

Oil & Gas

Resource Report: Monthly Oil & Gas Perspectives

October 2025 Edition

Bottom Line:

Oil and gas equities rallied in the last week of the month but still finished down in October. Positive catalysts for the oil market during the final week of the month include: the European Union unveiling its 19th Russian sanctions package and the U.S. Treasury imposing broader and deeper sanctions on Rosneft and Lukoil (Russian oil majors). This was coupled with upside earning surprises from reporting companies. This helped relieve oversupply concerns with Brent and WTI rallying 6.2%/6.0% respectively in the final week of October.

Key Points

Natural Gas. Strong LNG feedstock numbers (about 17.2 bcf/d) saw NYMEX prices rise by 19.9% on the month. As well natural gas production in the lower 48 fell over the month while AECO prices moved sharply higher (+316.1%) in October.

Crude Oil. Oil prices fell slightly over the month but rallied in the last week of the month as news of the U.S. sanctions on Russia were announced. There are indications that both China and India are considering reducing imports of Russian crude oil.

Cenovous Energy's \$8.6 billion takeover of MEG Energy on hold till November 6, 2025. The shareholder meeting on October 30th was delayed to November 6 to address a regulatory inquiry.

Equities. Oil and gas equities followed the commodity throughout the month, falling in the first part of the month and then rallying in the last week of October as the Russian sanctions were announced and several companies reported stronger-than-expected earnings.

Exhibit 1: Energy Performance

	Current Mo.	Past Mo.	Percent Change				
	2025-10-31	09/30/2025	1 Week	2 Week	1 Month	YTD	Y/Y Chg.
Commodities							
WTI (US\$/bbl)	60.98	62.37	6.0%	(0.8%)	(2.2%)	(15.0%)	(12.0%)
Brent (US\$/bbl)	65.07	67.02	6.2%	(1.3%)	(2.9%)	(12.8%)	(11.1%)
WCS (US\$/bbl)	48.69	50.39	5.2%	(0.1%)	(3.4%)	(16.4%)	(14.0%)
Henry Hub Prompt (US\$/MMBtu)	3.959	3.302	31.7%	19.6%	19.9%	16.4%	117.5%
AECO Prompt (C\$/Gj)	2.58	0.62	11.7%	3.2%	316.1%	28.4%	115.0%
Indices							
TSX E&P	339.67	333.29	1.9%	(0.3%)	(2.7%)	8.0%	5.1%
S&P500 E&P	585.16	612.98	1.5%	(0.3%)	(4.5%)	(7.9%)	(10.4%)

Source: FactSet, Granite Point Research

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John Stephenson, P.Eng., CFA Analyst
jstephenson@granitepointresearch.com

(647) 267-1906

Inside This Issue

1. Oil and gas prices rally in the last week of October as a series of positive catalysts drive oil prices higher.
2. Cenovus Energy on the precipice of closing the transaction with MEG Energy.

U.S. oil inventories are now 6% under the five-year average. A larger than expected drop in oil inventories helped boost West Texas Intermediate (WTI) prices last week. Oil inventories in the U.S. fell by 6.86 million barrels during the week of October 20 more than the consensus estimate for a drop of 0.9 million barrels.

The inventory drop came amid warnings that the market is oversupplied by rising production from OPEC+¹ and other countries. Despite tightening sanctions on Russia's oil exports WTI prices fell 2.2% in October. In the last week of October WTI prices rallied 6% boosted by U.S. sanctions on Russia's oil exports, lower U.S. inventories and an announced framework for a trade deal between the U.S. and China.

We believe that Cenovus will likely receive enough shareholder votes to conclude its \$8.6 billion acquisition of MEG Energy at the special shareholder meeting rescheduled to November 6, 2025. The October 30 special shareholder meeting was delayed because of a regulatory inquiry that MEG Energy required additional time to address which postponed the shareholder vote on the Cenovus offer to acquire the company.

The four largest oil sands producers are expected to control ~88% of oil sands production in 2026. Assuming the acquisition of MEG proceeds the four largest oil sands producers (Suncor Energy, Cenovus, Canadian Natural Resources and Imperial Oil) will produce about 88% of all oil sands production in 2026. This transaction, if approved, is part of a broader trend of mergers and acquisition activity which has unfolded in the oil sands over the last decade.

¹ Organization of Petroleum Exporting Countries (OPEC) now consists of thirteen countries: Saudi Arabia, Iraq, UAE, Kuwait, Iran, Angola, Nigeria, Algeria, Libya, Venezuela, Congo, Gabon and Equatorial Guinea. In response to falling oil prices driven by significant increases in U.S. shale oil output, OPEC signed agreements with ten other oil producing countries in 2016 (Russia, Mexico, Kazakhstan, Oman, Azerbaijan, Malaysia, Bahrain, South Sudan, Brunei and Sudan).

Equities Performance

Exhibit 2: Share Performance M/M Large-Cap

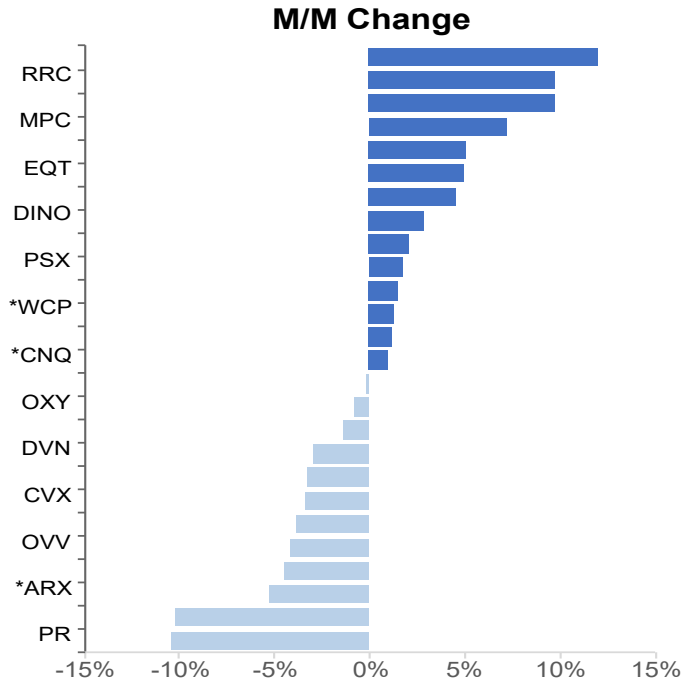


Exhibit 3: Share Performance YTD Large-Cap

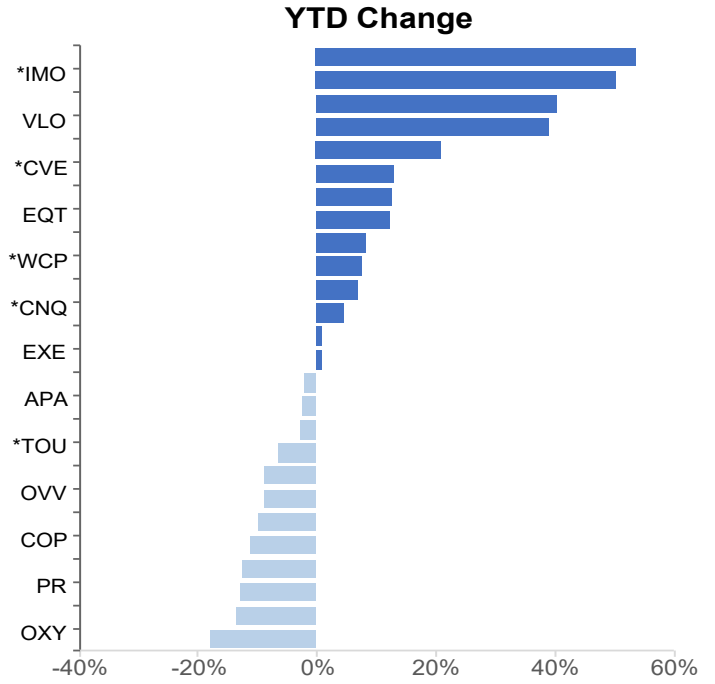


Exhibit 4: Share Performance M/M SMID

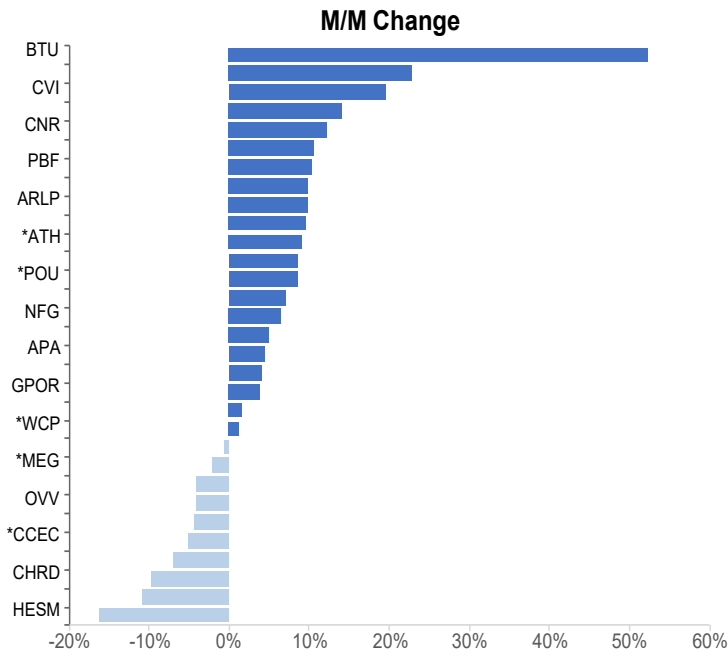
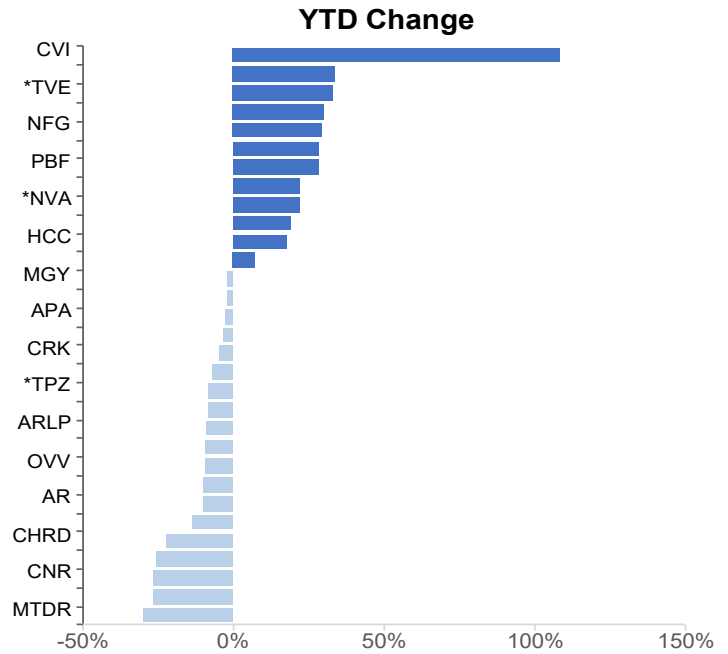


Exhibit 5: Share Performance YTD SMID



Source: FactSet, Granite Point Research

Consensus CFPS Revisions

Exhibit 6: 2026E Consensus CFPS Revisions M/M – Large Cap

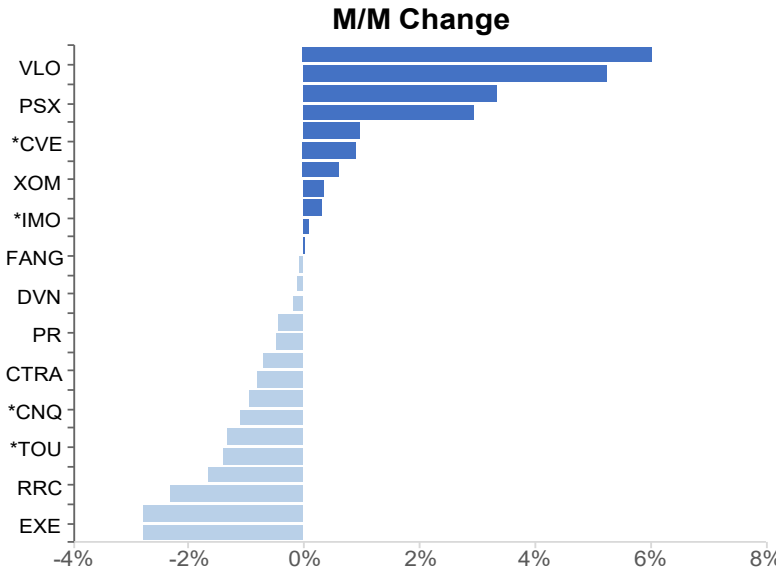


Exhibit 7: 2026E Consensus CFPS Revisions YTD – Large Cap

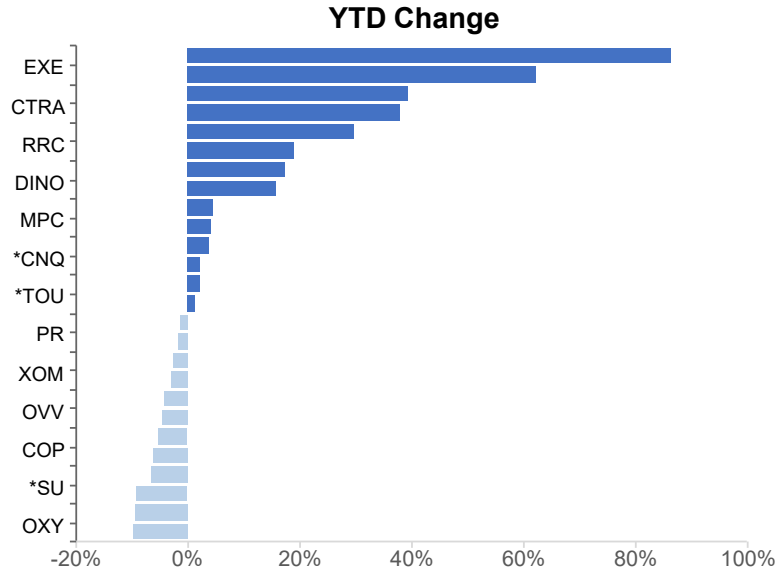


Exhibit 8: 2026E Consensus CFPS Revisions M/M – SMID

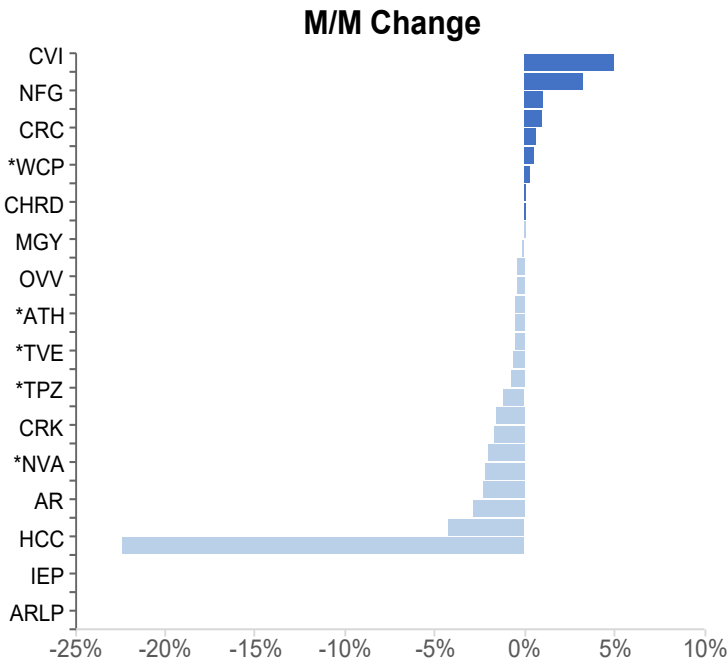
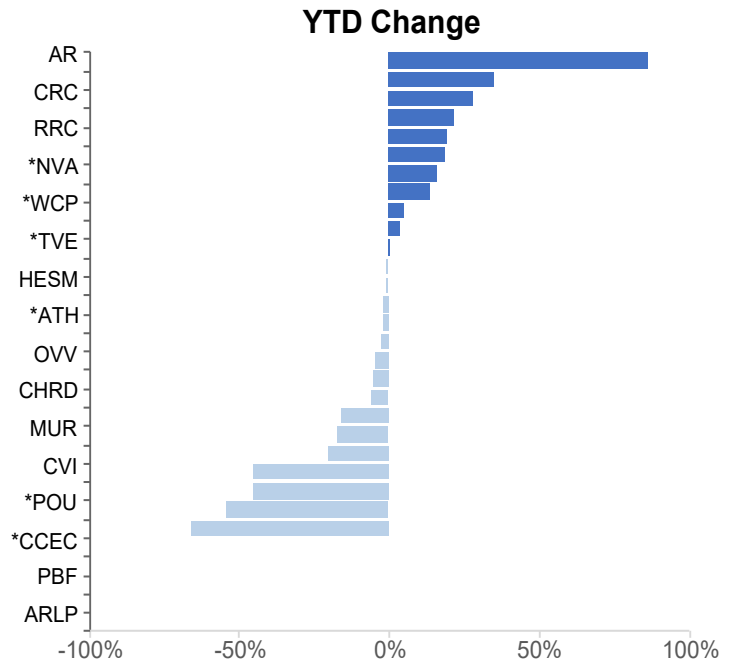


Exhibit 9: 2026 Consensus CFPS Revisions YTD - SMID



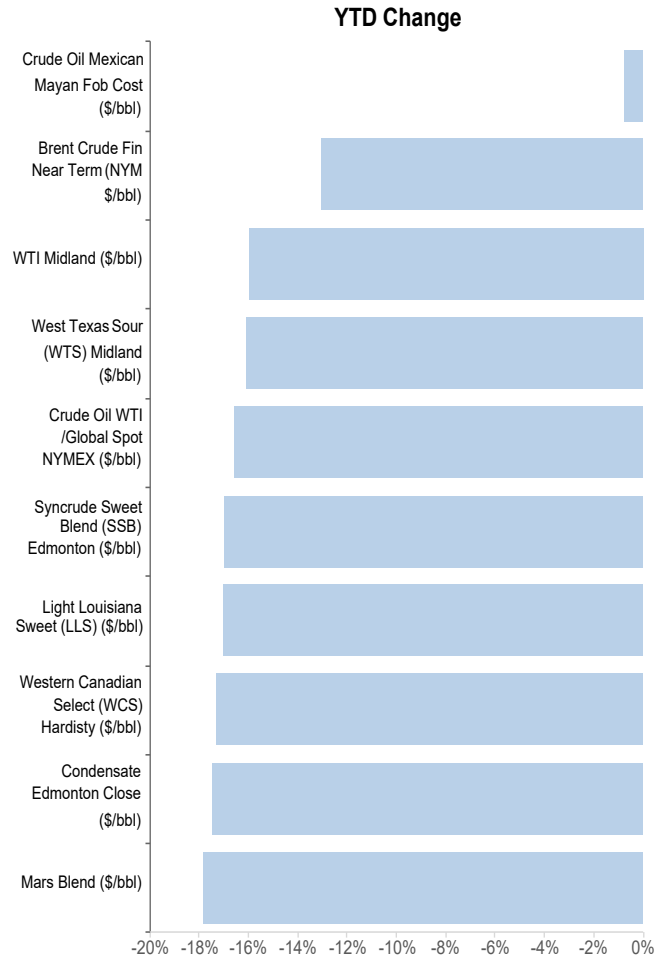
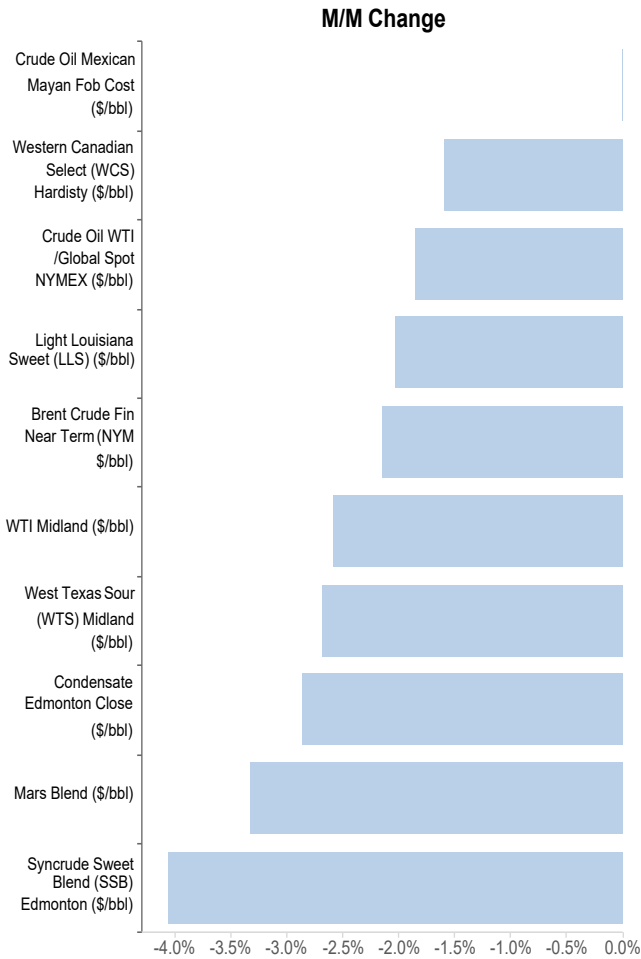
Source: FactSet, Granite Point Research

Note: * indicates Canadian listed equities

Crude Oil Market

Exhibit 10: Crude Oil Price Performance M/M

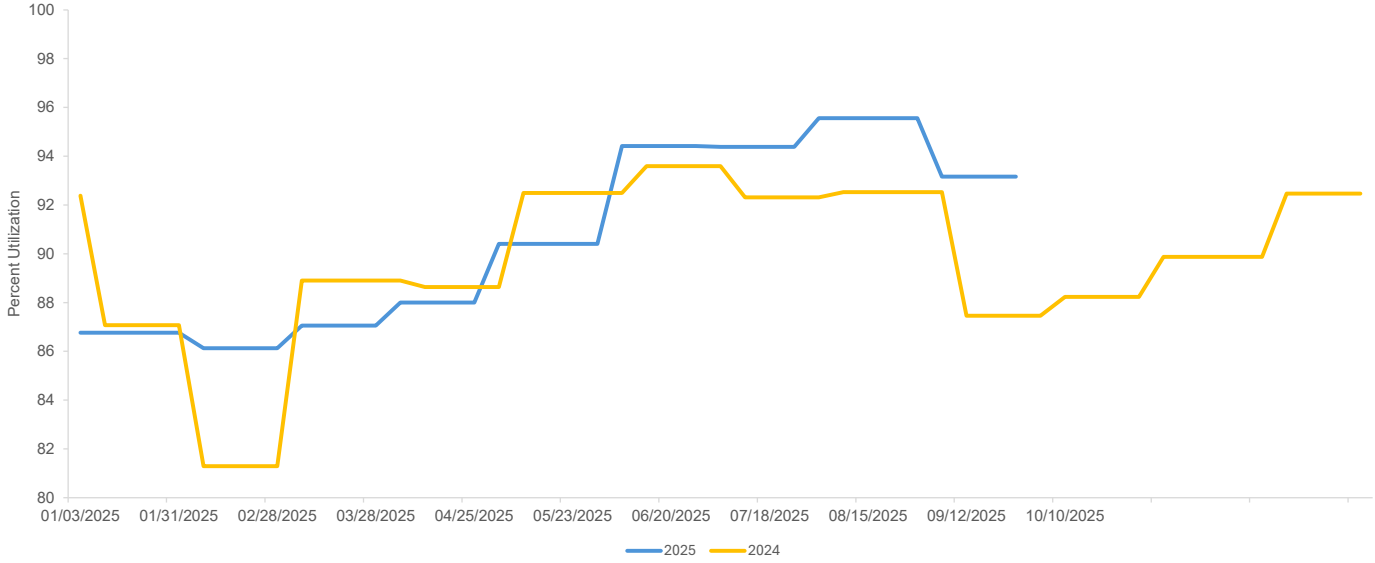
Exhibit 11: Crude Oil Price Performance YTD



Source: FactSet, Granite Point Research

U.S. Refinery Utilization

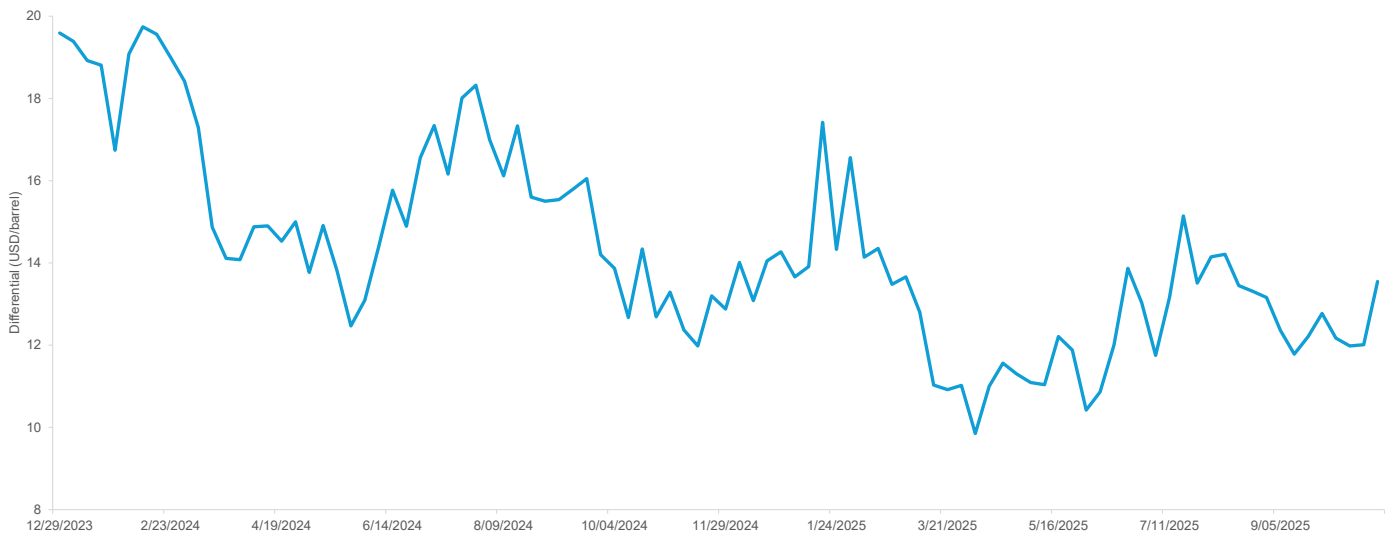
Exhibit 12: U.S Refinery Utilization (Percent)



Source: FactSet, Granite Point Research

WTI/WCS Differential (US\$/bbl)

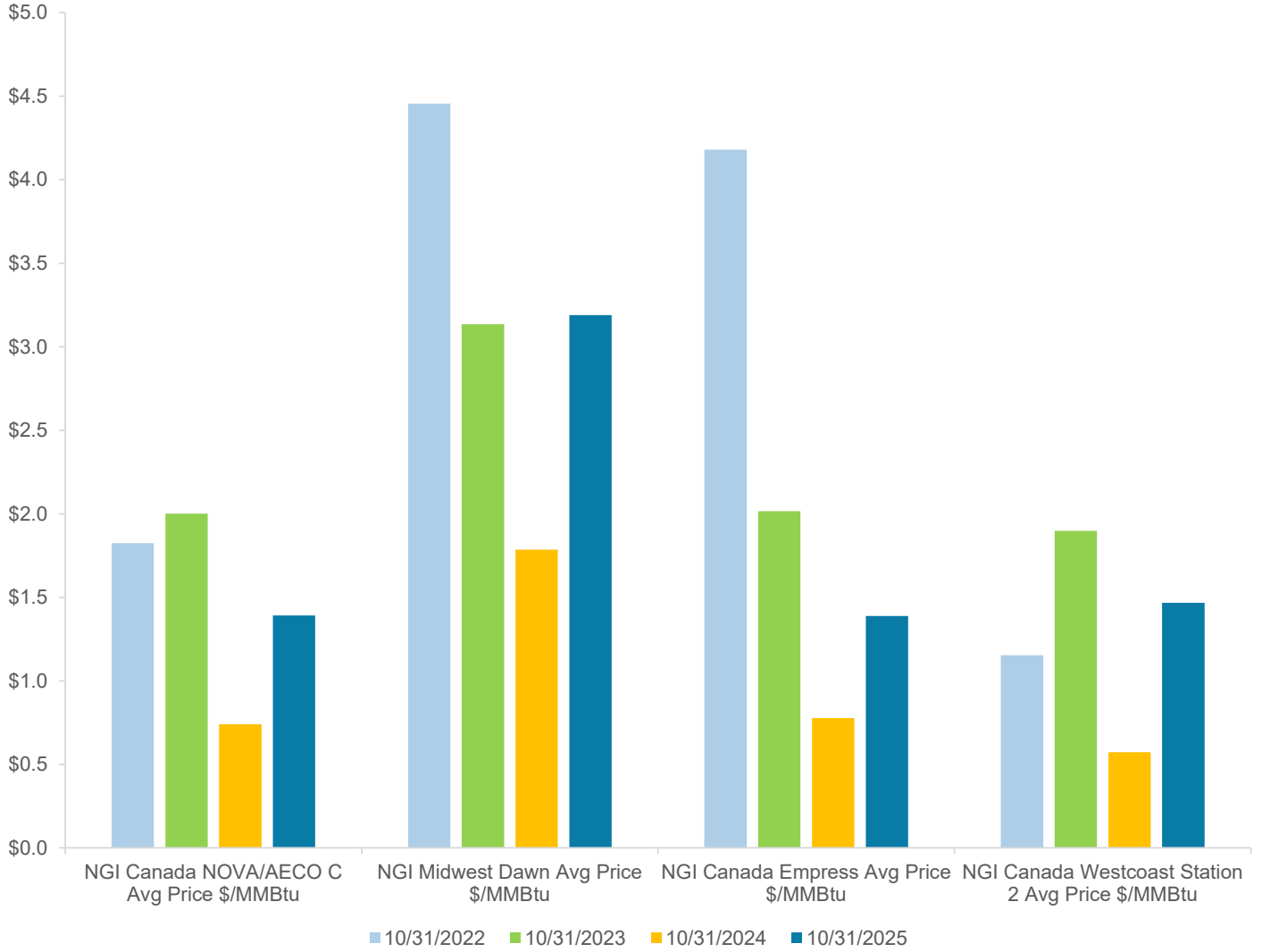
Exhibit 13: WTI/WCS Differential (US\$/bbl)



Source: FactSet, Granite Point Research

Canadian Natural Gas Prices Versus Prior Years (\$/MMBtu)

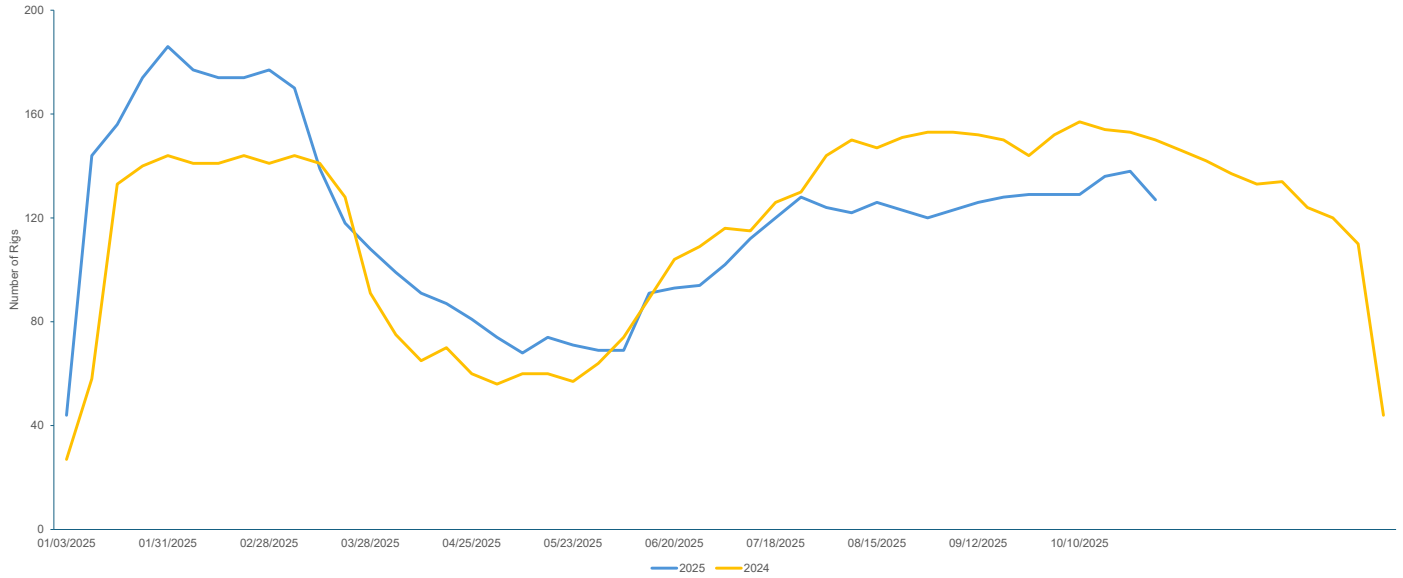
Exhibit 14: Canadian Natural Gas Prices Versus Prior Years (\$/MMBtu)



Source: FactSet, Granite Point Research

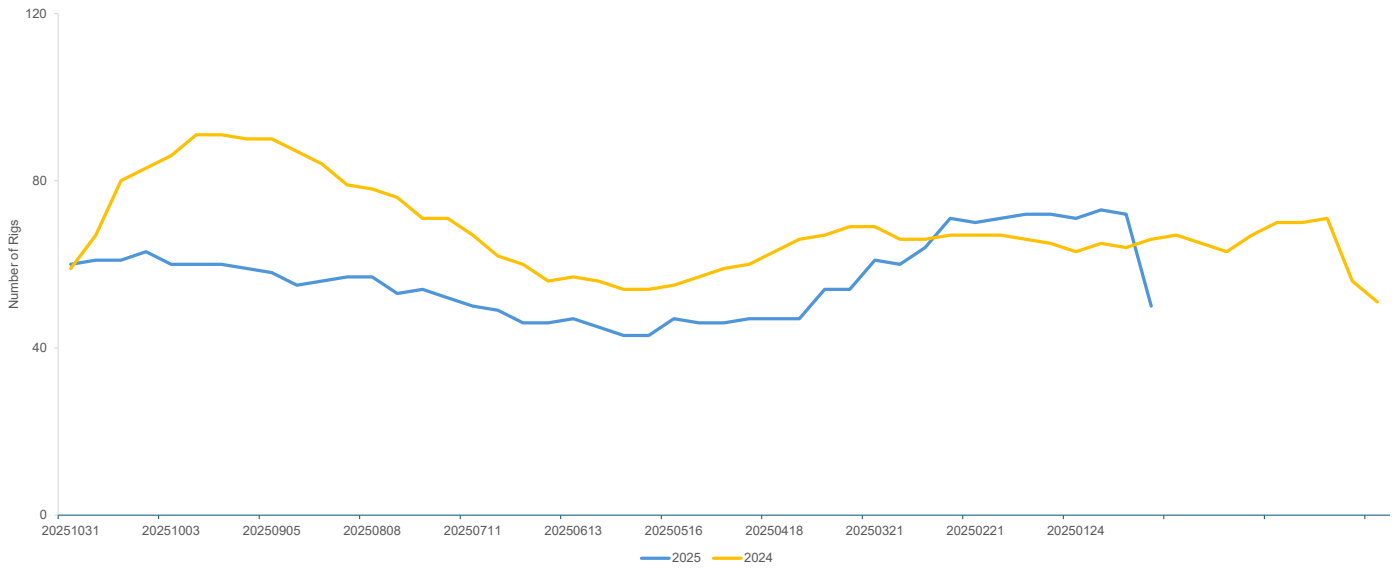
Canadian Oil and Natural Gas Rig Count

Exhibit 15: Canadian Oil Rig Count



Source: FactSet, Granite Point Research

Exhibit 16: Canadian Gas Rig Count



Source: FactSet, Granite Point Research

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RATING	COVERED COMPANIES
BUY	1
HOLD	
SELL	

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