

# Giant Capital

## May 2026 Report

### 1.0 Market and Portfolio Commentary

#### 1.1 Macro Industry Commentary

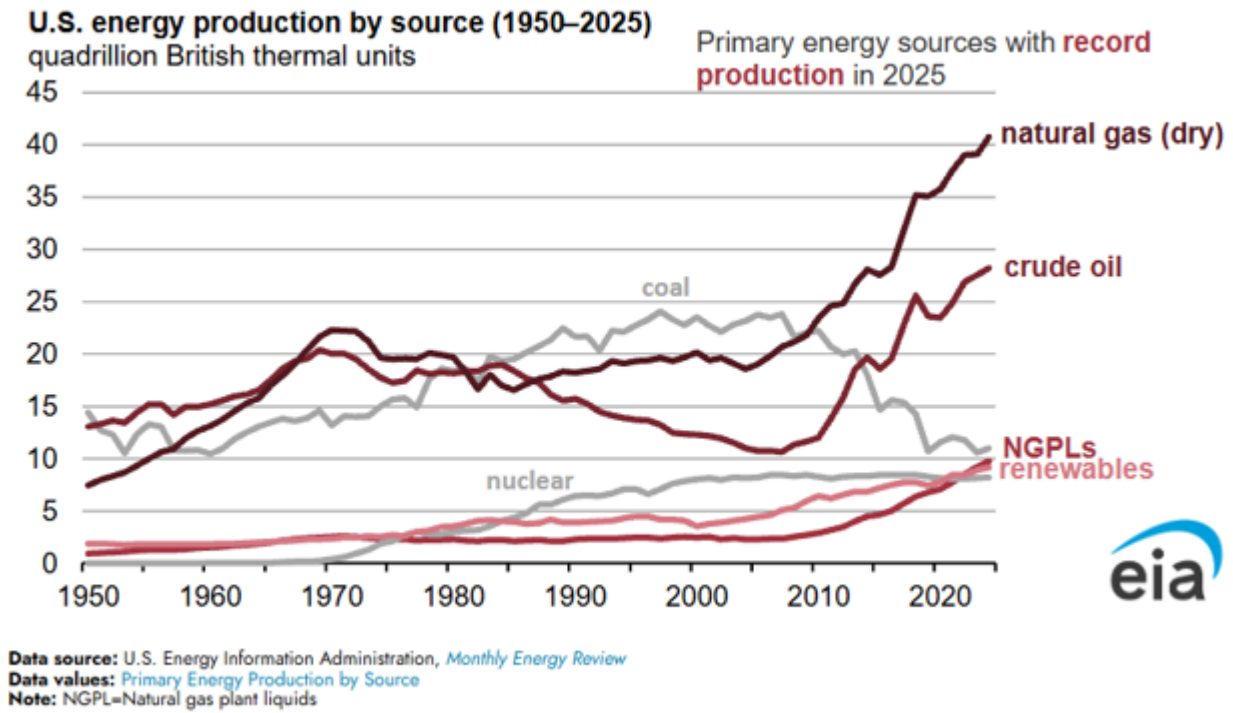
##### **General Market Commentary**

US Henry Hub prompt gas prices rose in May as cooling driven electricity demand increased with the arrival of summer's warm weather. Month-on-month the prompt rose from \$2.78/mmbtu at close on 30 April to \$3.29/mmbtu at close on 29 May. Calendar 2026 also rose, beginning May at \$3.28/mmbtu and ending at \$3.48/mmbtu.

Despite the Strait of Hormuz remaining shut, oil prices fell month-on-month. The prompt began May at \$105.07/bbl and closed the month at \$87.36/bbl. Calendar 2026 fell from \$89.89/bbl to \$81.89/bbl.

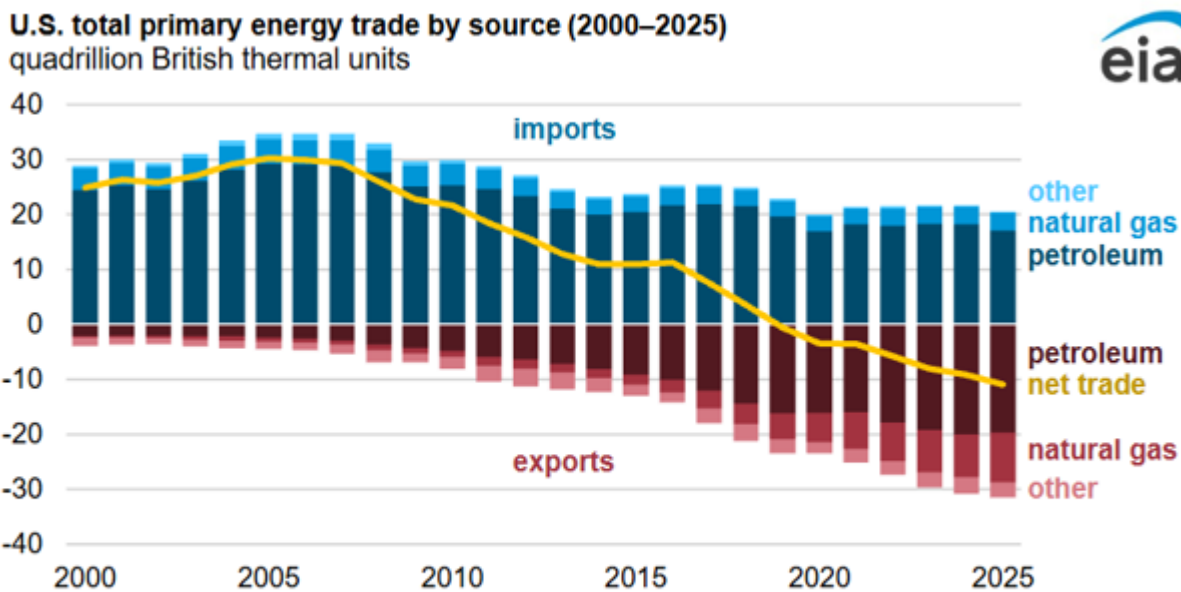
According to EIA data, total energy production in the United States increased to a new record of 107 quadrillion British thermal units (quads) in 2025, a 3.4% increase from the previous record set in 2024 (Figure 1). 2025 saw record -high production in natural gas, crude oil, natural gas liquids (ngls) and renewables. Dry natural gas production grew more than 4% from 2024 to a record-high 39tcf in 2025. Natural gas has been the largest source of US domestic energy production since 2011, the year that also saw the US become the largest natural gas producer in the world.

Figure 1: US Energy Production by Source (Source: EIA)




While natural gas exports are growing, petroleum accounts for most US energy trade and in 2025 remained the largest source of both exports and imports (Figure 2). Natural gas exports in 2025 accounted for 29% of total US energy exports. From 2015 to 2025, natural gas exports from the US quadrupled as both domestic production and LNG export capacity increased to meet global demand.

Figure 2: US Total Primary Energy Trade (Source: EIA)



**Data source:** U.S. Energy Information Administration, *Monthly Energy Review*  
**Data values:** *Primary Energy Imports by Source* and *Primary Energy Exports by Source*  
**Note:** Petroleum includes both crude oil and petroleum products, excluding biofuels. Other includes coal, coal coke, biomass, and electricity.

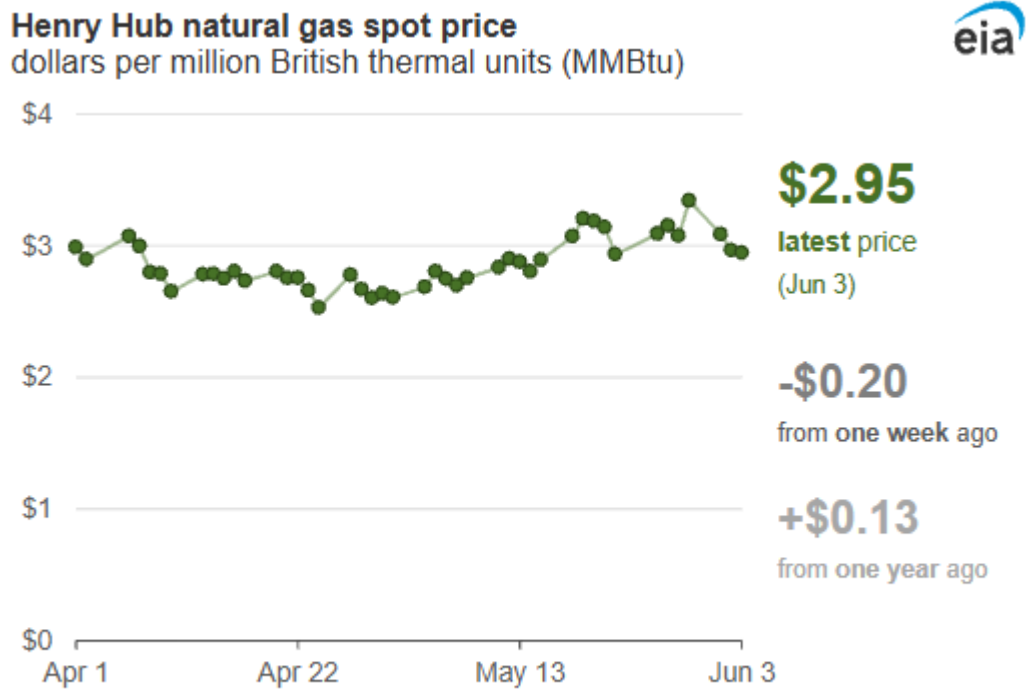
The latest Baker Hughes rig count data follows. In May, US total land rigs increased from 527 to 541. Total oil rigs rose from 410 to 429, gas rigs fell from 129 to 125.

 <b>NORTH AMERICA Rotary Rig Count</b> 29/05/2026					
Location	Week	+/-	Week	+/-	Year Ago
<b>Inland Waters</b>	3	0	3	1	2
<b>Land</b>	541	5	536	-7	548
<b>Offshore</b>	18	-1	19	5	13
<b>United States Total</b>	<b>562</b>	<b>4</b>	<b>558</b>	<b>-1</b>	<b>563</b>
<b>Gulf of Mexico</b>	<b>9</b>	<b>-1</b>	<b>10</b>	<b>0</b>	<b>9</b>
<b>Canada</b>	<b>162</b>	<b>24</b>	<b>138</b>	<b>50</b>	<b>112</b>
<b>North America</b>	<b>724</b>	<b>28</b>	<b>696</b>	<b>49</b>	<b>675</b>
U.S. Breakout Information	This Week	+/-	Last Week	+/-	Year Ago
<b>Gas</b>	125	0	125	16	109
<b>Oil</b>	429	4	425	-22	451
<b>Miscellaneous</b>	8	0	8	5	3
<b>Directional</b>	64	10	54	22	42
<b>Horizontal</b>	480	-6	486	-28	508
<b>Vertical</b>	13	0	13	0	13

### Gas Market

Henry Hub prompt prices climbed back to the \$3.00/mmbtu range during May. Summer cooling demand will provide price support through the third quarter of the year (Figure 3).

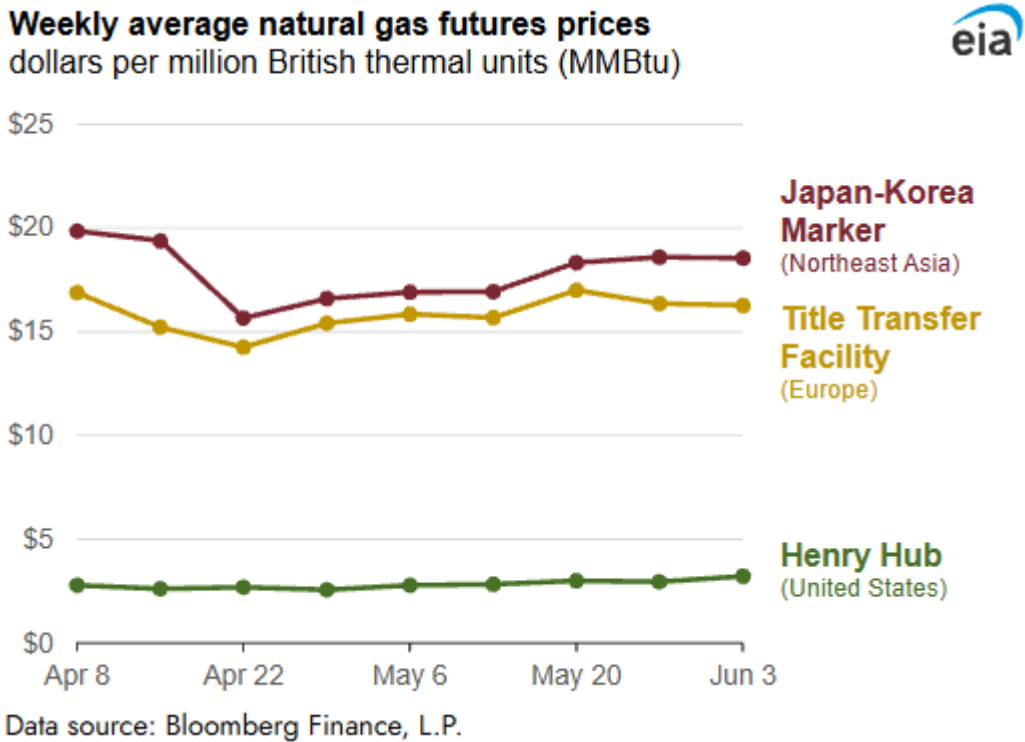
Figure 3: Henry Hub Natural Gas Spot Price (Source: EIA)



Data source: Natural Gas Intelligence

International natural gas prices, as represented by TTF for Europe and JKM for Asia, strengthened through May with global LNG supply still much reduced with ongoing closure of the Strait of Hormuz (Figure 4). Compared with the week ending 25 February (before LNG deliveries via the Strait of Hormuz were disrupted), TTF and JKM prices for gas during the week ending 3 June were up by 43% and 74%, respectively.

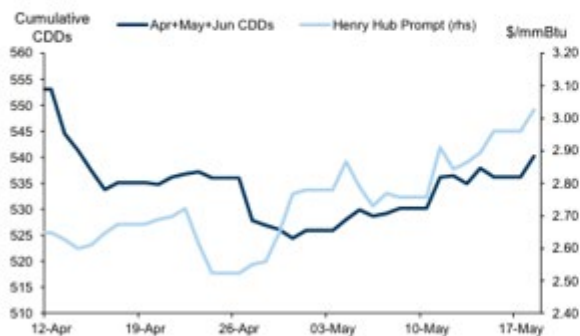
Figure 4: Weekly Average Natural Gas Futures Prices (Source: Bloomberg, via IEA)



As is usually the case in the northern Spring, Henry Hub prices in the second quarter have been strongly correlated with the evolution of summer cooling demand forecasts (cooling degree days or CDDs). Increases in forecast CDDs have seen corresponding rise in Henry Hub (LHS, Figure 5). Slower growth in Haynesville dry gas production that was seen last year suggests some producer sensitivity to prices that has also provided support to the market (RHS, Figure 5).

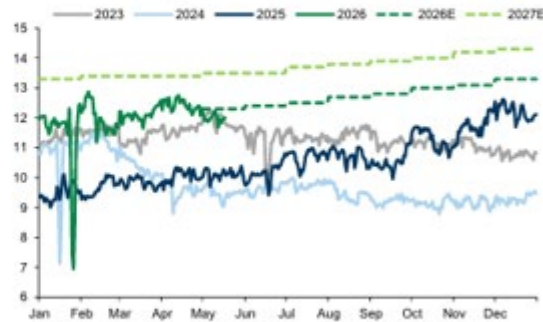
Figure 5: Henry Hub & CDDs; North Louisiana Dry Gas Production (Source: Various, via GS)

**Exhibit 1: Henry Hub prices have been correlated with this summer's weather forecast evolution**  
 Total CDD forecast evolution for Apr+May+Jun vs Henry Hub Prompt (rhs, \$/mmBtu)



Source: ICE, Vaisala Xweather, Goldman Sachs Global Investment Research

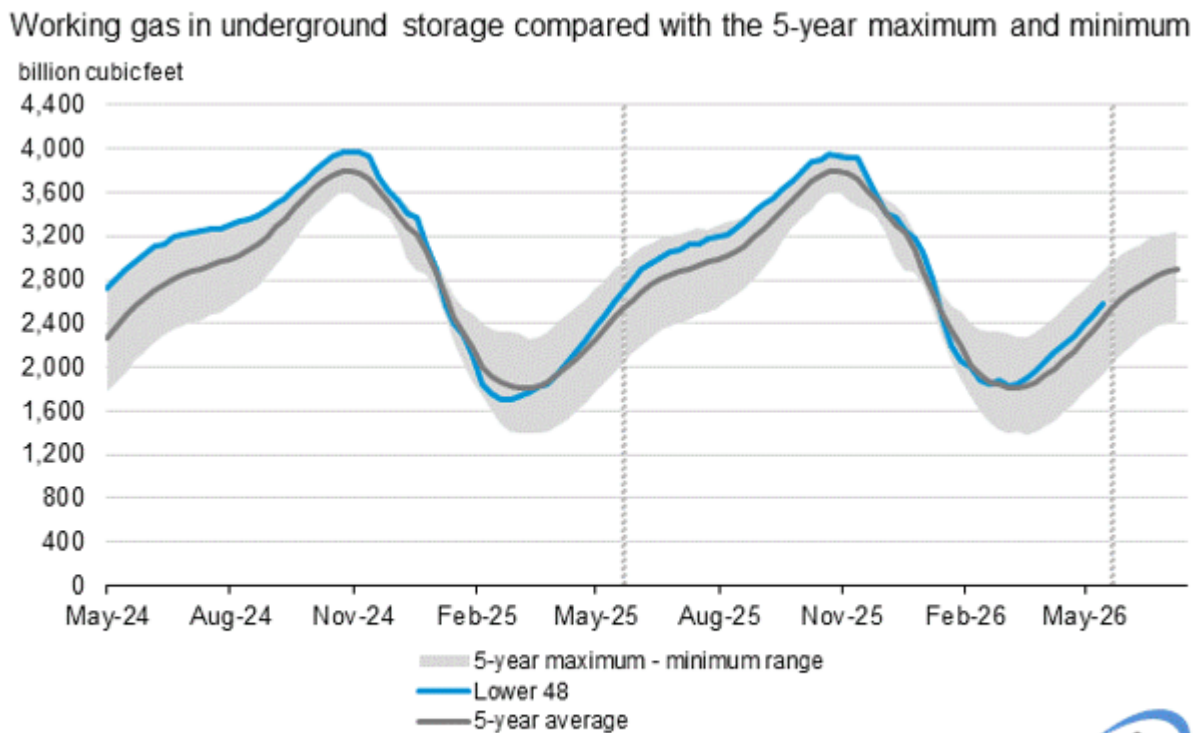
**Exhibit 2: YTD growth in Haynesville production has been much lower than a year ago, suggesting a degree of sensitivity to price**  
 North Louisiana dry gas production, Bcf/d



Source: Woodmac, Goldman Sachs Global Investment Research

Working gas in storage was 2,578bcf as of 29 May 2026, according to EIA estimates, an increase of 95bcf from the previous week. Stocks were 3bcf less than last year at this time and 138 bcf above the five-year average of 2,440bcf (Figure 6).

Figure 6: US L48 Natural Gas in Storage (Source: EIA)



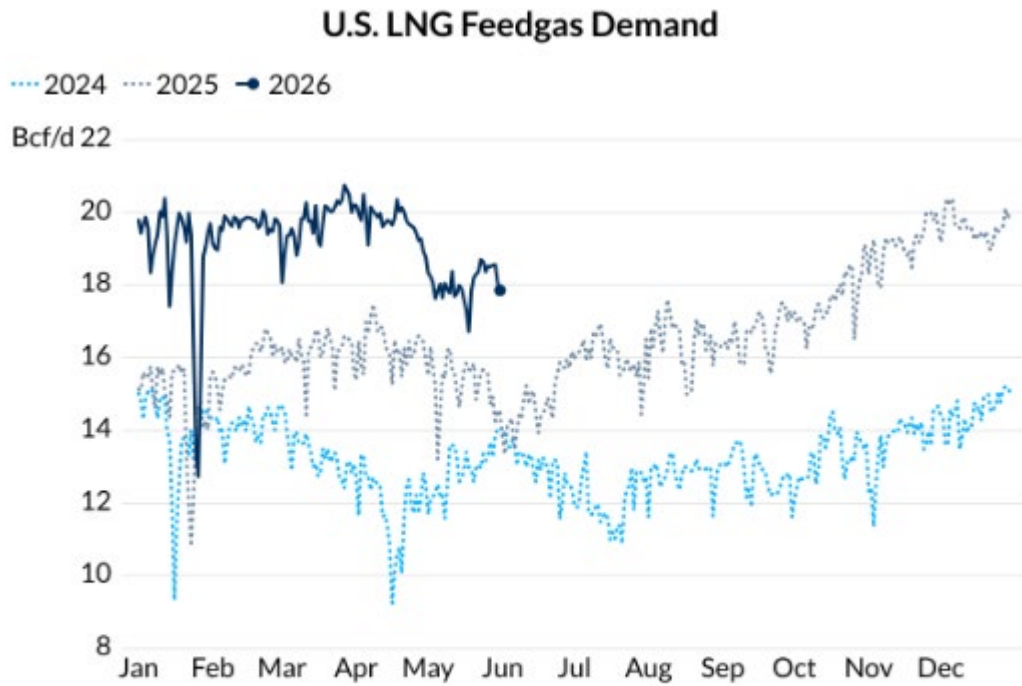
Data source: U.S. Energy Information Administration



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 fell in late May to around 18 bcf/d due to scheduled maintenance (Figure 12).

Figure 7: US LNG Feedgas Demand (Source: S&P, via AEGIS)



Updated - 2026-06-01 16:15  
Source: S&P

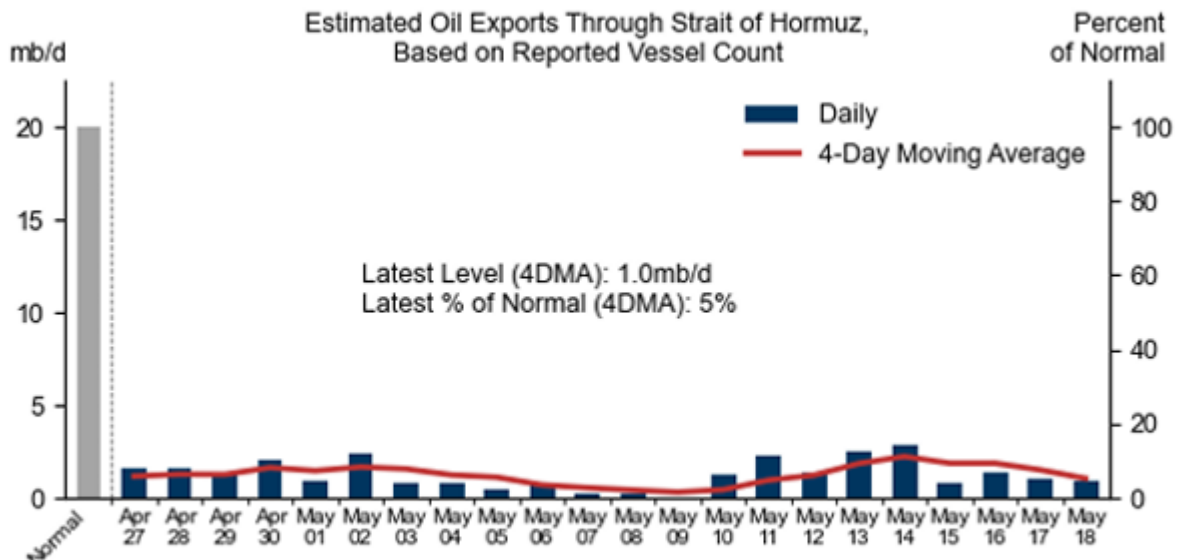


**Oil Market**

Oil exports through the Strait of Hormuz through May increased very modestly to about 1mmb/d, approximately 5% of pre-conflict average volumes (Figure 8).

Figure 8: Estimated Oil Exports through the Strait of Hormuz (source: various, via GS)

**Exhibit 5: Based on Reported Vessel Counts, We Estimate That Average Daily Flows Through the Strait of Hormuz Are Down 95% from Their Normal Levels (4-Day Moving Average)**



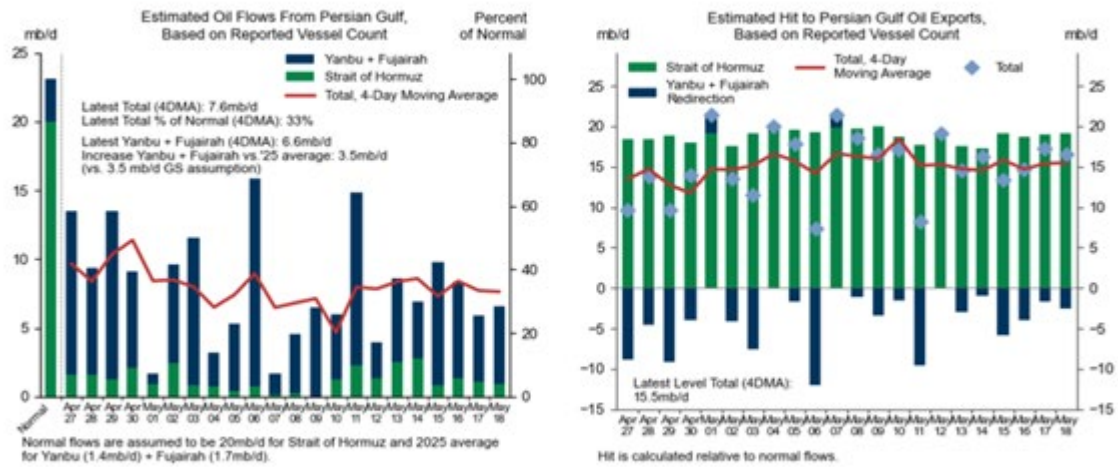
Vessel count as percent of normal is based on an average of S&P and Kpler data on the daily number of oil tankers crossing the Strait of Hormuz, relative to the Jan 1 - Feb 14 average for S&P and the Jan 1 - Feb 27 average for Kpler. Flows are estimated by applying this proportion to assumed normal flows of 20mb/d.

Source: S&P Global Commodities at Sea, Kpler, Goldman Sachs Global Investment Research

The estimated reduction in Persian Gulf supply is currently 16mmb/d (Figure 9).

Figure 9: Estimated Persian Gulf Oil Supply (Source: various, via GS)

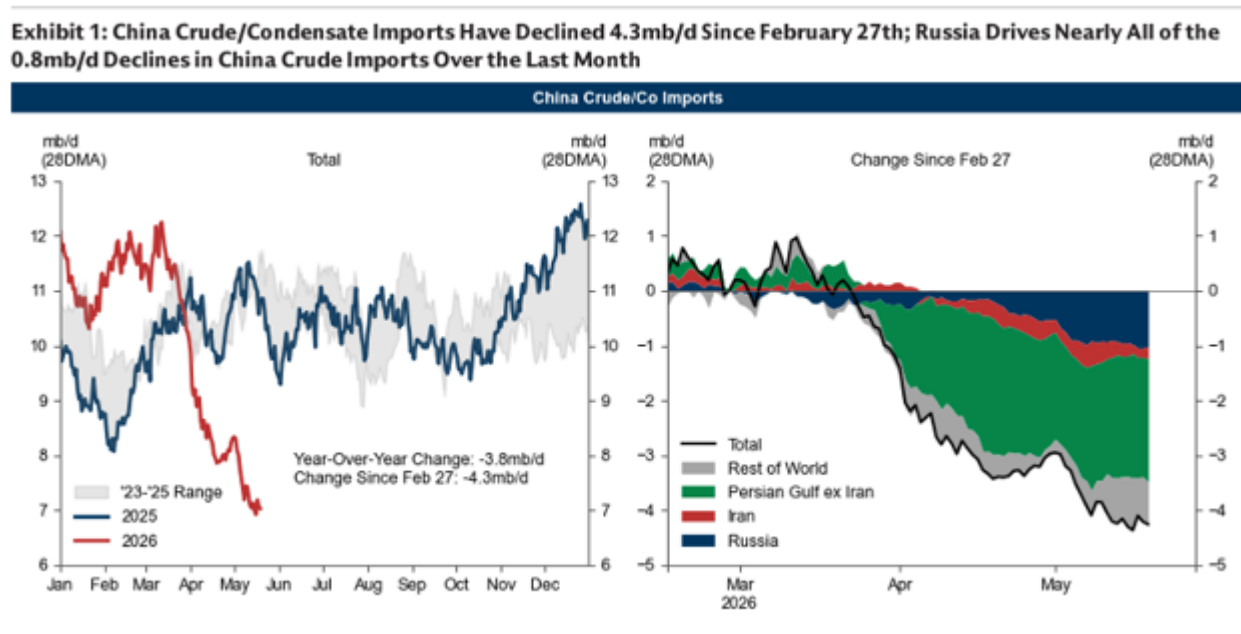
**Exhibit 6: The Estimated Total Hit to Oil Flows from the Persian Gulf Is Currently at 16mb/d**



Source: S&P Global Commodities at Sea, Kpler, Goldman Sachs Global Investment Research

China has provided the largest contribution to swing-demand, reducing imports by an average of 4.3mmb/d since 27 February (Figure 10).

Figure 10: China Crude and Condensate Imports (Source: Kpler, via GS)

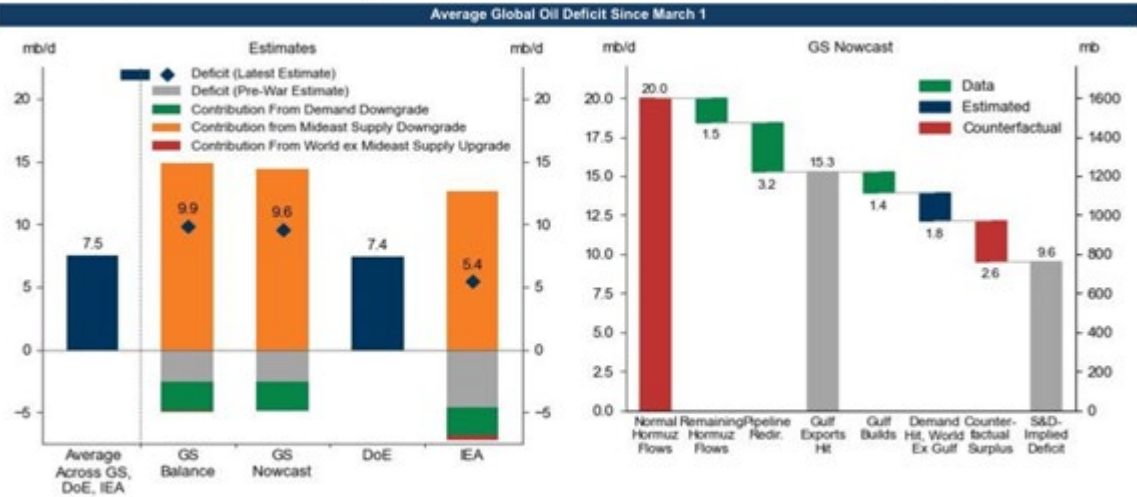


Source: Kpler, Goldman Sachs Global Investment Research

In aggregate, the average of estimates across GS, the Department of Energy and the IEA, is that the oil market has been in a deficit of 7.5mmbld since 1 March (Figure 11).

Figure 11: Average Global Oil Deficit since 1 March (Source: GS)

**Exhibit 3: Averaging Across Estimates Suggests That the Oil Market Has Been in a Deficit of 7.5mb/d Since March 1st**



To estimate the May global deficit for IEA, we assume OPEC production remains flat at April levels.

Source: Goldman Sachs Global Investment Research

Releases from OECD strategic petroleum reserves (SPR) have provided approximately 1.3mmbld of additional market supply which reduces the reduction in global commercial oil stocks to 6.3mmbld (Figure 12).

Figure 11: Average Global Oil Deficit since 1 March (Source: Kpler, GS)

**Exhibit 4: We Estimate That 1.3mb/d of OECD SPR Releases Reduce the Estimated Hit to Global Commercial Oil Stocks to 6.3mb/d**

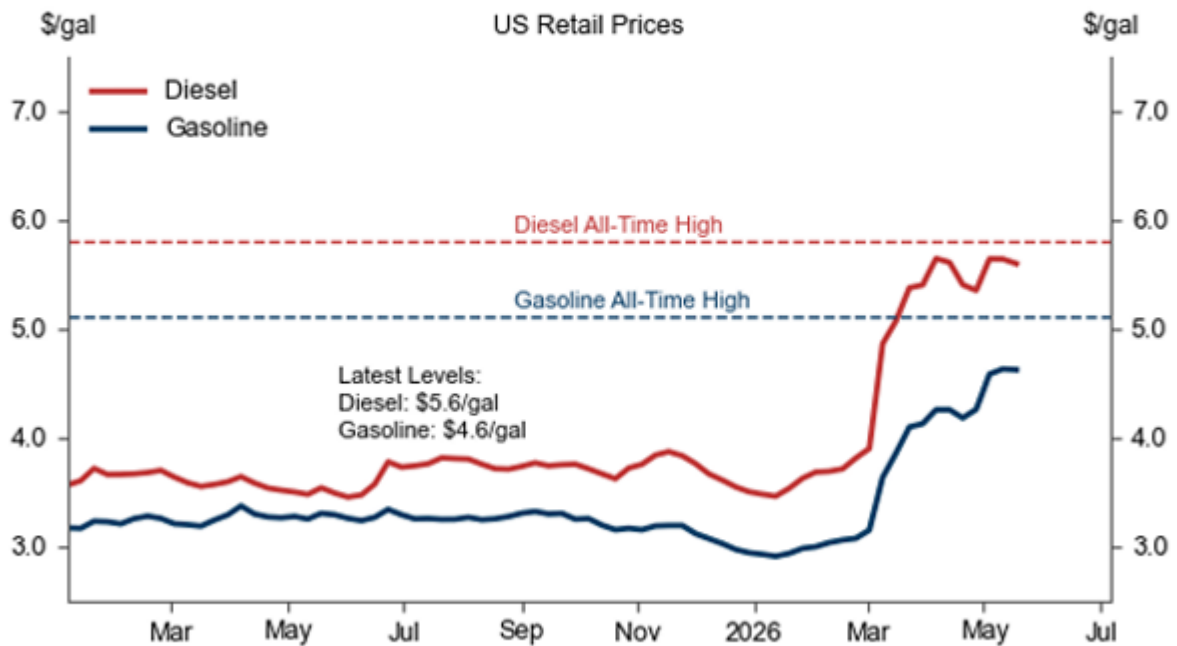


Source: Kpler, Goldman Sachs Global Investment Research

While strong domestic production provides the US with more protected than most other markets from decline in Middle Eastern oil and products supply, US diesel and gasoline prices have both increased to levels approaching all-time highs (Figure 13).

Figure 13: US Retail Prices (Source: EIA, GS)

**Exhibit 15: US Retail Diesel and Gasoline Prices Remain Just \$0.2/gal and \$0.5/gal Below Their Respective All-Time Highs**

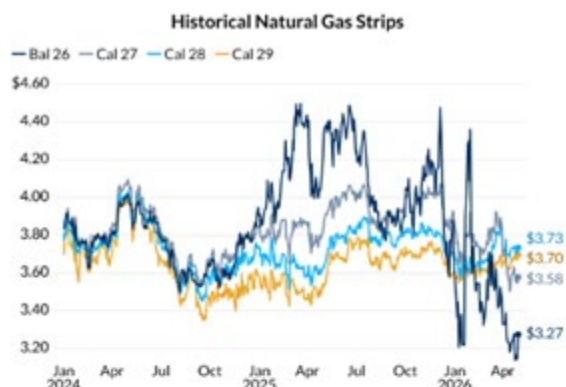


Source: EIA, Goldman Sachs Global Investment Research

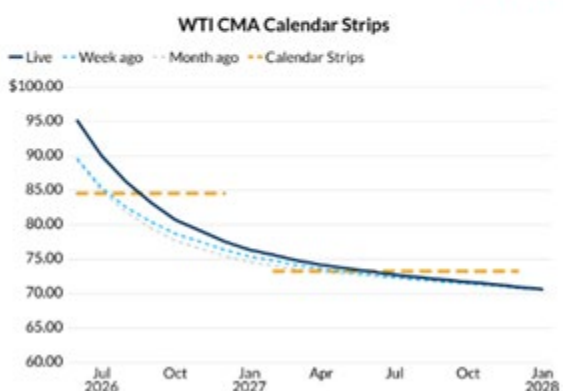
**Gas and Oil Prices 1 May 2026**



Updated - 2026-05-01 18:45  
Chart: As of previous day settle



Updated - 2026-05-01 08:00  
Chart: As of previous day settle



Updated - 2026-05-01 18:45



Updated - 2026-05-01 18:45



**Crude Oil Swap Pricing**

	2026	2027	2028	2029
NYMEX WTI	\$86.52	\$73.27	\$69.28	\$66.58
LLS	\$89.46	\$76.53	\$72.02	\$69.62
Mars	\$90.07	\$76.21	\$68.52	\$66.12
Dubai	\$91.39	\$79.21	\$75.13	\$72.77
WCS-WTI	-\$15.15	-\$14.76	-\$14.24	NaN
ICE Brent	\$93.67	\$79.02	\$74.85	\$72.58
Dated Brent	\$98.03	\$79.72	\$75.00	\$72.73
West TX Sour (WTS)	\$86.91	\$73.30	\$69.27	\$66.62

Updated - 2026-05-02 12:45  
Table: As of previous day settle

**Natural Gas Liquids**

	Month 1	2026	2027	2028
MBV x-TET C2	\$0.203	\$0.217	\$0.225	\$0.230
MBV x-TET C3	\$0.854	\$0.841	\$0.746	\$0.649
MBV x-TET C4	\$1.163	\$1.137	\$0.920	\$0.780
MBV x-TET C5	\$2.167	\$1.932	\$1.523	\$1.407

**Natural Gas Basis Swap Pricing**

	prompt	Winter 26/27	Summer 26	Winter 27/28	Summer 27
Henry Hub Fixed	\$2.767	\$3.967	\$3.041	-4.133	\$3.240
Panhandle East	-\$0.613	-\$0.411	-\$0.669	-0.399	-\$0.608
Eastern Gas South	-\$0.815	-\$0.689	-\$0.909	-0.693	-\$0.902
Waha	-\$8.250	-\$1.348	-\$5.223	-1.687	-\$1.601
TETCO M3	-\$0.715	\$2.124	-\$0.756	1.908	-\$0.703
Houston Ship Channel	-\$0.365	-\$0.550	-\$0.396	-0.392	-\$0.435
Columbia Gulf Mainline	-\$0.288	-\$0.237	-\$0.296	-0.298	-\$0.285
NGPL TXOK	-\$0.370	-\$0.522	-\$0.364	-0.433	-\$0.406
SOCAL	-\$1.758	-\$0.113	-\$0.963	0.100	-\$0.402
AECO	-\$1.708	-\$1.939	-\$1.906	-1.844	-\$1.699
Chicago City-Gates	-\$0.345	\$0.212	-\$0.348	0.194	-\$0.306

Updated - 2026-05-01 08:00  
Table: As of previous day settle

**Important Disclaimer.**

This report has been issued by Giant Capital Management LLC (“Giant Capital”). Data is at 10 May 2026 unless stated otherwise. This document is not an offer of securities or financial products, nor is it financial product advice.

As this document has been prepared without taking account of any individual investor’s particular objectives, financial situation or needs, you should consider its appropriateness having regard to your objectives, financial situation and needs before taking any action.

This document has been prepared without taking into account of your objectives, financial situation and needs; you should consider its appropriateness having regard to your objectives, financial situation and needs.

The information stated, opinions expressed and estimates given constitute best judgement at the time of publication and are subject to change without notice. Consequently, although this document is provided in good faith, it is not intended to create any legal liability on the part of Giant Capital or any other entity and does not vary the terms of a relevant disclosure statement. Past performance is not an indicator of future results. All dollars are US dollars unless otherwise specified.

This document describes some current internal investment guidelines and processes. These are constantly under review and may change over time. Consequently, although this document is provided in good faith, it is not intended to create any legal liability part of Giant Capital or any other entity and does not vary the terms of a relevant disclosure statement. Past performance is not an indicator of future results. In cases where information contained in this document derives from third parties, Giant Capital accepts no liability for the accuracy, completeness or appropriateness of such information.