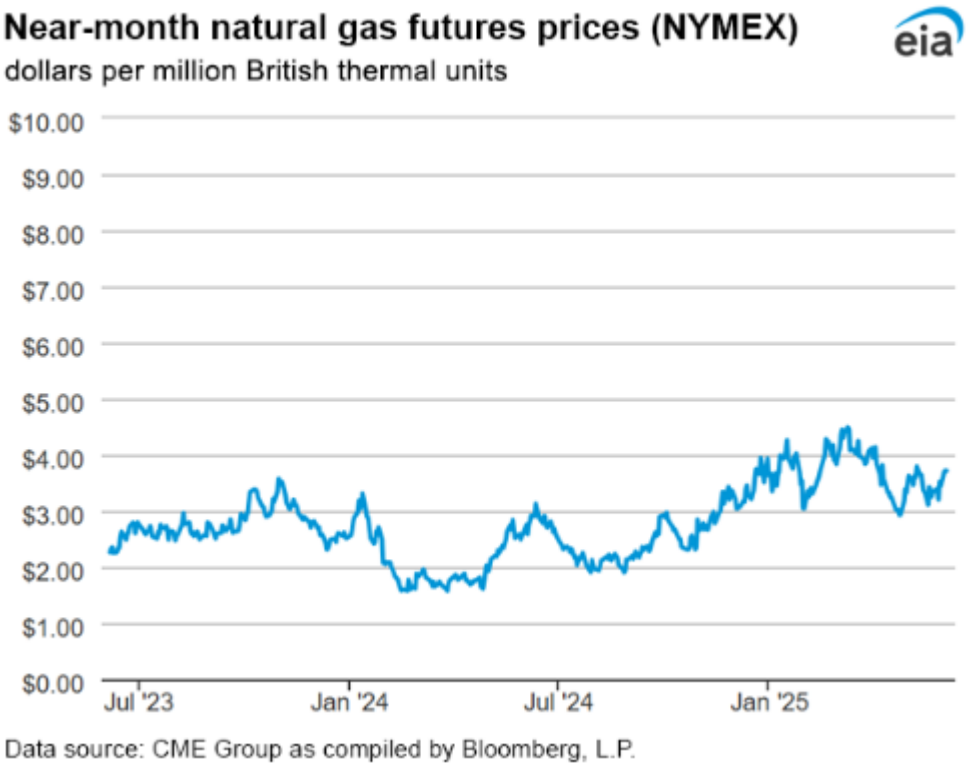
13/06/2025

Location	Week	+/-	Week	+/-	YearAgo
Inland Waters	2	0	2	2	0
Land	543	-1	544	-26	569
Offshore	10	-3	13	-11	21
United States Total	**555**	**-4**	**559**	**-35**	**590**
Gulf of Mexico	**9**	**0**	**9**	**-10**	**19**
Canada	**138**	**24**	**114**	**-22**	**160**
North America	**693**	**20**	**673**	**-57**	**750**
U.S. Breakout Information	**This Week**	**+/-**	**Last Week**	**+/-**	**Year Ago**
Gas	113	-1	114	15	98
Oil	439	-3	442	-49	488
Miscellaneous	3	0	3	-1	4
Directional	41	0	41	-2	43
Horizontal	502	-3	505	-25	527
Vertical	12	-1	13	-8	20

Gas Market

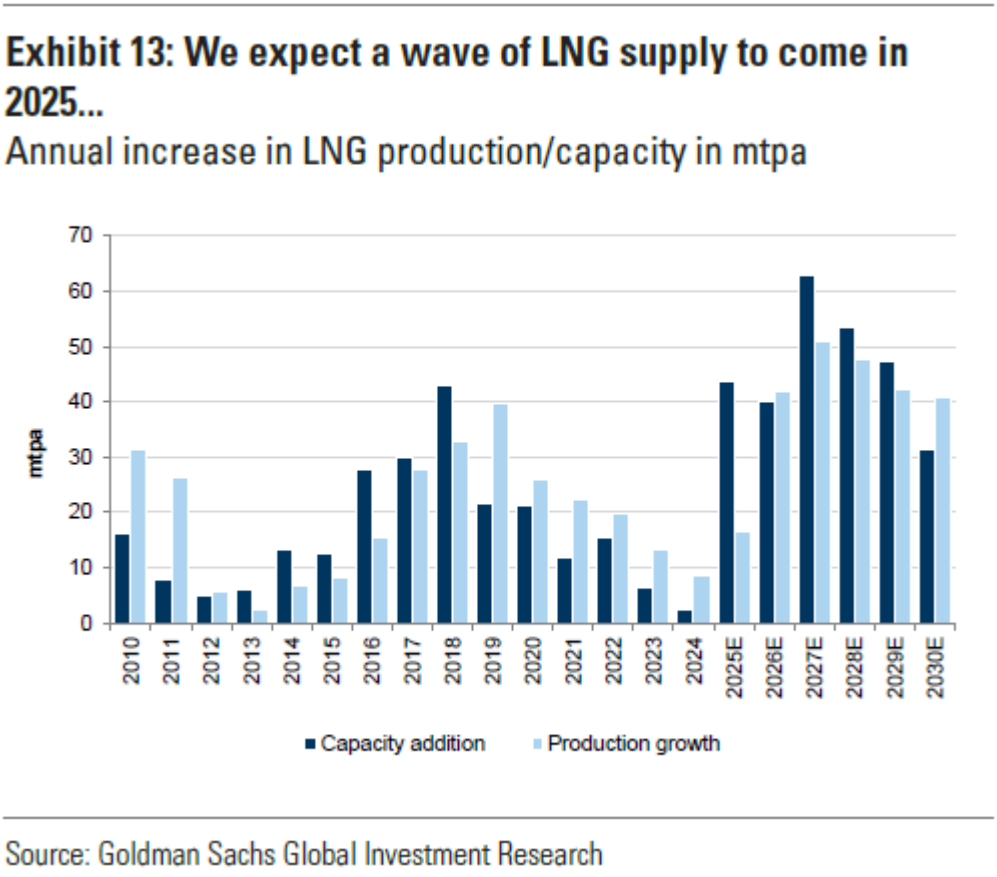
Henry Hub prompt prices traded between $3 and $4/mmbtu during May, a month that traditionally sees lower prices due to nationwide comfortable spring temperatures (Figure 7).

Figure 7: Near Month Henry Hub Futures (Source: EIA)



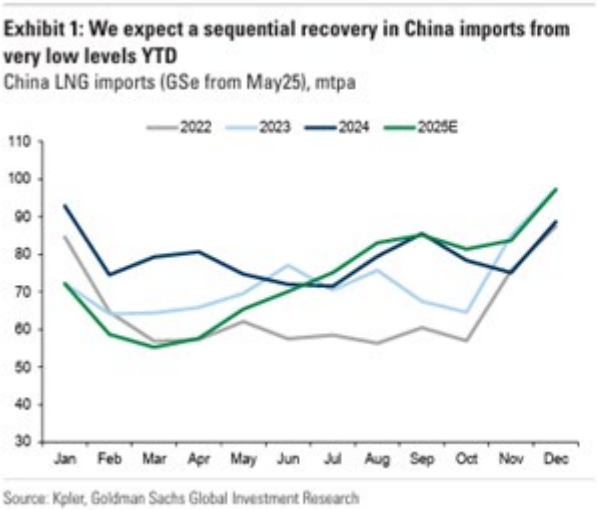
Goldman expects a large increase in LNG supply in 2025 with the trend to be maintained through the end of the decade (Figure 8).

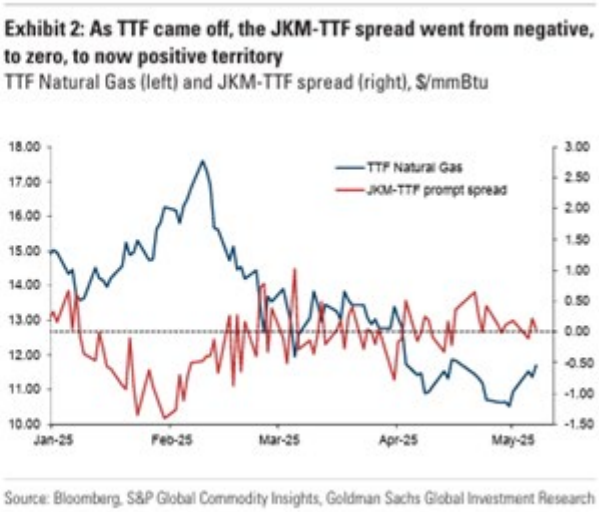
Figure 8: Annual Increase in LNG Production and Capacity (Source: GS)



Influenced by US Tariffs, China's LNG imports have been very low in 2025. Goldman expects China's LNG imports to steadily increase for the balance of the year (LHS, Figure 9). The period from January to end May has seen TTF (the European gas price) decline, JKM (the Asian gas price) has been steady and is now trading at premium to JKM (RHS, Figure 9). This means that resale of LNG cargoes by Chinese buyers to European markets in now uneconomic.

Figure 9: China LNG Imports and JKM-TTF Spread (Source: various, via GS)



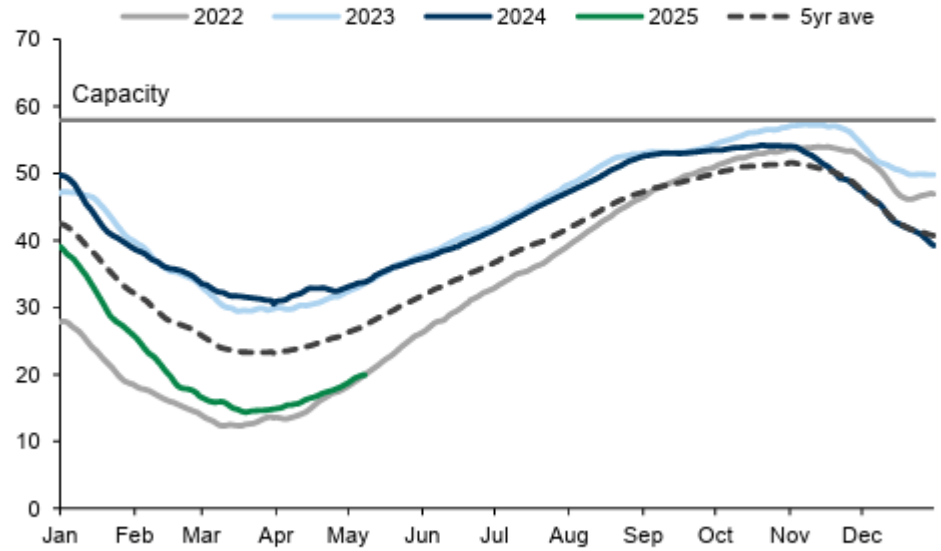


North-West European natural gas storage volume remains very low. LNG imports during the summer will be critical for ensuring there is adequate supply in the coming winter (Figure 10).

Figure 10: NW European Gas in Storage (Source: various, via GS)

Exhibit 5: NW European storage remains very low, highlighting the importance of LNG imports this summer

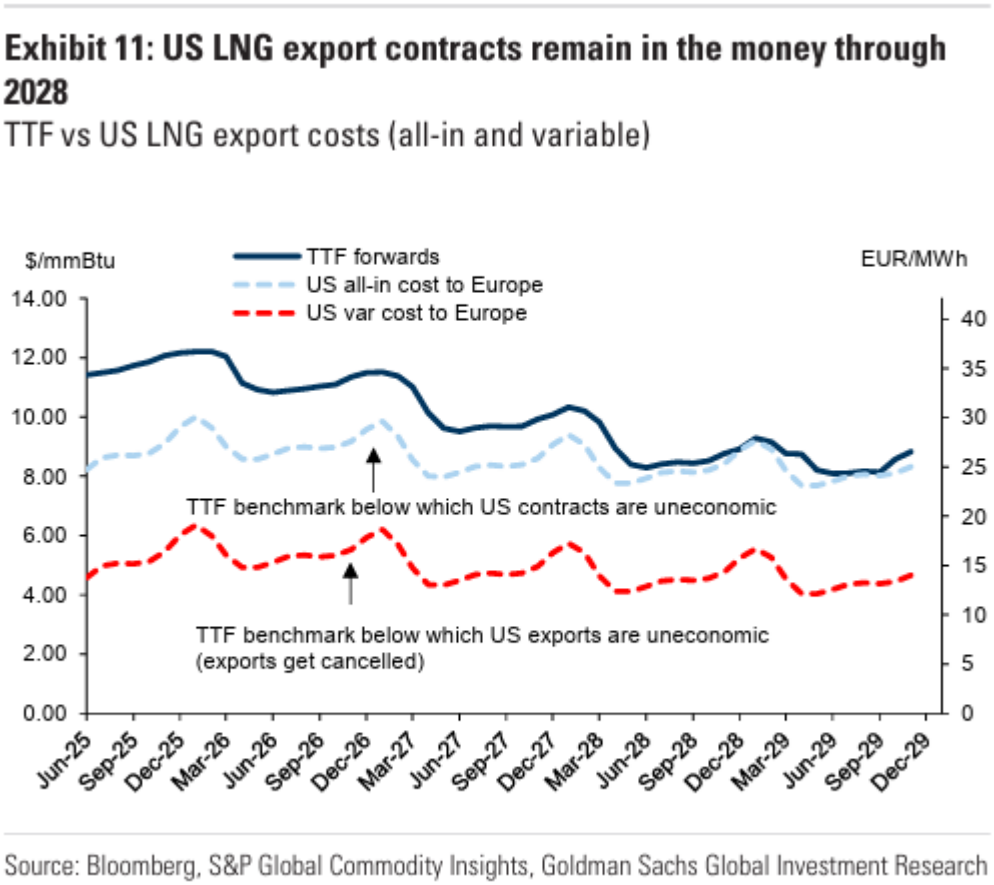
NW European gas storage; Bcm



Source: Bloomberg, Goldman Sachs Global Investment Research

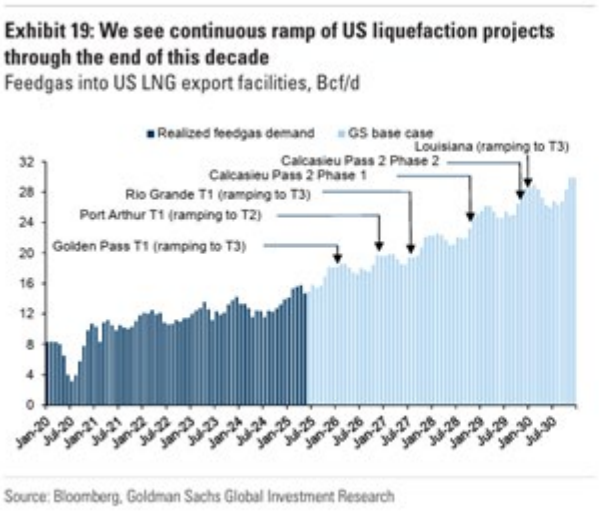
US LNG export contracts to Europe remain in the money out to 2028. US export variable cost margins remain strongly positive beyond 2029 (Figure 11)

Figure 11: TTF vs US LNG Export Costs (all-in and variable) (Source: various via GS)



Goldman expects a continuous ramp up of US liquefaction projects through the end of this decade (LHS Figure 12). These US LNG projects will be a major contributor to an approximate 50% increase in global LNG supply by 2030 (RHS Figure 12).

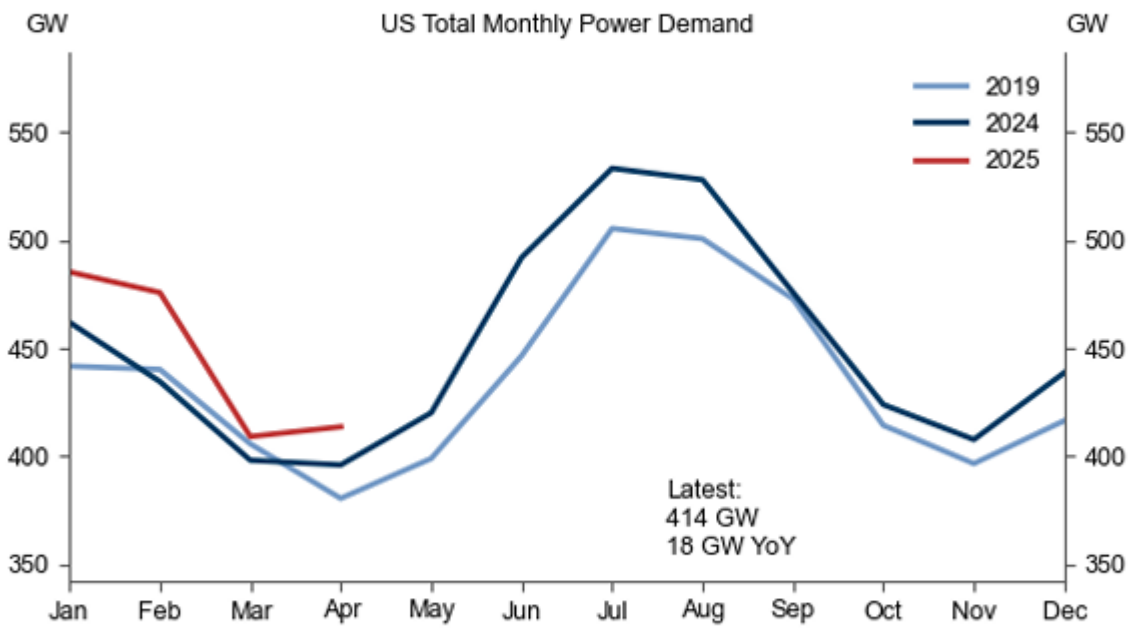
Figure 12: US LNG Export Demand and Global LNG Capacity Additions (Source: various, via GS)



Year to date, US power demand has increased by 5.5% year-on-year compared to the annual growth rate in the past decade of 0.6% (Figure 13).

Figure 12: US Total Monthly Power Demand (Source: various, via GS)

Exhibit 3: US total power demand growth remained robust year to date even after the GDP growth started to slow

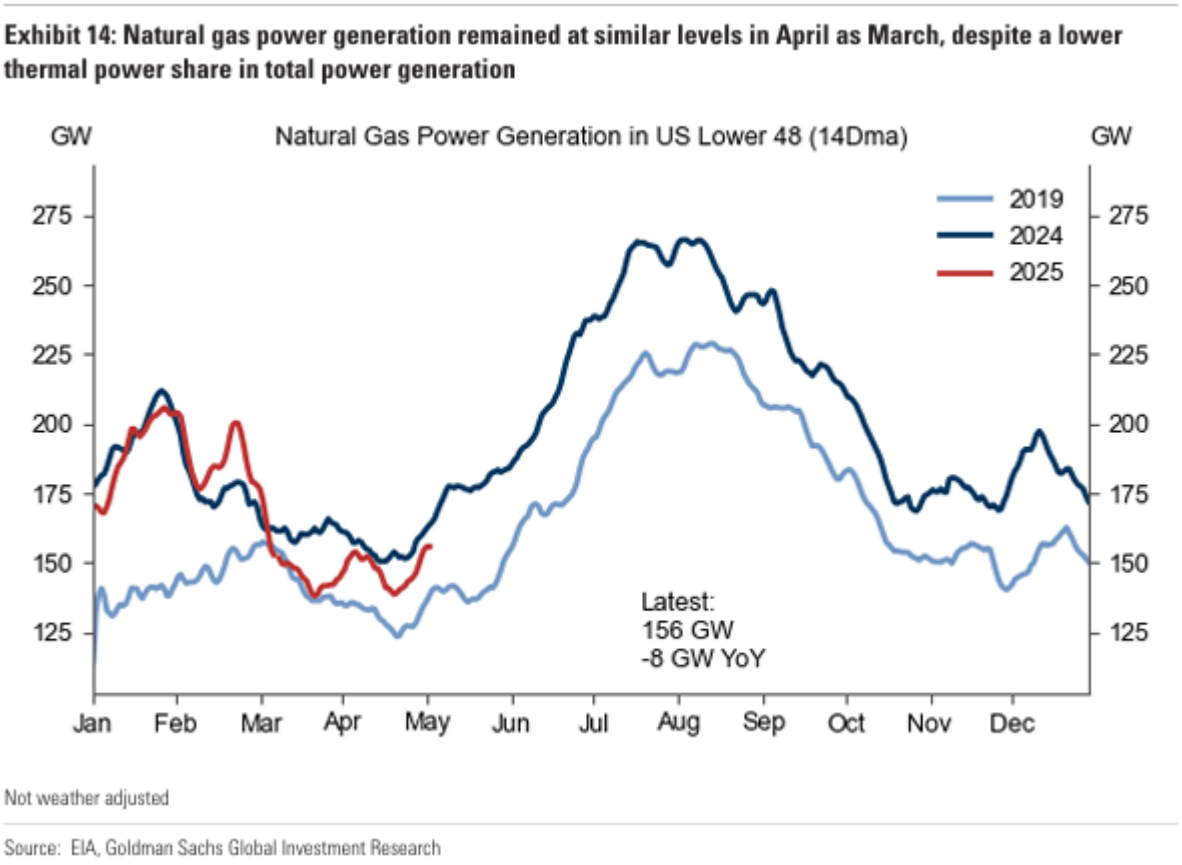


Not weather adjusted; the most recent two months are estimated based on high-frequency generation data

Source: EIA, Bloomberg, Goldman Sachs Global Investment Research

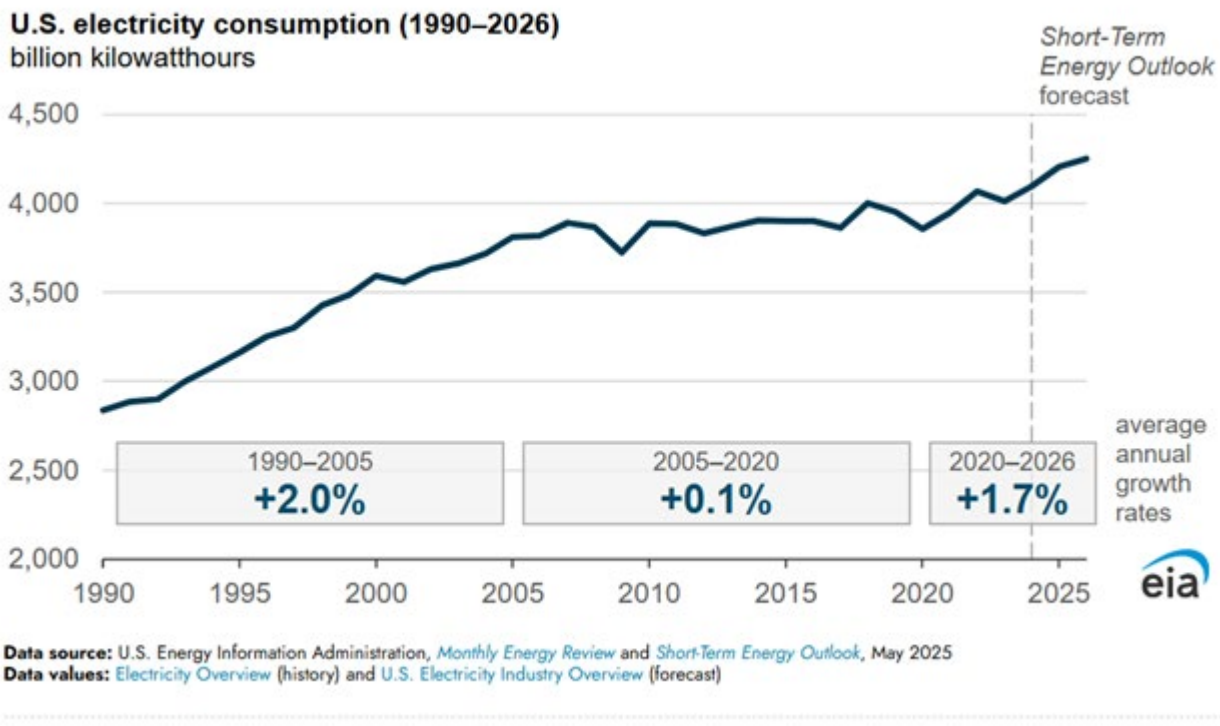
Natural gas power generation in April was similar to March, despite a fall in thermal power share of total generation due to decline in coal generation (Figure 13).

Figure 13: Natural Gas Power Generation in US Lower 48 (Source: various, via GS)



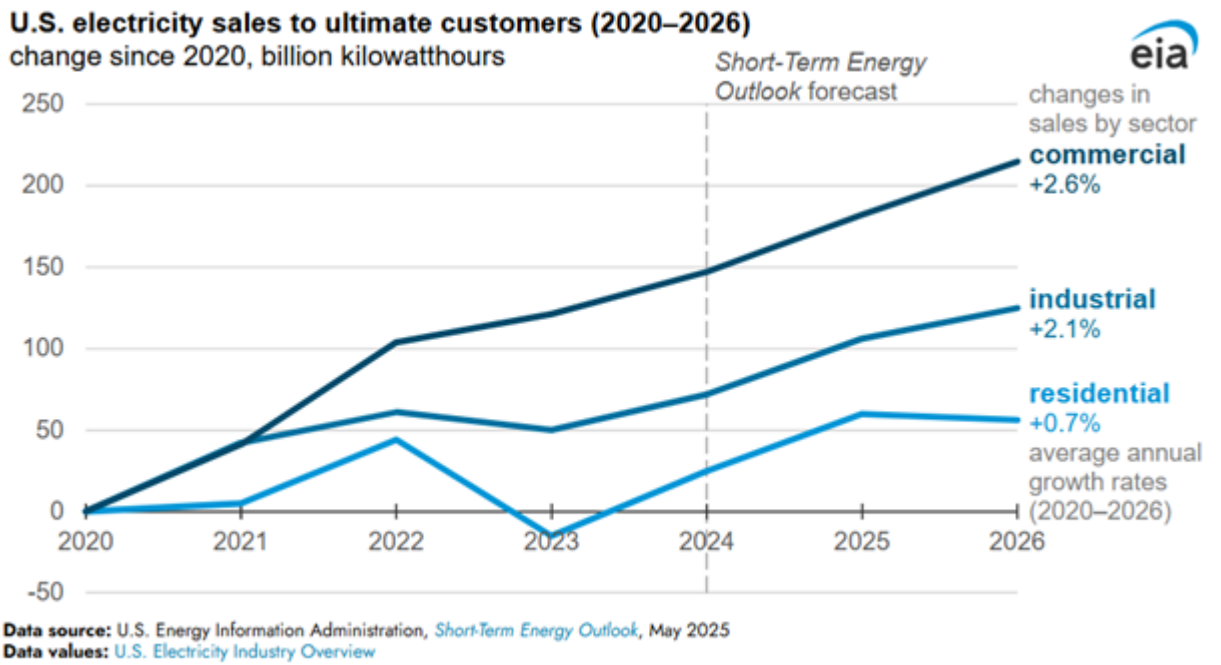
The EIA forecasts that US annual electricity consumption will increase in 2025 and 2026 to set new all-time highs. This growth contrasts with the trend of relatively flat electricity demand between the mid-2000s and early 2020's (Figure 14).

Figure 14: US Electricity Consumption (1990 – 2026) (Source: EIA)



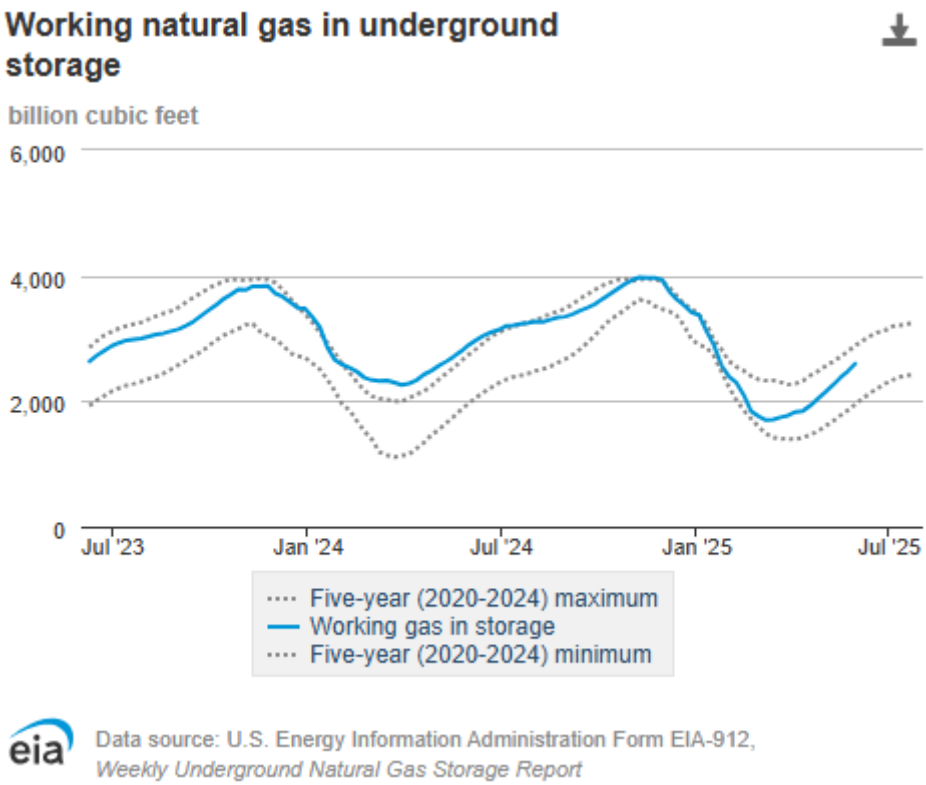
Electricity consumption is growing fastest in the commercial sector, which includes data centres, and the industrial sector, which includes manufacturing establishments (Figure 15).

Figure 15: US Electricity Sales to Ultimate Customers (Source: EIA)



Net injections into storage totalled 122 bcf for the week ending 30 May, compared with the five-year (2020 – 2024) average net injections of 98 bcf and last year's net injections of 94 bcf during the same week. Working natural gas stocks totalled 2,598 bcf, which is 117 bcf (5%) more than the 5-year average and 288 bcf (10%) lower than last year at this time (Figure 16).

Figure 16: US Working Natural Gas in Underground Storage (Source: EIA)



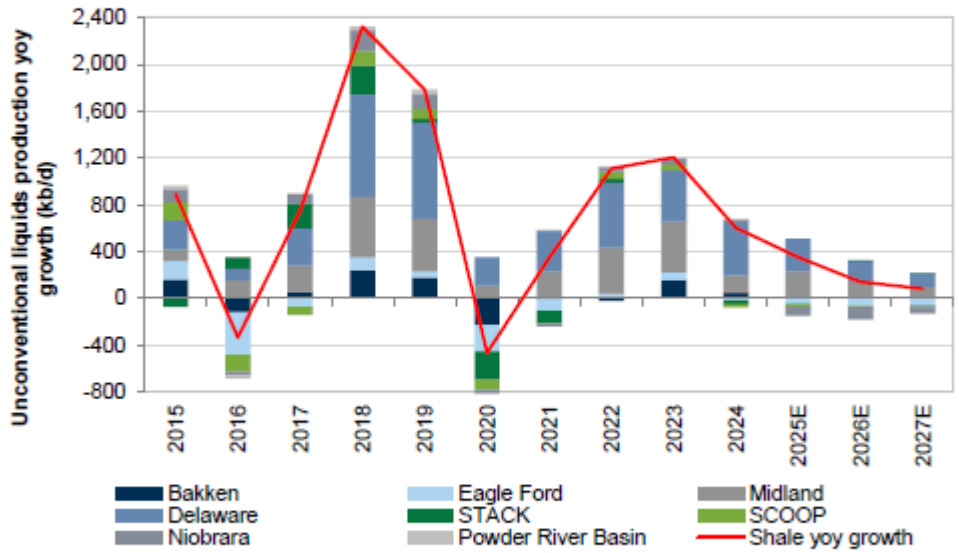
Oil Market

Increased OPEC+ oil supply and expectation of week global GDP growth have depressed oil prices. The rapid response of US oil production to market conditions has led to rapid deceleration in US shale oil production (Figure 17).

Figure 17: US Unconventional Liquids Production (Source: GS)

Exhibit 16: Shale oil production is decelerating rapidly, with the Permian Basin accounting for >80% of the deceleration

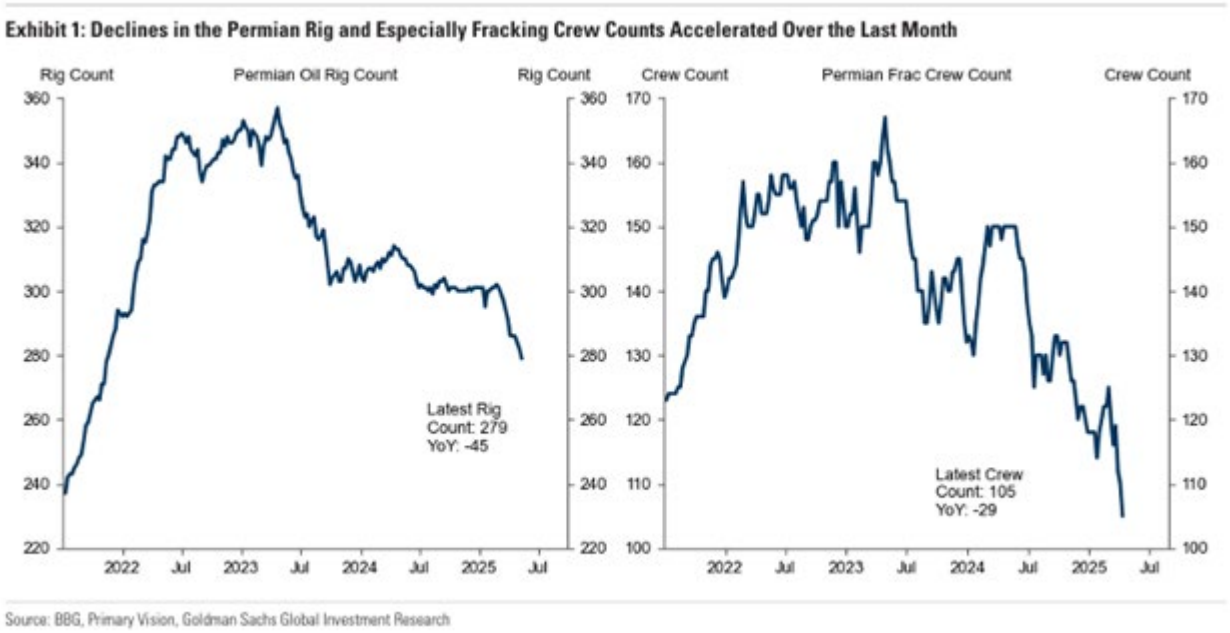
Unconventional liquids production change yoy (kbl/d)



Source: Goldman Sachs Global Investment Research

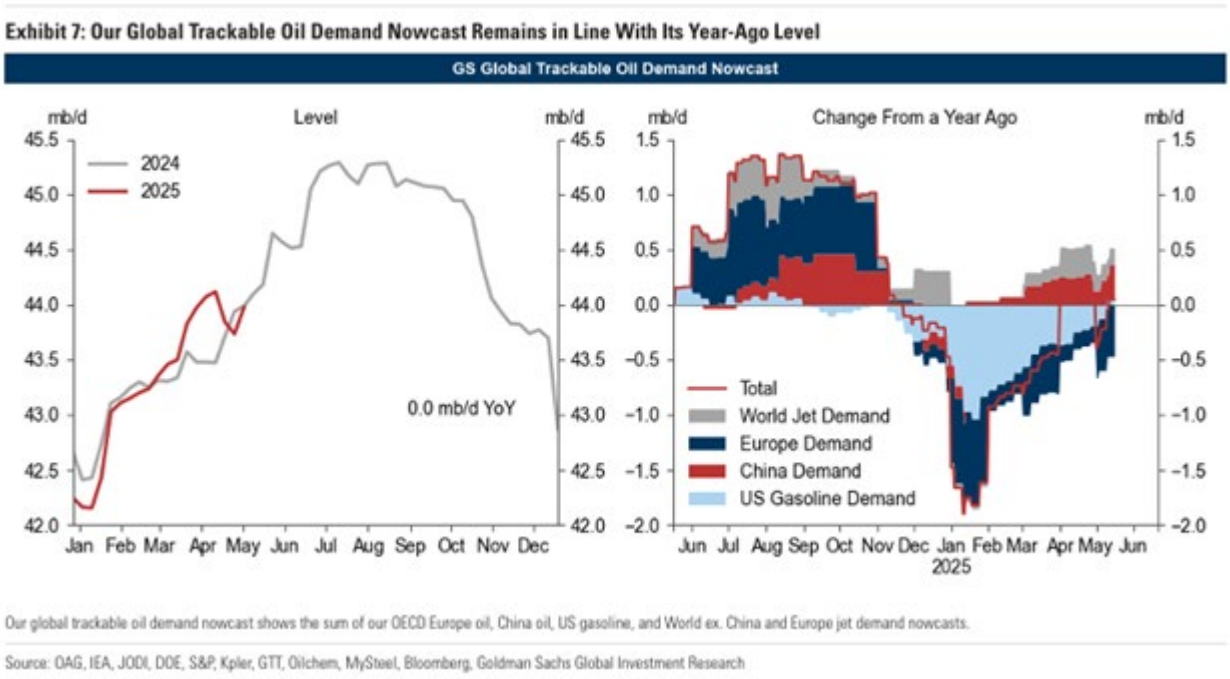
Drilling and completion activities in the US Permian basin are falling rapidly (Figure 17). Reduced demand for rigs and frac equipment reduces drilling and completion costs for those companies, including our own, that remain active developing both oil and gas reserves.

Figure 17: Permian Rig and Frac Crew Counts (Source: various, via GS)



Oil demand has thus far been resilient despite global economic growth concerns. Demand for oil in 2025 has thus far remained in-line with last year (Figure 18).

Figure 18: Global Oil Demand (Source: GS)



Global jet fuel demand continues to grow (LHS Figure 19). Growth in China jet fuel demand has eased (RHS Figure 19) while both US (LHS Figure 20) and European (RHS Figure 20) jet fuel demand is growing year-on-year.

Figure 19: Global and China Jet Fuel Demand (Source: various, via GS)

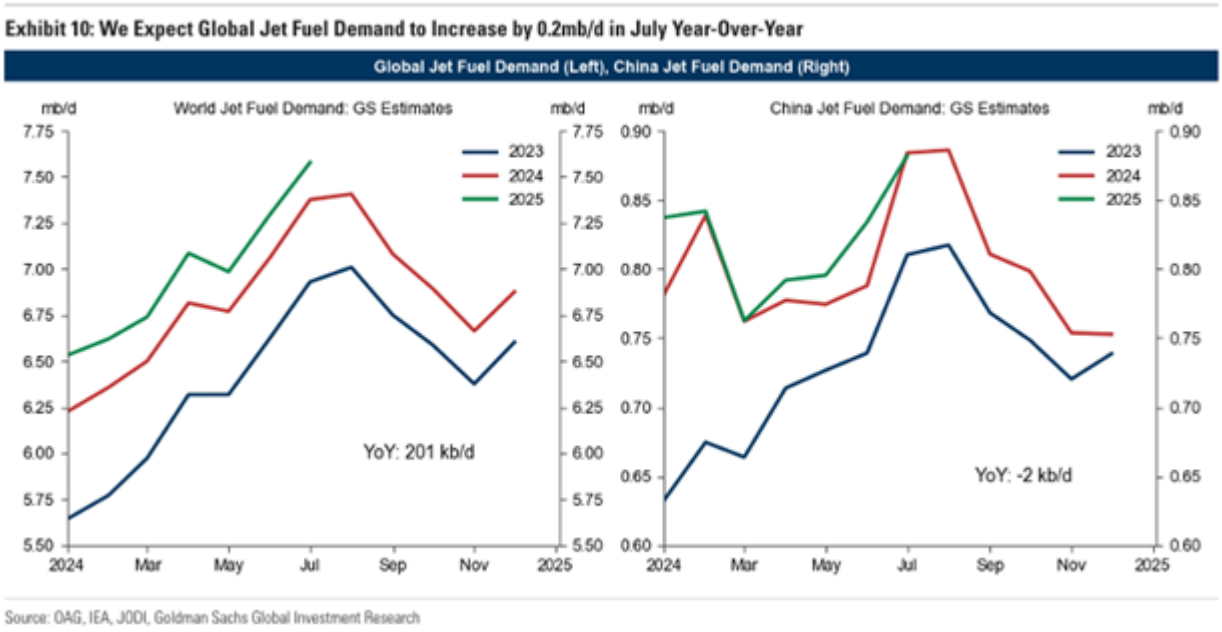
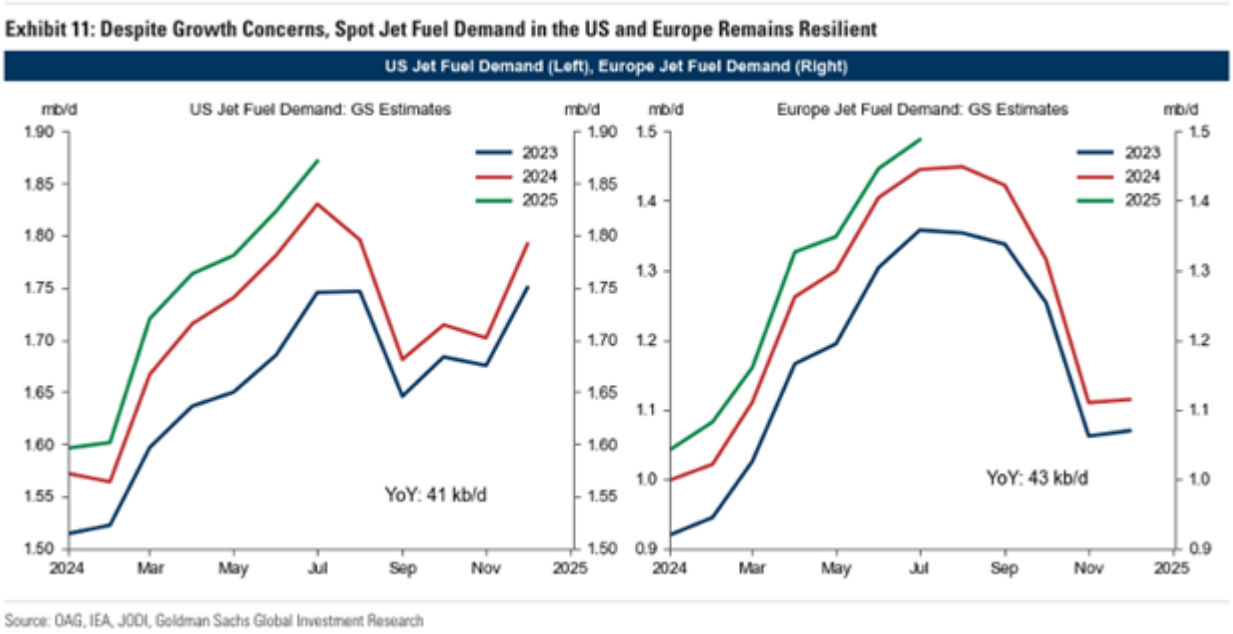


Figure 20: US and European Jet Fuel Demand (Source: various, via GS)



Gas and Oil Prices 2 June 2025

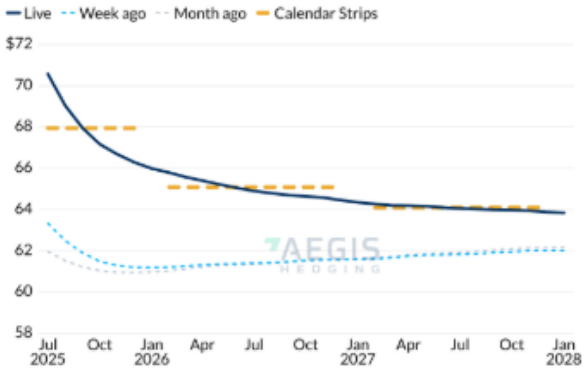
Historical WTI CMA Calendar Strips

Updated - 2025-06-16 08:00
Chart: As of previous day settle

Historical Natural Gas Strips

Updated - 2025-06-16 08:00

WTI CMA Calendar Strips



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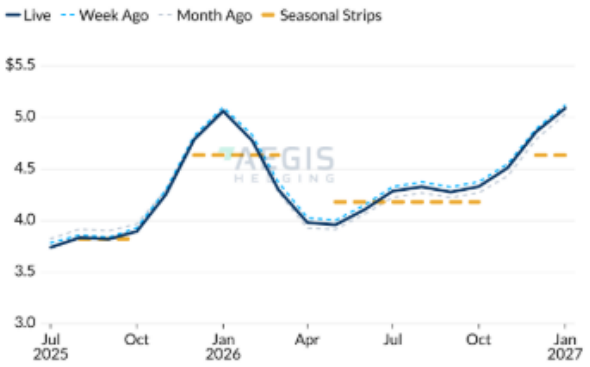
Henry Hub Seasonal Strips



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Crude Oil Swap Pricing

	2025	2026	2027
NYMEX WTI	$67.34	$64.18	64
LLS	$69.62	$67.68	67
Mars	$68.11	$64.50	64
Dubai	$69.50	$67.23	67
WCS-WTI	-$11.88	-$13.35	-14
ICE Brent	$70.13	$67.74	67
Dated Brent	$71.09	$67.94	68
West TX Sour (WTS)	$67.17	$63.83	63

Updated - 2025-06-16 12:45

Natural Gas Liquids

	Month 1	2025	2026
MBV x-TET C2	$0.230	$0.251	$0.290
MBV x-TET C3	$0.798	$0.803	$0.742

Natural Gas Basis Swap Pricing

	prompt	Bal' Summer 25	Winter 25/26	Summer 26	Winter 26/27
Henry Hub Fixed	$3.581	$3.673	$4.531	$4.130	$4.612
Panhandle East	-$0.693	$-0.745	$-0.141	$-0.660	$-0.125
Eastern Gas South	-$1.153	$-1.443	$-0.955	$-1.257	$-0.992
Waha	-$1.710	$-1.969	$-2.028	$-2.260	$-0.985
TETCO M3	-$0.920	$-1.266	$1.055	$-1.079	$1.011
Houston Ship Channel	-$0.400	$-0.441	$-0.328	$-0.394	$-0.226
Columbia Gulf Mainline	-$0.363	$-0.384	$-0.206	$-0.308	$-0.235
NGPL TXOK	-$0.438	$-0.514	$-0.374	$-0.403	$-0.297
SOCAL	-$0.210	$-0.285	$0.876	$0.092	$1.190
AECO	-$2.510	$-2.385	$-1.834	$-1.750	$-1.699
Chicago City-Gates	-$0.488	$-0.577	$0.168	$-0.463	$0.182

Gas and Oil Prices 1 May 2025

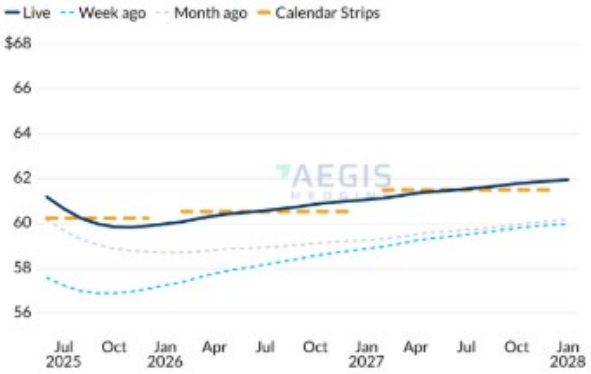
Historical WTI CMA Calendar Strips

Updated - 2025-05-15 08:00
Chart: As of previous day settle

Historical Natural Gas Strips

Updated - 2025-05-15 08:00

WTI CMA Calendar Strips



Updated - 2025-05-15 18:45

Henry Hub Seasonal Strips

Updated - 2025-05-15 18:45

Crude Oil Swap Pricing

	2025	2026	2027
NYMEX WTI	$59.94	$60.18	61
LLS	$62.96	$63.71	65
Mars	$60.68	$60.46	59
Dubai	$62.83	$63.34	64
WCS-WTI	-$12.12	-$13.59	-14
ICE Brent	$63.37	$63.93	65
Dated Brent	$63.55	$63.81	65
West TX Sour (WTS)	$59.82	$59.93	61

Updated - 2025-05-15 12:54

Natural Gas Basis Swap Pricing

	prompt	Bal' Summer 25	Winter 25/26	Summer 26	Winter 26/27
Henry Hub Fixed	$3.492	$3.820	$4.645	$4.127	$4.569
Panhandle East	-$0.665	$-0.696	$-0.155	$-0.635	$-0.118
Eastern Gas South	-$0.845	$-1.112	$-0.882	$-1.146	$-0.905
Waha	-$2.000	$-2.025	$-1.870	$-2.252	$-0.996
TETCO M3	-$0.695	$-0.932	$1.005	$-0.975	$1.058
Houston Ship Channel	-$0.340	$-0.364	$-0.305	$-0.374	$-0.219
Columbia Gulf Mainline	-$0.285	$-0.314	$-0.192	$-0.298	$-0.200

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