Giant Capital

October 2026 Report

1.0 Market and Portfolio Commentary

1.1 Macro Industry Commentary

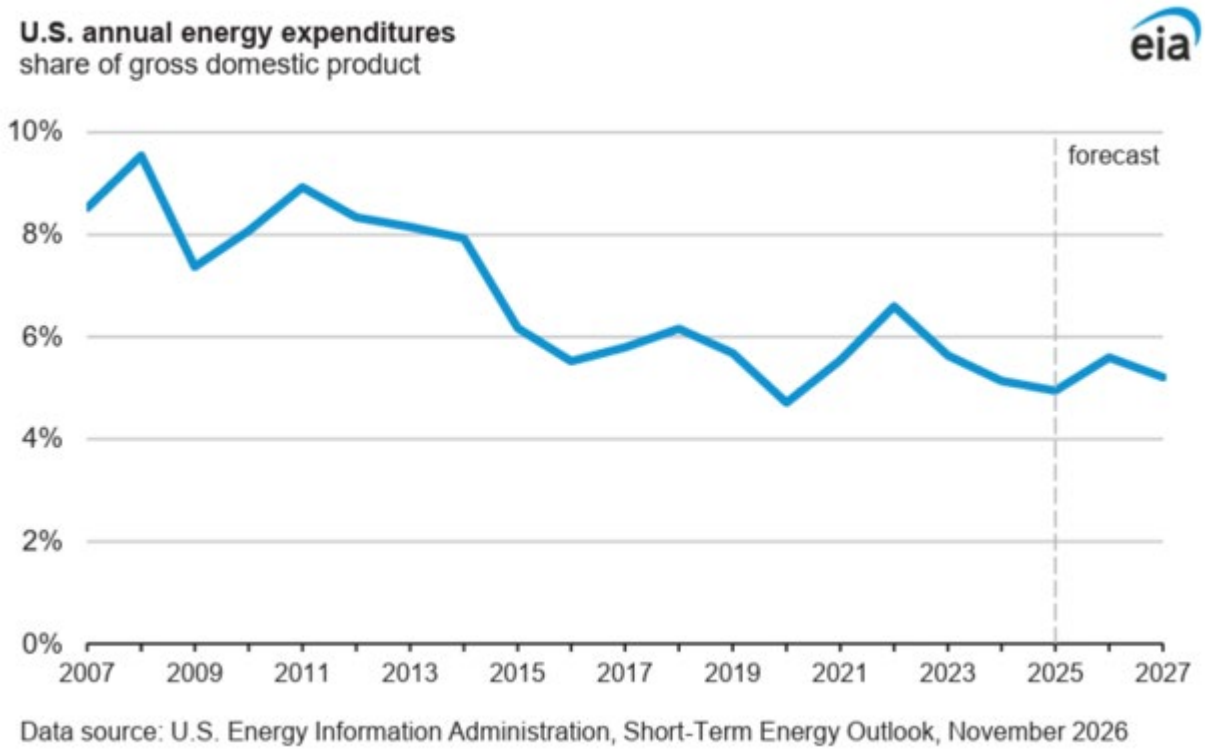
General Market Commentary

US Henry Hub prompt gas prices fell in October driven by expectations that the US would experience a warm winter which would deliver relatively low demand for natural gas-powered heating. Month-on-month the prompt fell from $3.03/mmbtu at close on 30 July to $2.90/mmbtu at close on 30 September. Calendar 2026 also fell, beginning October at $3.20/mmbtu and ending at $2.90/mmbtu.

Oil prices rose driven by fears that the ongoing conflict in the Middle East would escalate and cause lasting damage to oil production infrastructure. The prompt began the month at $90.42/bbl and closed it at $104.12/bbl. Calendar 2026 rose from $88.74/bbl to $102.85/bbl.

Data from the EIA shows that the share of gross domestic product contributed by annual US energy expenditures continued their decade long downward trend in 2025 (Figure 1). Because energy is a core input into all economic activity, reducing its cost can be a strong driver of economic growth.

Figure 1: US Annual Energy Expenditures Share of Gross Domestic Product (Source: EIA)



The latest Baker Hughes rig count data follows. In October, US total land rigs increased from 586 to 588. Total oil rigs rose from 456 to 462, gas rigs fell from 133 to 130.

Baker Hughes

NORTH AMERICA Rotary Rig Count

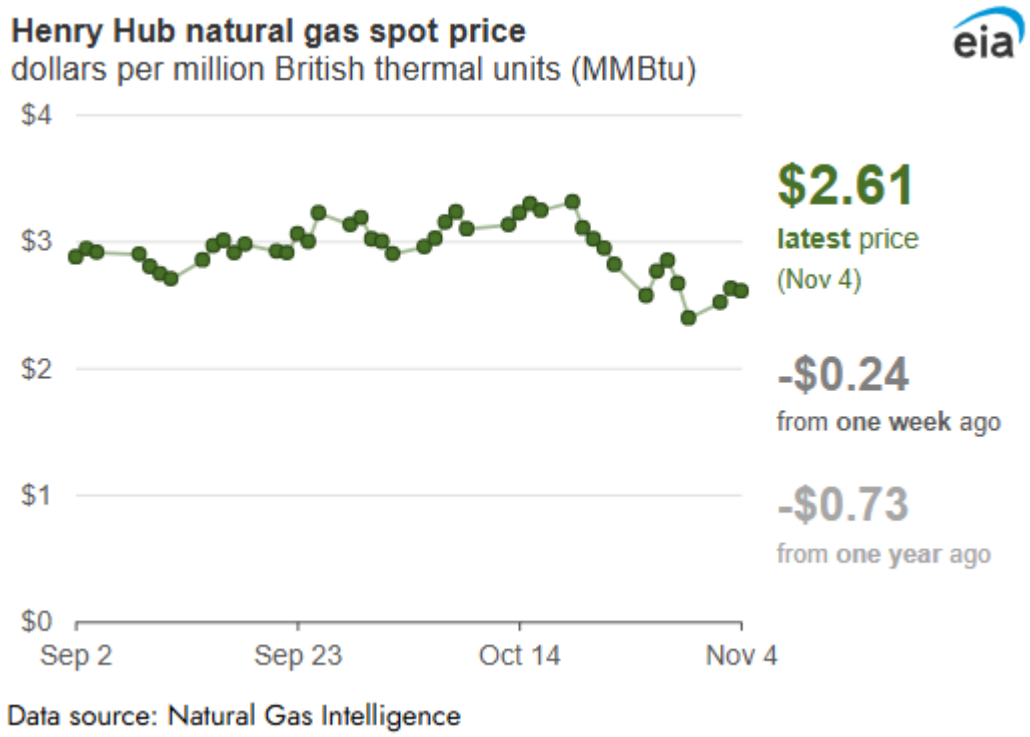
30/10/2026

Location	Week	+/-	Week	+/-	YearAgo
Inland Waters	1	0	1	-1	2
Land	588	-1	589	63	525
Offshore	14	1	13	-5	19
United States Total	**603**	**0**	**603**	**57**	**546**
Gulf of Mexico	**13**	**1**	**12**	**2**	**11**
Canada	**226**	**6**	**220**	**39**	**187**
North America	**829**	**6**	**823**	**96**	**733**
U.S. Breakout Information	**This Week**	**+/-**	**Last Week**	**+/-**	**Year Ago**
Gas	130	-2	132	5	125
Oil	462	2	460	48	414
Miscellaneous	11	0	11	4	7
Directional	52	-2	54	-5	57
Horizontal	527	-1	528	49	478
Vertical	22	1	21	11	11

Gas Market

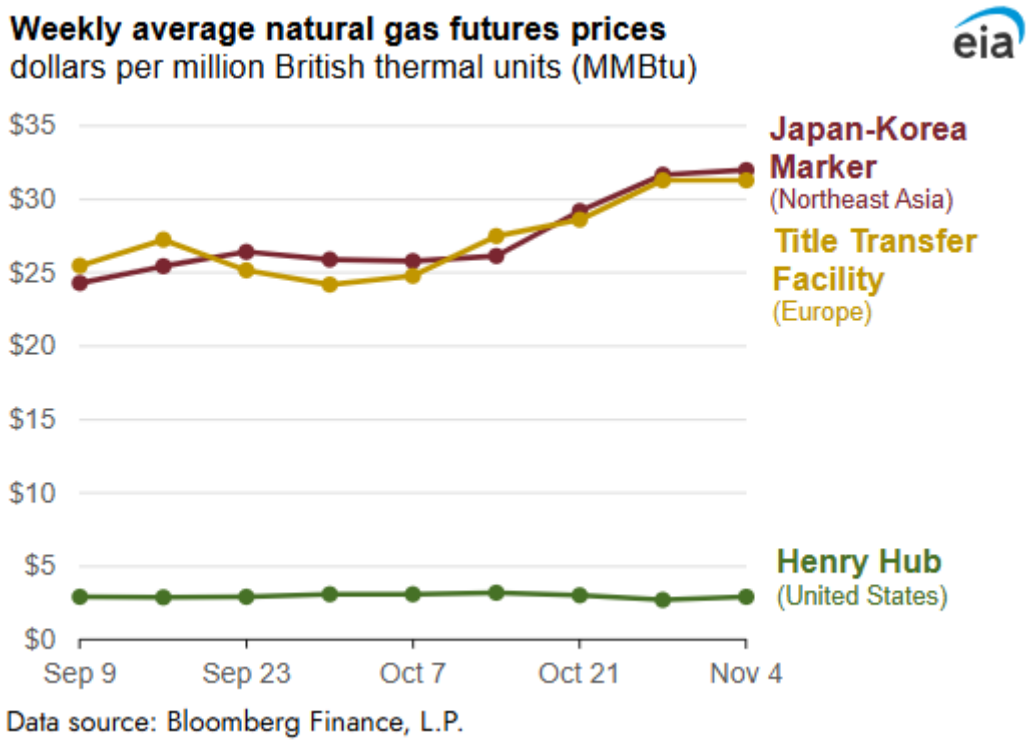
Henry Hub prompt prices drifted higher for the first few weeks of October with strong electricity and cooling demand producing a series of below average injections to storage. This turned towards the end of the month when the first winter weather forecasts indicated relatively warm weather (Figure 2).

Figure 2: Henry Hub Natural Gas Spot Price (Source: EIA)



International natural gas prices, as represented by TTF for Europe and JKM for Asia, continued to rise, reaching an average of $31.33/mmbtu and $31.99/mmbtu respectively during the last week of October (Figure 3).

Figure 3: Weekly Average Natural Gas Futures Prices (Source: Bloomberg, via IEA)



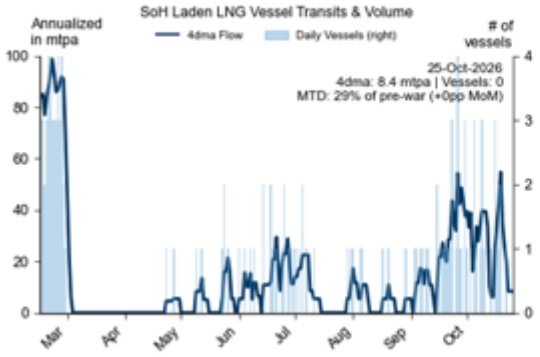
In late October Qatar announced a deal to buy up to 330 bcf of LNG per year for delivery from the early 2030's through 2054 indexed to Henry Hub plus a fixed fee. This agreement reflects a push for long-term geographic diversification of Qatari supply and reinforces the medium-term evolution of the Henry Hub natural gas contract from a US domestic price marker to hybrid domestic/international benchmark.

As indicated by TTF and KKM pricing, LNG flows from Qatar out of the Persian Gulf remain restricted (LHS, Figure 4), this is likely linked to an increase in reported attacks on tankers near the Strait of Hormuz in early October (RHS, Figure 4).

Figure 4: SoH LNG Exports and Reported Tanker Attacks (Source: various, via GS)

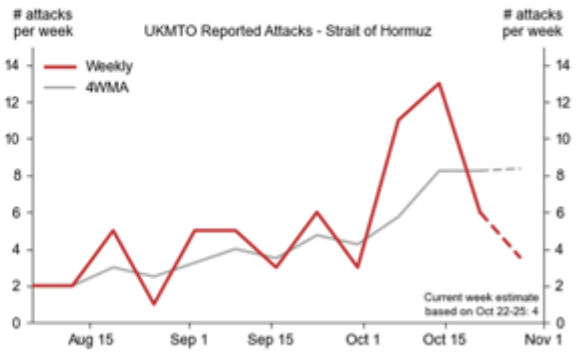
Exhibit 9: ...consistent with a slowdown in Hormuz LNG crossings...

Mtpa 4dma (left axis), number of vessels (right axis)



Source: Kpler, Goldman Sachs Global Investment Research

Exhibit 10: ...likely linked to an increase in reported tanker attacks near the Strait of Hormuz earlier this month



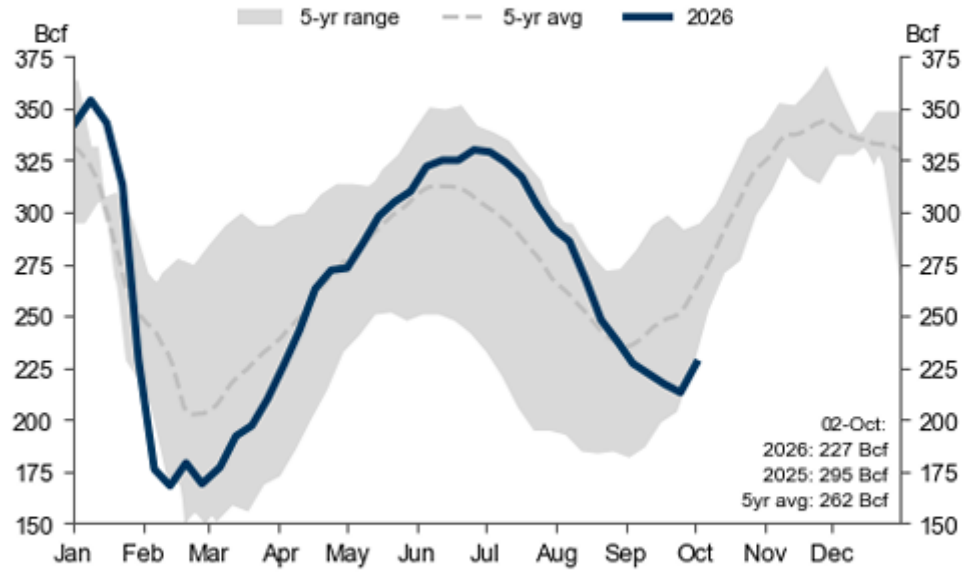
Source: UKMTO, Goldman Sachs Global Investment Research

Very warm weather in September contributed to record gas powered electricity demand of 45.1bcfd, much of this was pulled from salt storage (Figure 5). This matters because salt caverns are the storage facilities with the highest deliverability rates in the country, which is particularly important during very cold days in the winter.

Figure 5: South Central Salt Storage Inventories (Source: EIA, via GS)

Exhibit 2: Strong September power burns drove salt storage inventories to five-year lows...

South Central salt storage inventories



Salt caverns are the storage facilities with the highest deliverability rates in the country, which is particularly important during very cold days in the winter.

Source: EIA, Goldman Sachs Global Investment Research

Aggregate gas storage volumes remain very comfortable but the relatively low volumes in salt could drive a material move up in Henry Hub prices in the event of cold weather. Any such move would likely be exacerbated by the exceptionally bearish aggregate position of speculators in the Henry Hub futures market (Figure 6). Reversing those positions would add significant buying demand to a rising market.

Figure 6: Net Speculative HH Length, 10 yr rolling history (Source: COT, via GS)

Exhibit 4: Exceptionally low investor length in the market could exacerbate a potential market rally under a tightening shock scenario

Net speculative positioning length scaled by Open Interest vs 10-year rolling history

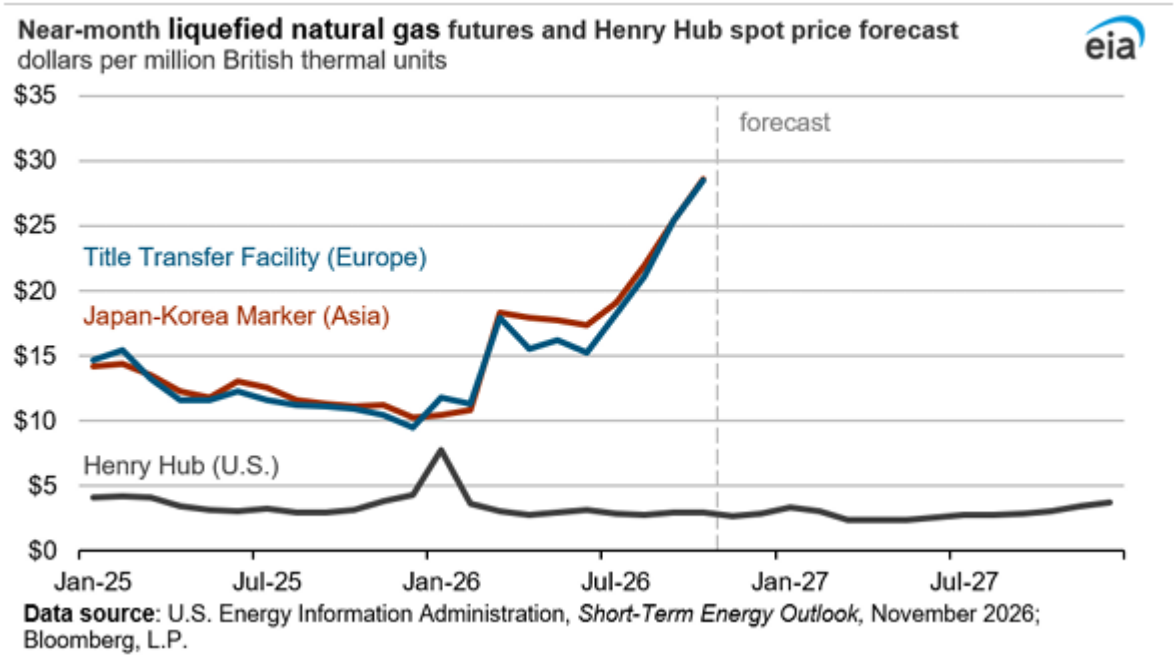


Net Speculative Positioning is net length positioning of Managed Money and Other Reportables, combined across NYMEX + ICE.

Source: COT, Goldman Sachs Global Investment Research

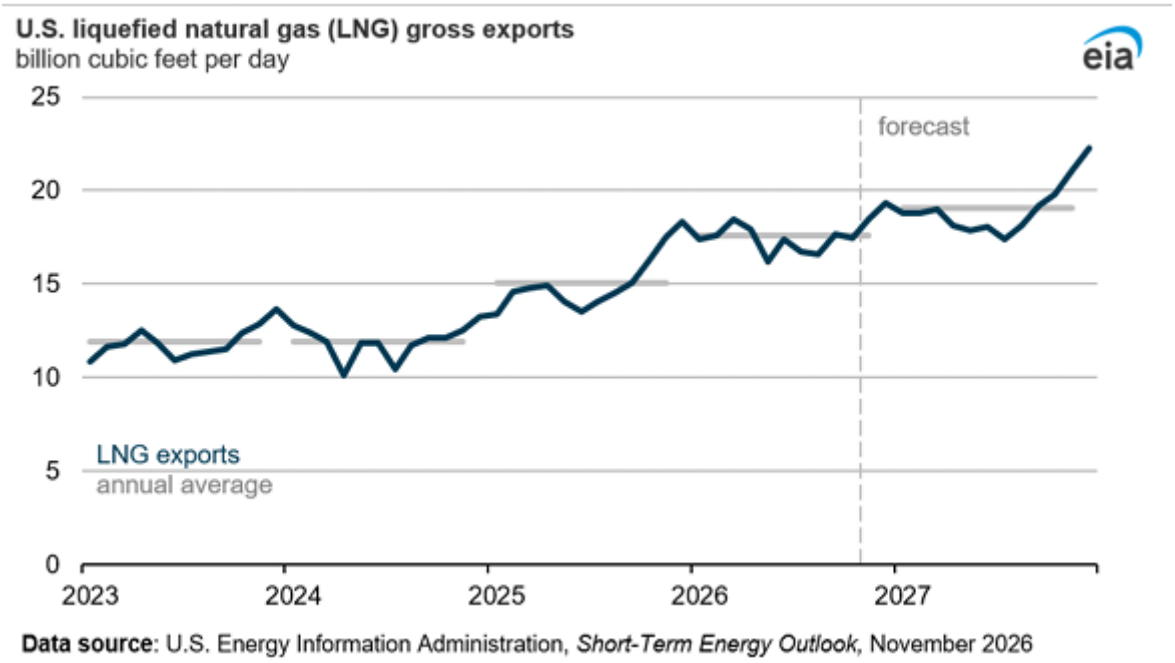
Strong growth in US natural gas production has put downward pressure on Henry Hub prices and the EIA expects this to continue through 2027. Meanwhile, international natural gas prices have risen to the highest levels since December 2022. Since the US – Iran conflict began on 28 February, the near-month TTF futures price rose from an average of $11.27/mmbtu in February to an average of $28.51 in October according to data from Bloomberg, and the JKM prompt rose from an average of $10.82/mmbtu in February to an average of $28.58/mmbtu in October (Figure 7).

Figure 7: Near Month Futures (Source: Bloomberg, EIA)



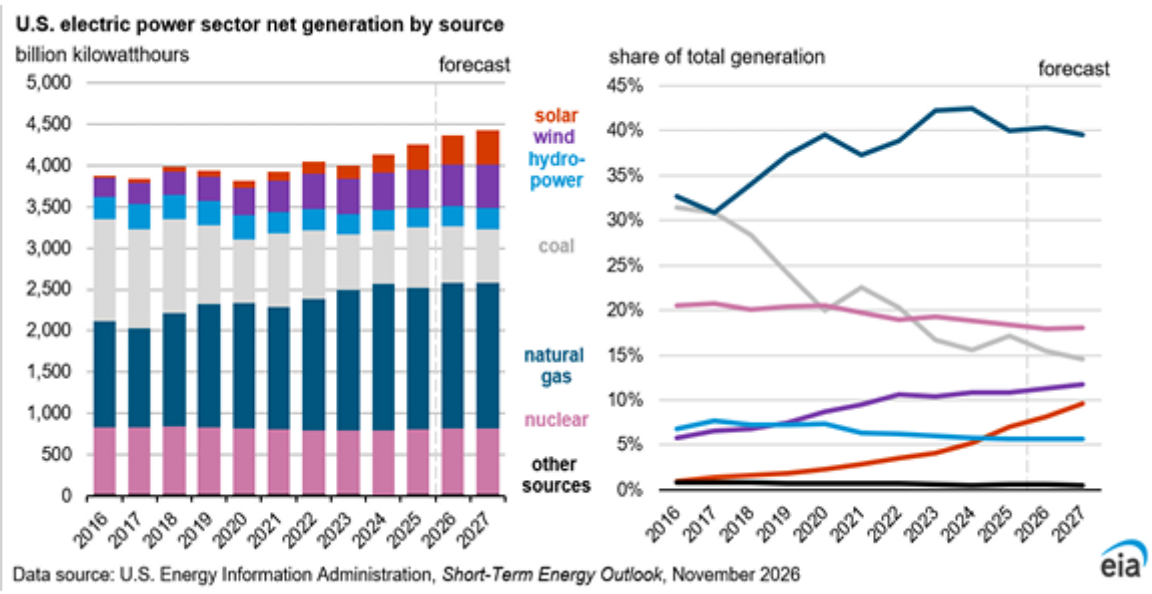
The price incentive provided by these markets will continue to drive growth in US LNG exports. As new export capacity ramps up, the EIA forecasts LNG exports to average 17.6bcfd in 2026 and 19.0bcfd in 2027, up from 15.1bcfd in 2025 (Figure 8).

Figure 8: US LNG Feedgas (Source: EIA)



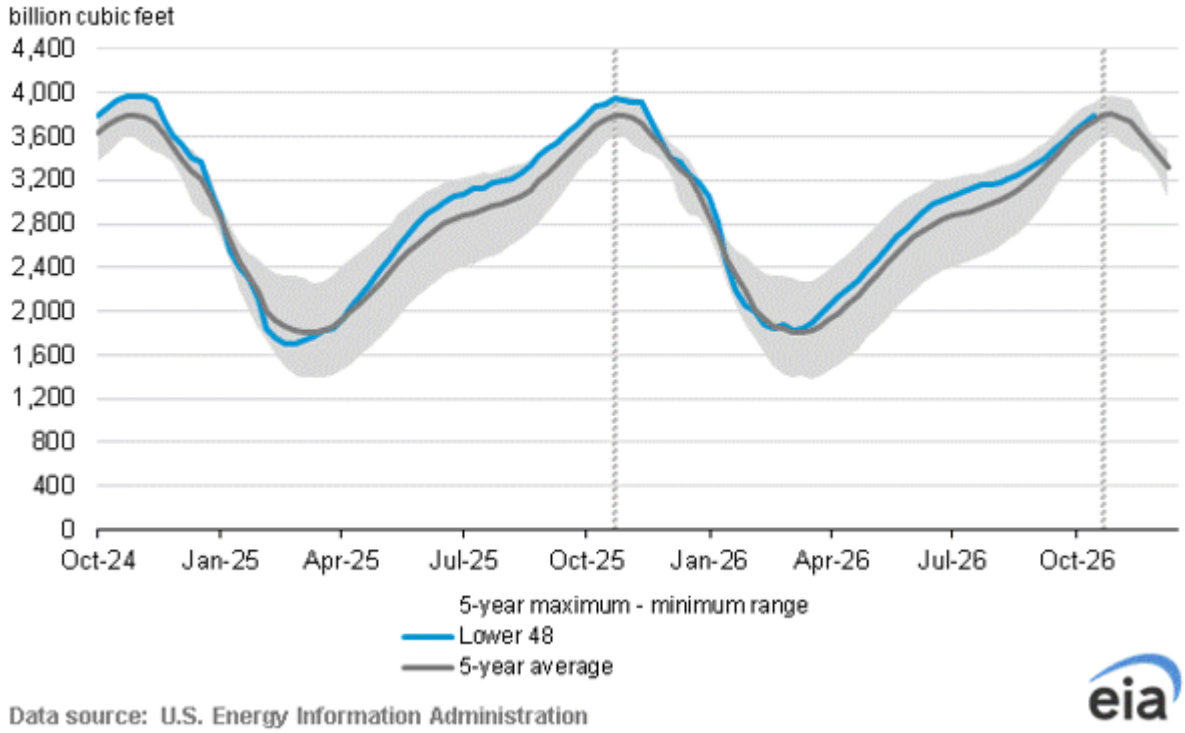
The EIA estimates that total US electricity generation will increase 2.7% in 2026 from the prior record set in 2025. They forecast slightly slower growth of 1.2% in 2027. Natural gas provides the energy for approximately 40% of US electricity generation (Figure 9).

Figure 9: US Electric Power Generation by Source (Source: EIA)



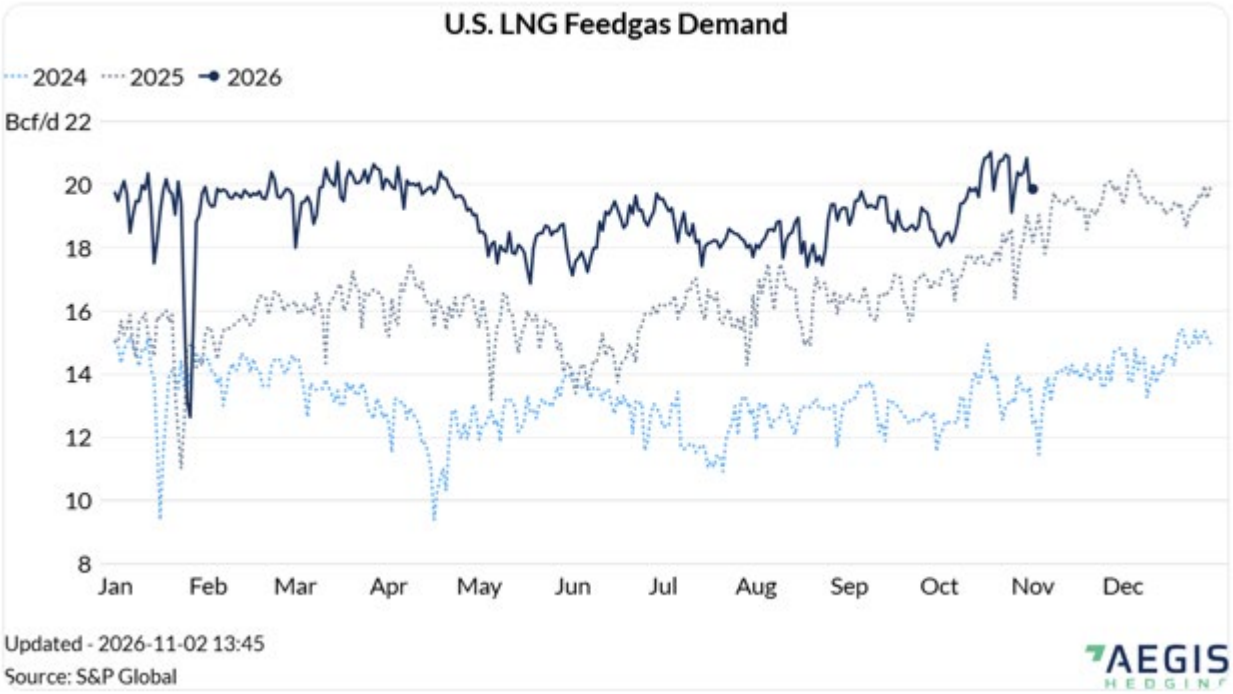
Working gas in storage was 3,801 bcf as of 30 October 2026, according to EIA estimates, an increase of 77bcf from the previous week. Stocks were 109 bcf less than last year at this time and 54 bcf above the five-year average of 3,747 bcf (Figure 10).

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



US LNG feedgas demand pushed above 20bcfd with increased demand from Golden Pass LNG and conclusion of planned maintenance at Cove Point (Figure 11).

Figure 11: US LNG Feedgas Demand (Source: S&P, via AEGIS)

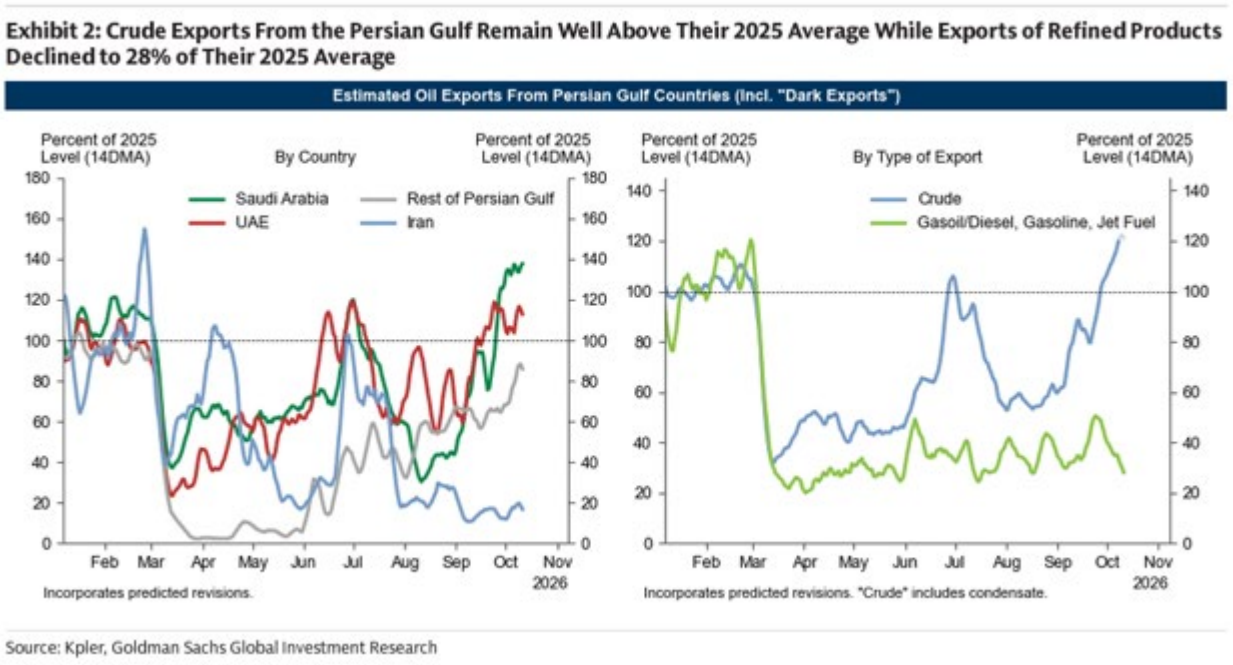


Oil Market

Crude oil prices rose for a third consecutive month in October as falling global inventories, attacks on oil tankers in the Persian Gulf, constrained shipping capacity, and higher transportation costs tightened supply.

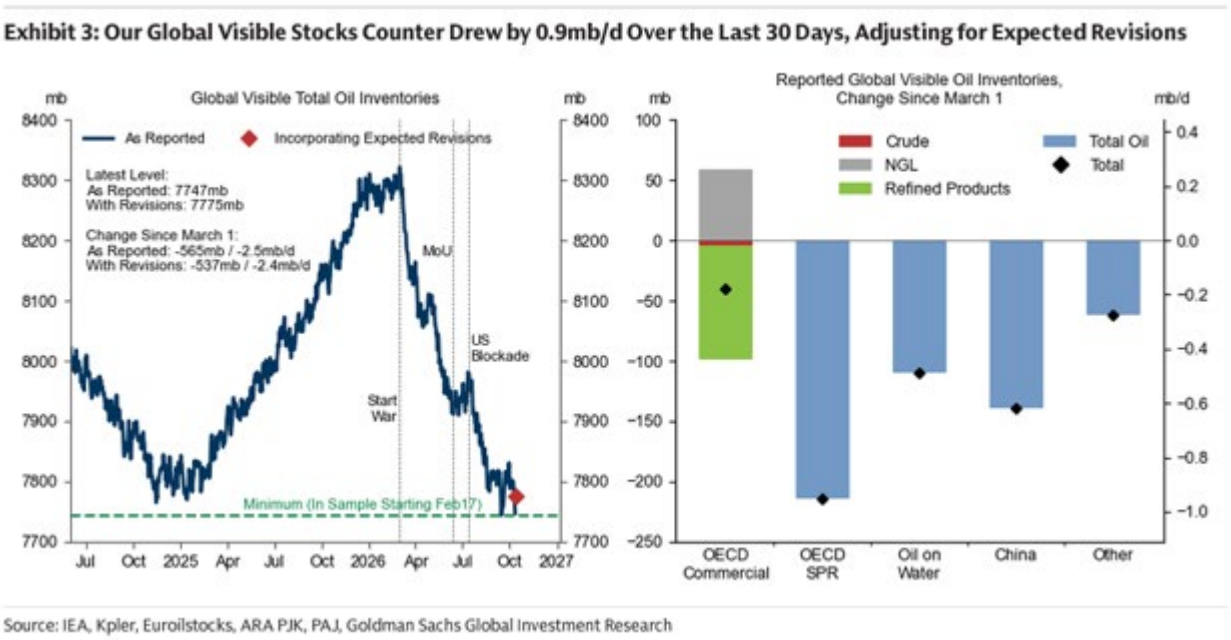
Exports of crude oil from the Persian Gulf remain well above their 2025 average driven by ship-to-ship transfers beyond the Strait of Hormuz while exports of refined products, which are more volatile and difficult to transfer at sea, have declined to 28% of the 2025 average (RHS, Figure 12). Saudia Arabia and the UAE are leading exporters (LHS, Figure 12).

Figure 12: Estimated Persian Gulf Oil Exports (source: Kpler, via GS)



Global visible oil stocks have stabilised at 7775mmbbl, a decline of 2.4mmbbld since 1 March (LHS, Figure 13). OECD's strategic petroleum reserves have seen the largest falls (RHS, Figure 13).

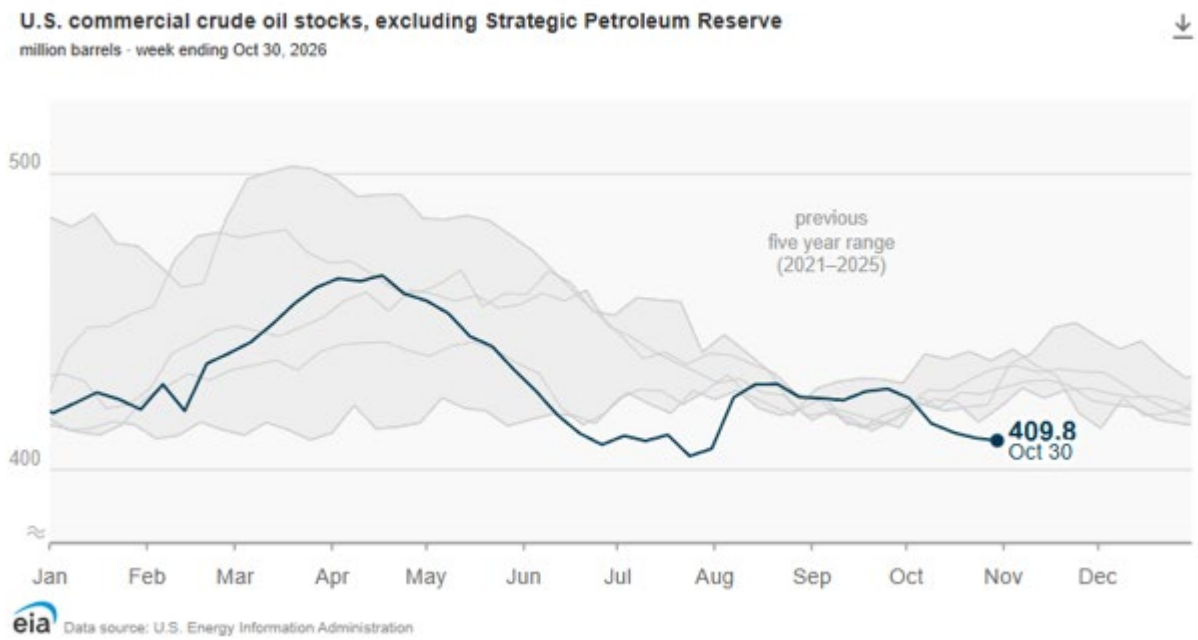
Figure 13: Global Oil Inventories (Source: various, via GS)



Source: IEA, Kpler, Euroilstocks, ARA PJK, PAJ, Goldman Sachs Global Investment Research

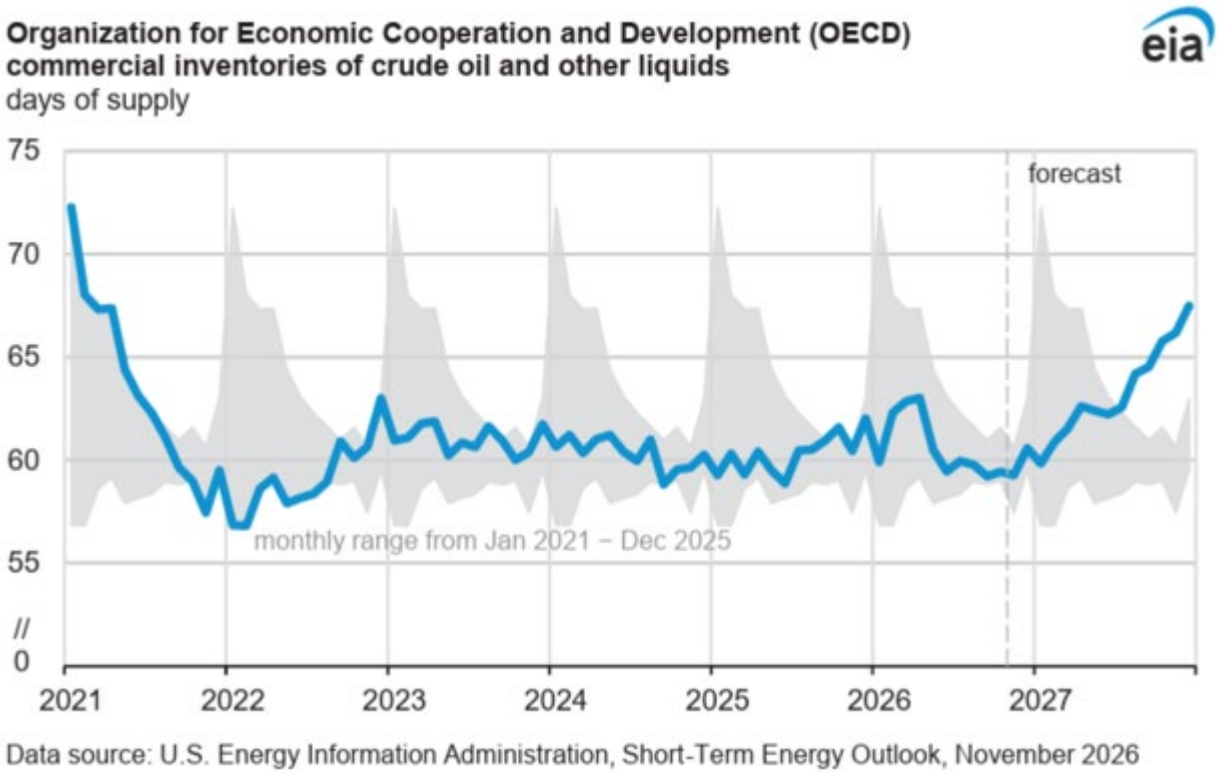
US commercial crude oil inventories fell to 410mmbbls at the end of October, the lowest end-of-October level since 2014 (Figure 14). Inventories fell as a large spread between Brent and WTI prices encouraged crude oil exports and lowered crude oil imports. Additionally, high crude oil demand from US refineries over the past several months has reduced inventories.

Figure 14: US Commercial Crude Oil Stocks (Source: EIA)



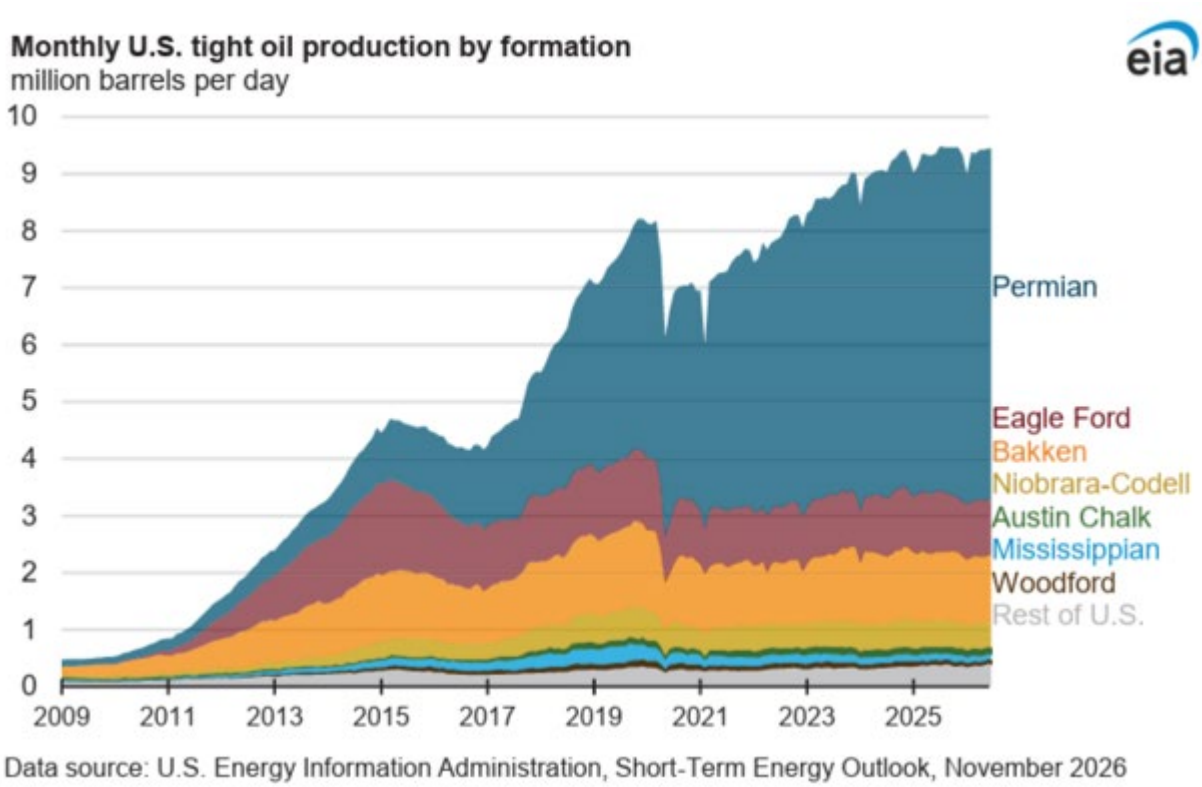
The EIA assumes that conflict in the Middle East will ease allowing oil production from the region to increase through 2027. This is forecast to deliver steadily increasing commercial inventories of crude oil in the OECD (Figure 15).

Figure 15: OECD Commercial Crude Oil Stocks (Source: EIA)



Record US oil production continues to be primarily driven by the Permian Basin (Figure 16).

Figure 16: US Tight Oil Production (Source: EIA)



Gas and Oil Prices 1 November 2026

TODAY'S HEDGE LEVELS

Prices as of 12:48 AM CT

NYMEX WTI $/Bbl

Prompt · Oct-26

$96.94

▲ 0.10 vs. settle

4Q 2026 Oct–Dec CMA			**$102.88** ▼ 0.12
CAP	$107.21	$110.06	$113.08
FLOOR	$97.50	$95.00	$92.50
Cal 2027 Jan–Dec CMA			**$88.21** ▼ 0.22
CAP	$92.15	$95.23	$98.44
FLOOR	$85.00	$82.50	$80.00
Cal 2028 Jan–Dec CMA			**$75.58** ▼ 0.32
CAP	$78.29	$80.47	$82.64
FLOOR	$72.50	$70.00	$67.50

NYMEX HENRY HUB $/MMBtu

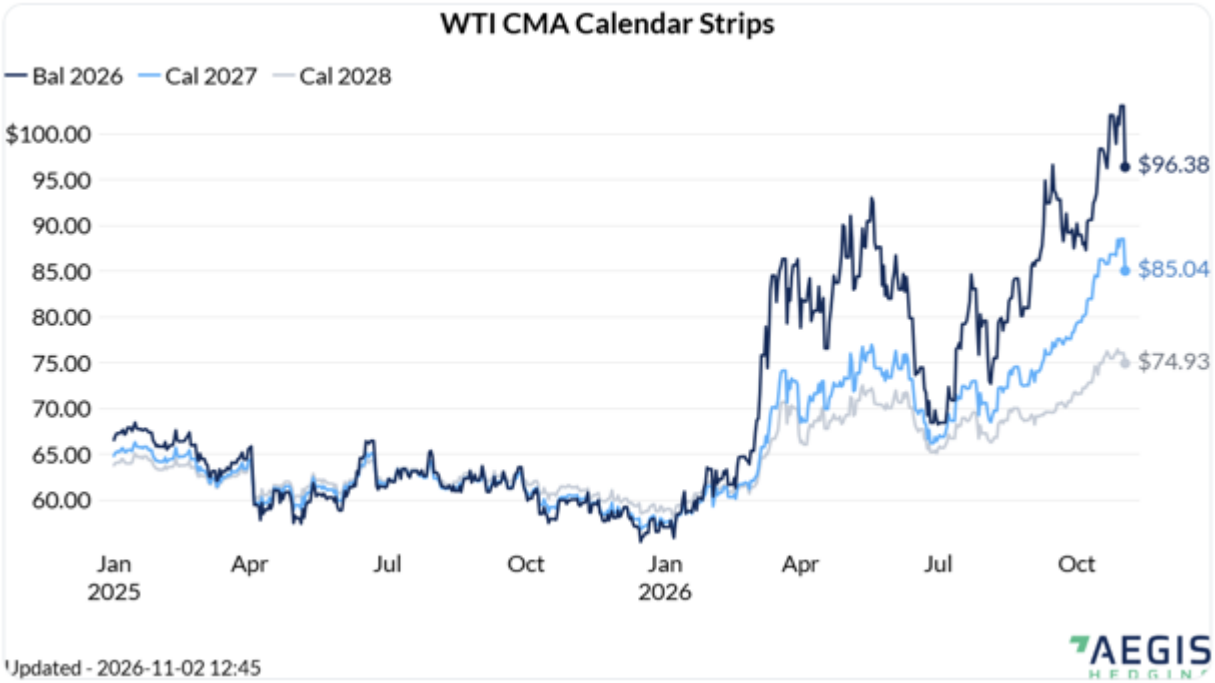
Prompt · Dec-26

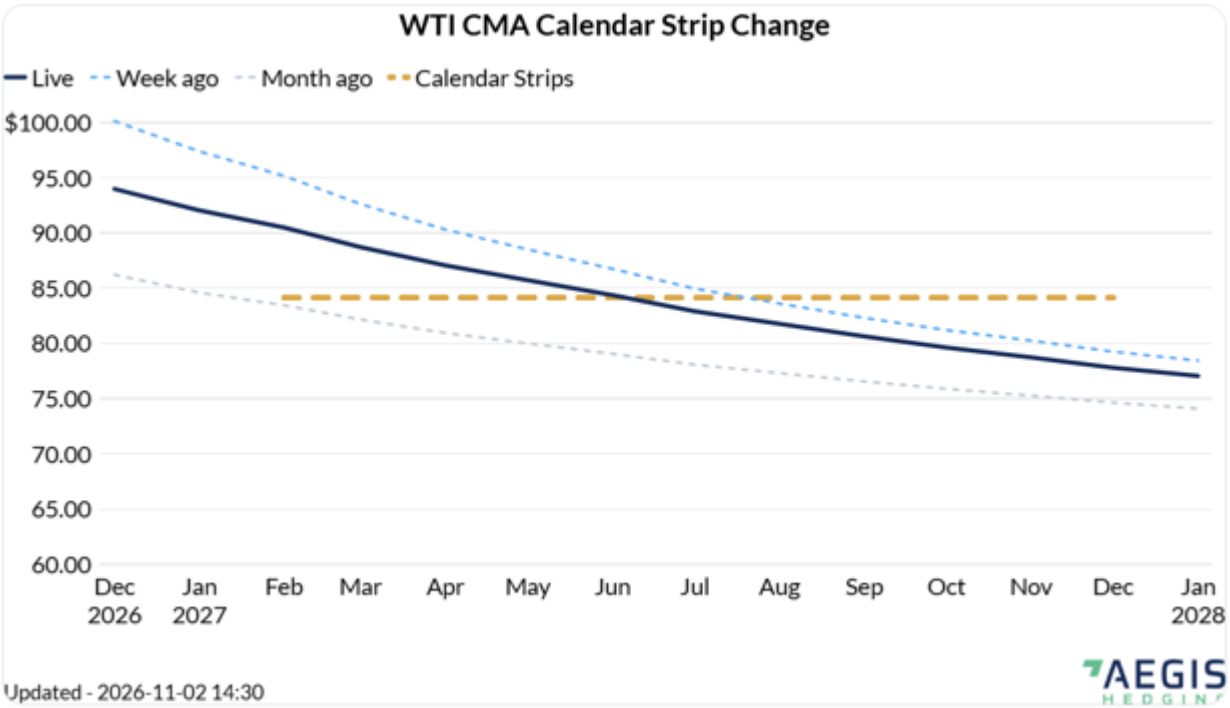
$2.898

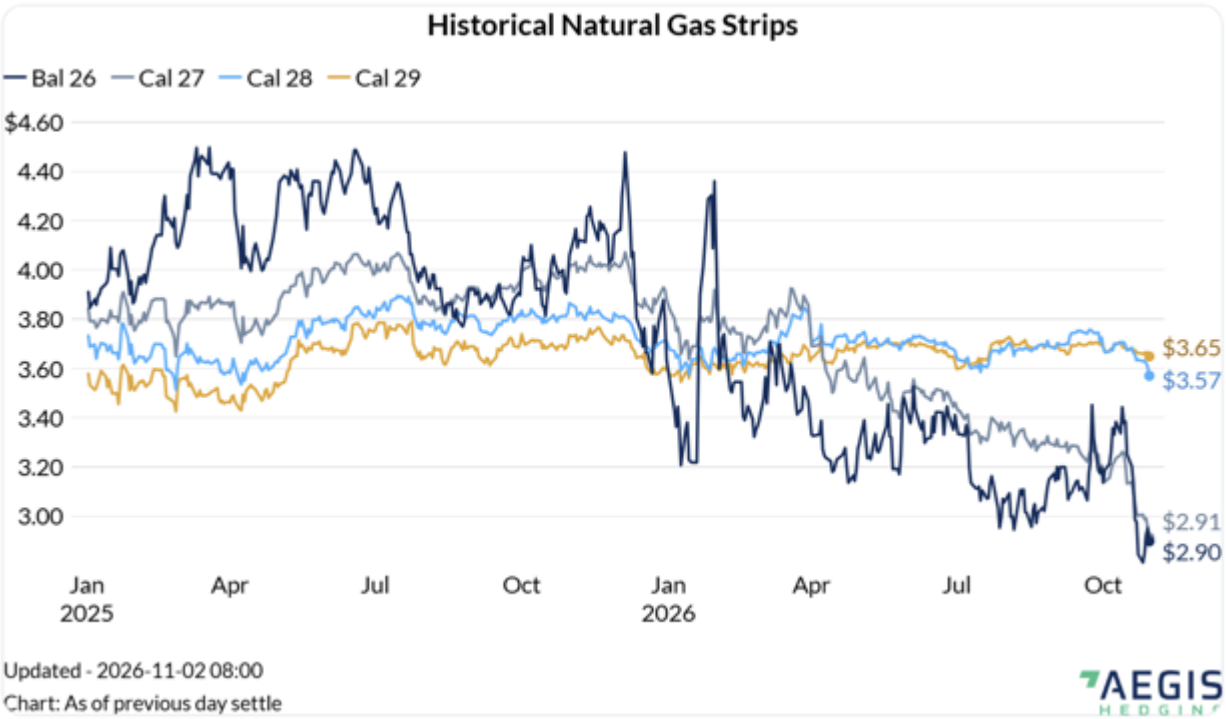
▼ 0.054 vs. settle

Cal 2027 Jan–Dec			**$2.870** ▼ 0.020
CAP	$2.96	$3.12	$3.29
FLOOR	$2.80	$2.70	$2.60
Cal 2028 Jan–Dec			**$3.531** ▼ 0.027
CAP	$3.73	$3.90	$4.08
FLOOR	$3.40	$3.30	$3.20
Dec 2026 - Mar 2027 Dec–Mar			**$2.888**
CAP	$3.03	$3.20	$3.41
FLOOR	$2.80	$2.70	$2.60

Indicative swap levels and costless collars; each column is one cap / floor pair. Talk to your AEGIS advisor for firm pricing.




WTI CMA Calendar Strip Change
Live
Week ago
Month ago
Calendar Strips
$100.00
95.00
90.00
85.00
80.00
75.00
70.00
65.00
60.00
Dec 2026
Jan 2027
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Jan 2028
Updated - 2026-11-02 14:30
AEGIS HEDGING


Historical Natural Gas Strips
Bal 26
Cal 27
Cal 28
Cal 29
$4.60
4.40
4.20
4.00
3.80
3.60
3.40
3.20
3.00
$3.65
$3.57
$2.91
$2.90
Jan 2025
Apr
Jul
Oct
Jan 2026
Apr
Jul
Oct
Updated - 2026-11-02 08:00
Chart: As of previous day settle
AEGIS HEDGING

Important Disclaimer.

This report has been issued by Giant Capital Management LLC ("Giant Capital"). Data is as of 31 October 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.