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GRANITE POINT RESEARCH

Oil & Gas

Resource Report: Monthly Oil & Gas Perspectives

July 2026 Edition

Oil & Gas

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Inside This Issue

Bottom Line:

WTI prices rallied in July, up 21.8% while Brent crude prices rallied 23.6% in July with both contracts higher on a year-to-date basis. Hostilities with Iran were reignited as both the U.S. and Iran accused the other of violating the terms of the recently signed memorandum of understanding.

Key Points

Natural Gas. NYMEX natural gas prices fell 17.4% m/m with AECO prices increasing 4.1% month-over-month (m/m). Henry Hub prices were lower as during July there was less natural gas burned to make power, LNG feed gas was flat and Lower 48 production was robust. AECO prices were slightly higher as WCSB production remains elevated while LNG Canada operational issues kept additional volumes on the system in July.

Crude Oil. WTI prices surged by 21.6% in July (up 47.5% YTD) as the risk premium was again back on for most of July.

Equities. The TSX E&P and the S&P 500 E&P indices were up 35.9% and 24.9% respectively in July.

Bab el-Mandeb. The war with Iran took on a new dimension in July with the Houthis attacking ships in the vital Bab el-Mandeb Strait, which is the southern gateway to the Red Sea. This has forced Saudi Arabia to pivot once again and look at shipping oil via the Suez Canal. While the Suez Canal could work to get Saudi crude to market it would take double the time (~50 days vs. ~25 days) and cost around 2.5-3x more than shipping via the Strait of Bab el-Mandeb.

Important Disclosures: See pages 16-17

Commodity Currents

WTI prices surged 21.8% in July (up 47.5% YTD) as hostilities with Iran were reignited. Brent, the international benchmark, soared 23.6% in July and is up 48.1% on a year-to-date basis. Western Canadian Select (WCS) rallied 19.1% in July and is up 50.2% year-to-date.

NYMEX natural gas prices fell 17.4% m/m with AECO prices increasing 4.1% m/m. Henry Hub prices were lower as during July there was less natural gas burned to make power, LNG feed gas was flat and Lower 48 production was robust. AECO prices were slightly higher as WCSB production remains elevated while LNG Canada operational issues kept additional volumes on the system in July.

Equity Impact

The TSX E&P Index and the S&P 500 E&P Index were up 35.9%, 24.9% respectively in July. Amongst the large cap names SM, MPC and SU were the top performers for the month while year-to-date VLO, CVE and SM had the strongest performance so far in 2026. Amongst the SMID producers the biggest gains came from PARR, DK and CLMT in July while year-to-date the best performance has come from PARR, DK and SM.

Financings

BluEnergies Ltd. (BLU-TSXV; BLUGF-OTCQX, 66E-F – Buy rated $4.75 target price) announced the closing of a non-brokered private placement of units for gross proceeds of C$20,700,000. This raise was doubled in size only a few days before the final closing. This strong demand underscores the unique opportunity set that BluEnergies has in the Harper Basin, offshore Liberia (Link).

Bab el-Mandeb

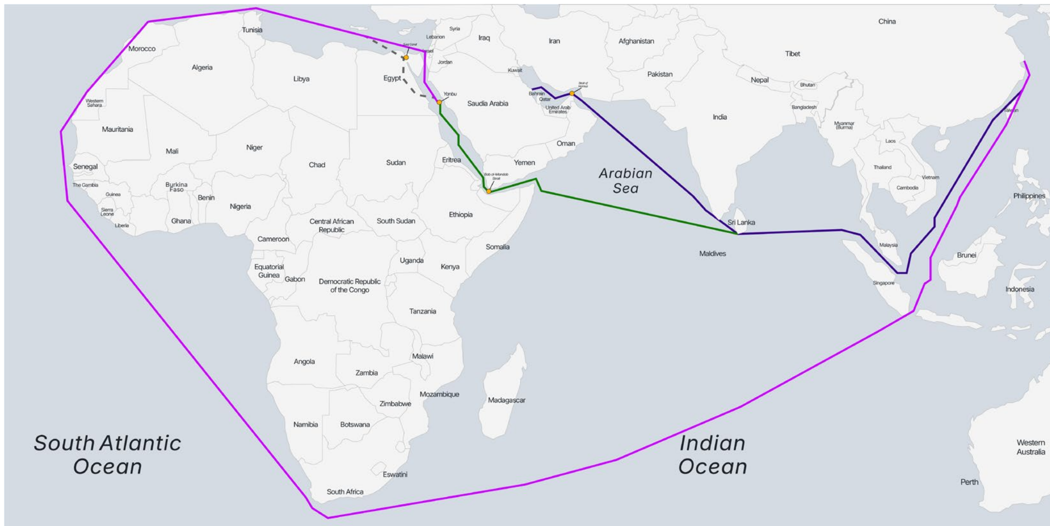
The war with Iran opened a new front in July with the Houthis attacking ships passing through Bab el-Mandeb Strait, the southern gateway to the Red Sea. With the Houthi attacks on Bab el-Mandeb, the Saudis have had to pivot once again to get their crude oil to market.

With the closure of the Strait of Hormuz, Saudi Arabia shifted some of their exports through the pipeline to Yanbu which allowed their crude to bypass the Strait of Hormuz. The Saudis using this alternative route to market were able to ship ~4 million b/d (up from 750,000 b/d prior to the conflict) with Bab el-Mandeb being the primary exit point. This was still a reduction in the 6.2-6.5 million b/d that Saudi Arabia shipped through the Strait of Hormuz.

But with the Houthi attacks, Saudi Arabia will need to pivot again and look to ship oil via the Suez Canal or through the Suez-Mediterranean (SUMED) pipeline (~2.5 million b/d) via Egypt to the Mediterranean Sea.

The Suez Canal route is definitely not optimal but could replace some of the Yanbu volumes moving via Bab el-Mandeb but at much higher costs and longer transit times. The sailing time via the Suez Canal to Eastern China is ~50 days versus ~25 days via Bab el-Mandeb. As well, Very Large Crude Carriers (VLCCs) are too large to pass through the Suez Canal so shippers would have to utilize Suezmaxes, which are about half the size. The cost to charter a VLCC has averaged ~US$115,000/day versus the Suezmaxes at US$75,000/day but when you apply the sailing time and the vessel size the alternative route via the Suez Canal could be as much as 2.5-3.0x higher than via Bab el-Mandeb. The Suez Canal route is a viable alternative however it would erode the economics severely for shippers.

Exhibit 1: Kingdom of Saudi Arabia to East China Routes



Source: Kpler, Granite Point Research

Commodity Performance

Exhibit 2: Commodities Performance Overview

	07/31/2026	07/24/2026	07/17/2026	06/30/2026	12/31/2025	07/31/2025	Percent Change 1 Week	2 Week	1 Month	YTD	Y/Y Chg.
Commodities											
WTI (US$/bbl)	84.67	89.31	82.49	69.5	57.42	69.26	(5.2%)	2.6%	21.8%	47.5%	22.2%
Brent (US$/bbl)	90.12	96.78	88.1	72.92	60.85	72.53	(6.9%)	2.3%	23.6%	48.1%	24.3%
WCS (US$/bbl)	65.85	70.17	68.35	55.27	43.83	56.25	(6.2%)	(3.7%)	19.1%	50.2%	17.1%
Henry Hub Prompt (US$/MMBtu)	2.758	2.87	2.75	3.34	4	2.99	(3.9%)	0.3%	(17.4%)	(31.1%)	(7.8%)
AECO Prompt (C$/GJ)	1.51	1.51	1.45	1.45	2.68	0.56	0.0%	4.1%	4.1%	(43.7%)	169.6%
Indices											
TSX E&P	474.58	483.09	465.12	349.15	344.81	322.61	(1.8%)	2.0%	35.9%	37.6%	47.1%
S&P500 E&P	765.58	762.68	731.33	612.98	608.52	643.08	0.4%	4.7%	24.9%	25.8%	19.0%

Source: FactSet, Granite Point Research

Equity Performance Overview

Exhibit 3: Large Cap M/M Share Performance

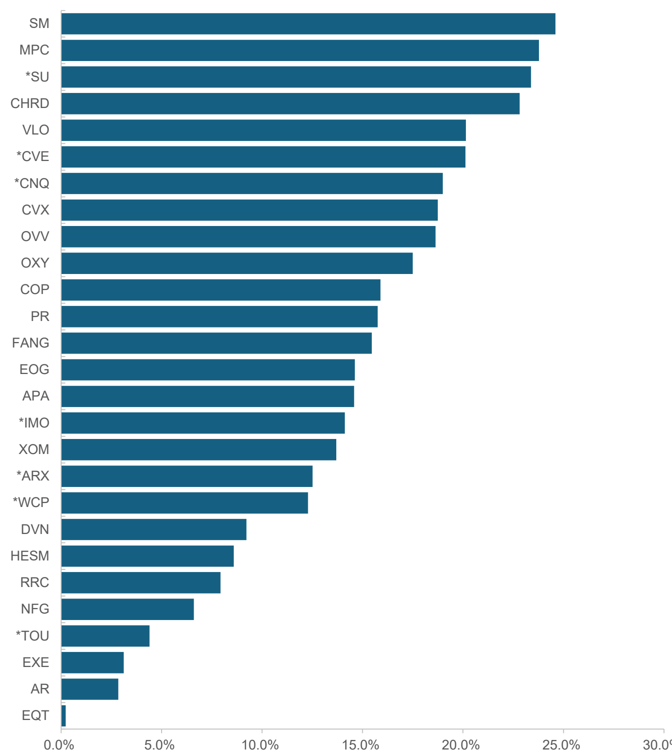
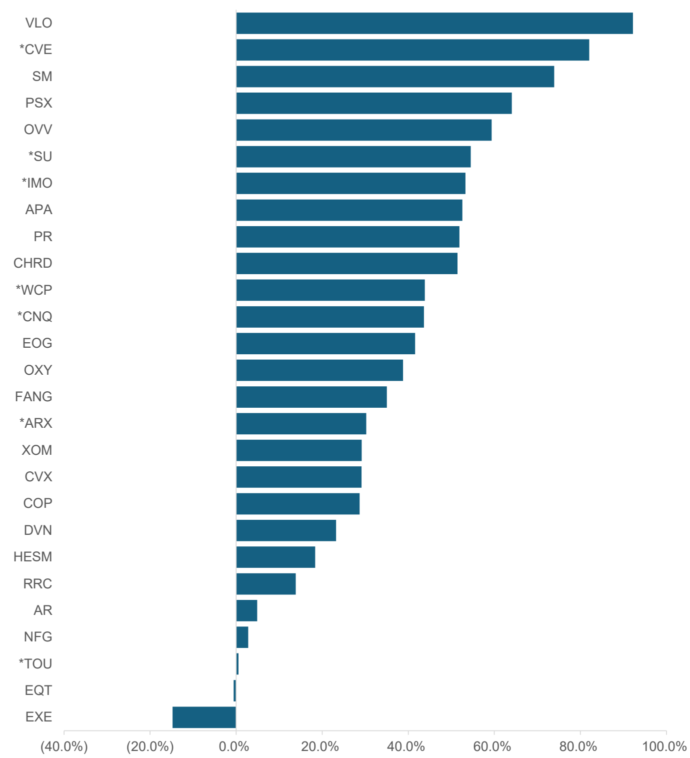


Exhibit 4: Large Cap YTD Share Performance



Source: FactSet, Granite Point Research; Note: * = Canadian listed stock

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Exhibit 5: SMID M/M Share Performance

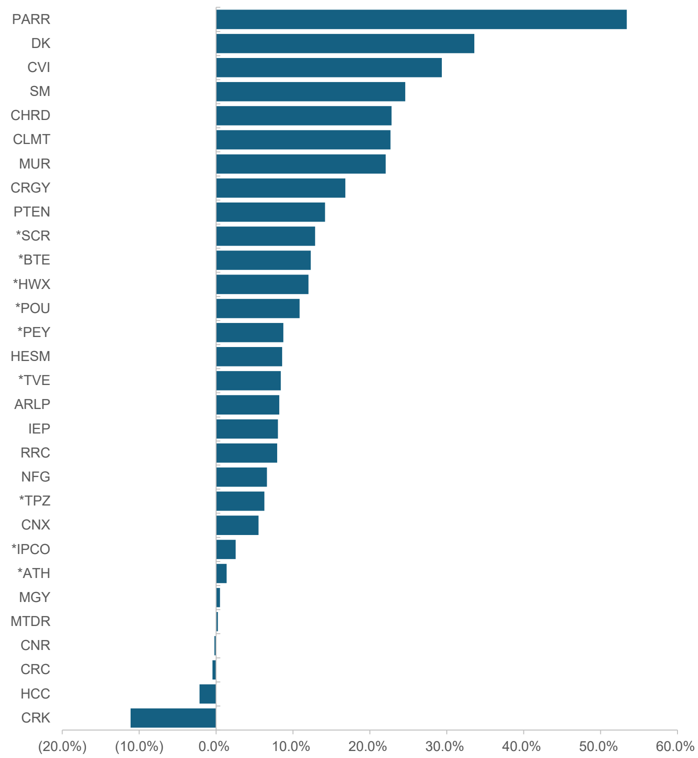


Exhibit 6: SMID YTD Share Performance

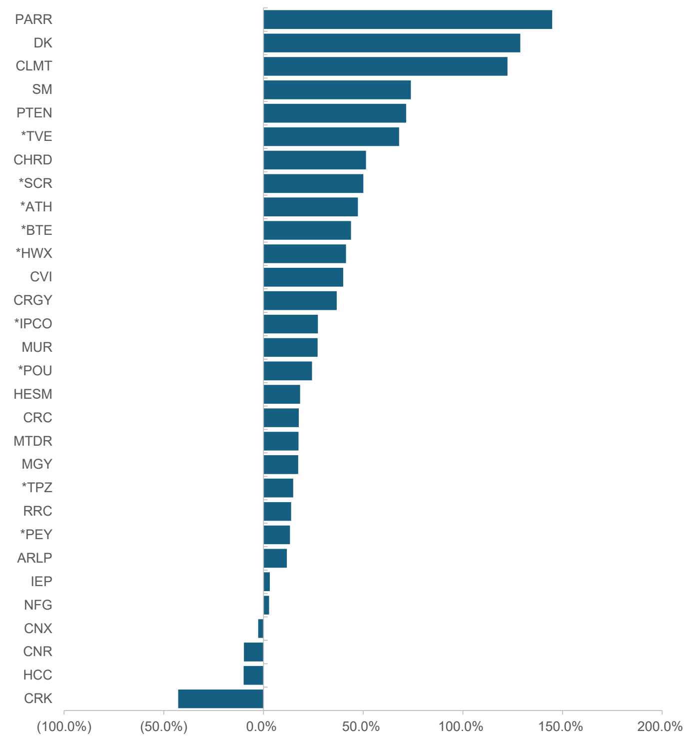


Exhibit 7: Large Cap 2026E Consensus M/M CFPS Revisions

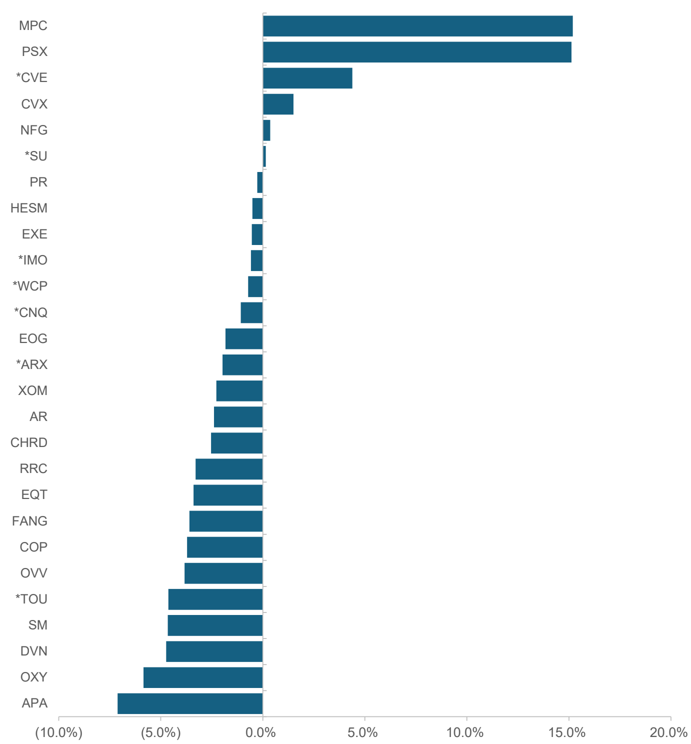
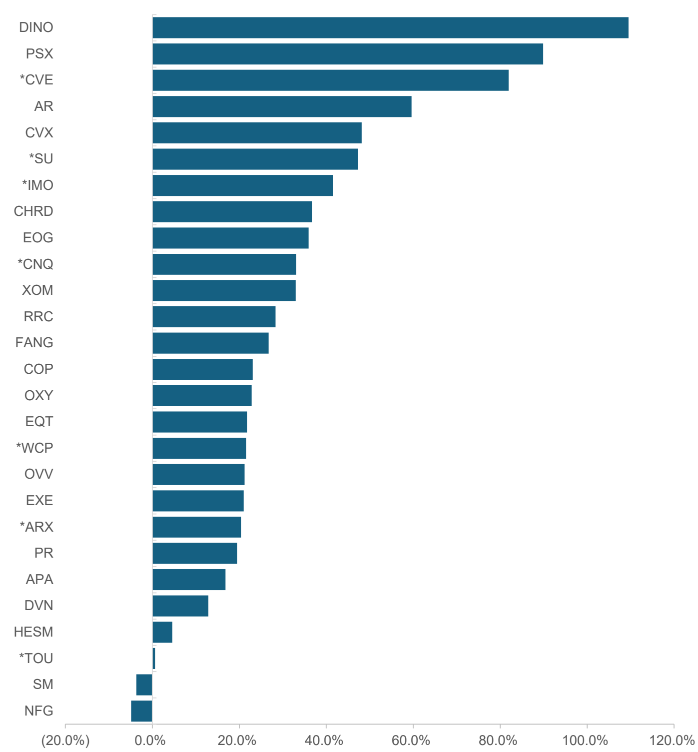


Exhibit 8: Large Cap 2026E Consensus YTD CFPS Revisions



Source: FactSet, Granite Point Research, Note * = Canadian listed stock

Exhibit 9: SMID 2026E Consensus M/M CFPS Revisions

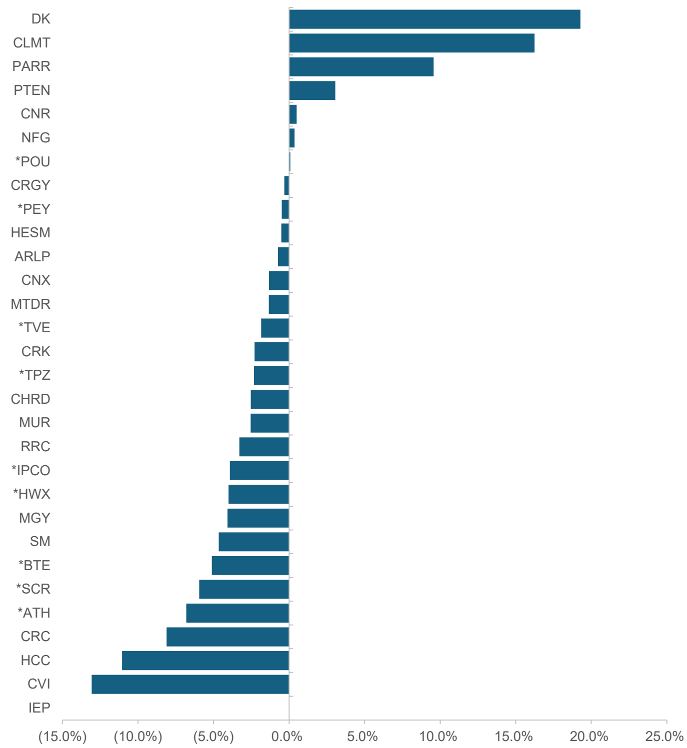
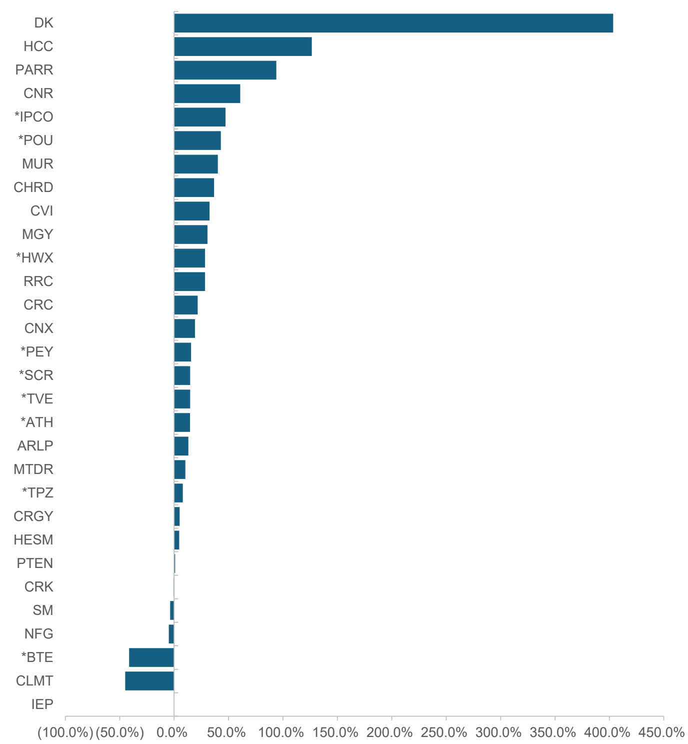


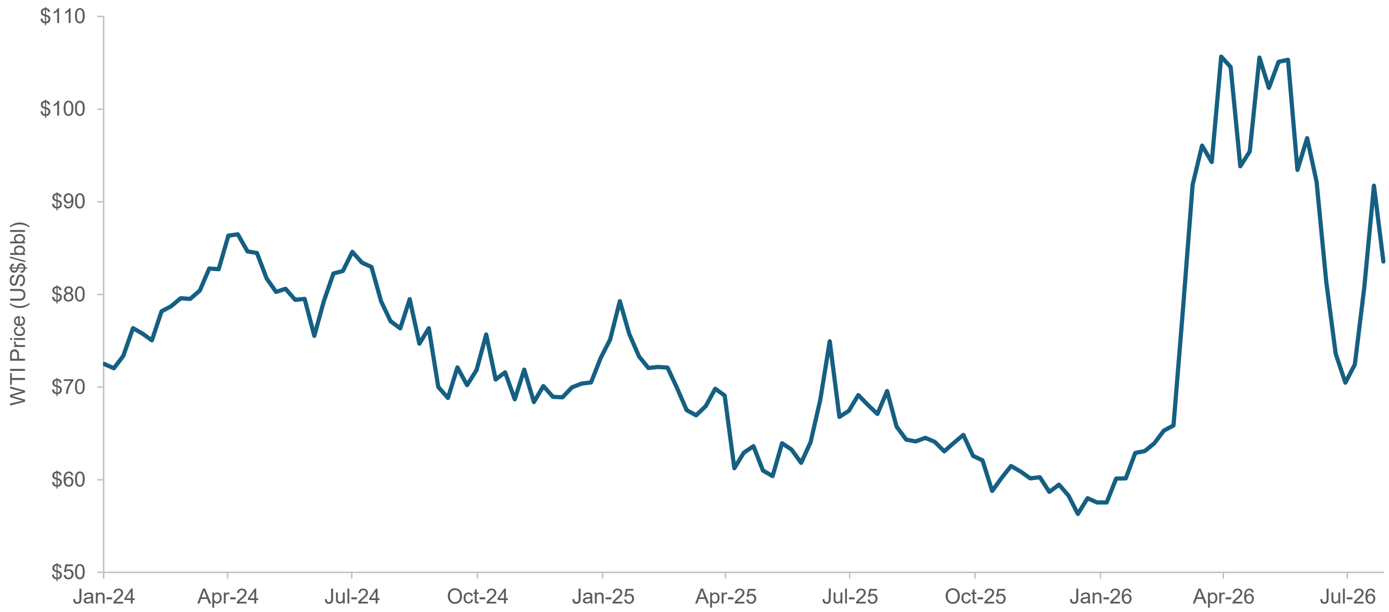
Exhibit 10: SMID 2026E Consensus YTD CFPS Revisions



Source: FactSet, Granite Point Research, Note * = Canadian listed stock

Oil Market

Exhibit 11: WTI Price



Source: FactSet, Granite Point Research

Exhibit 12: Crude Oil M/M Performance

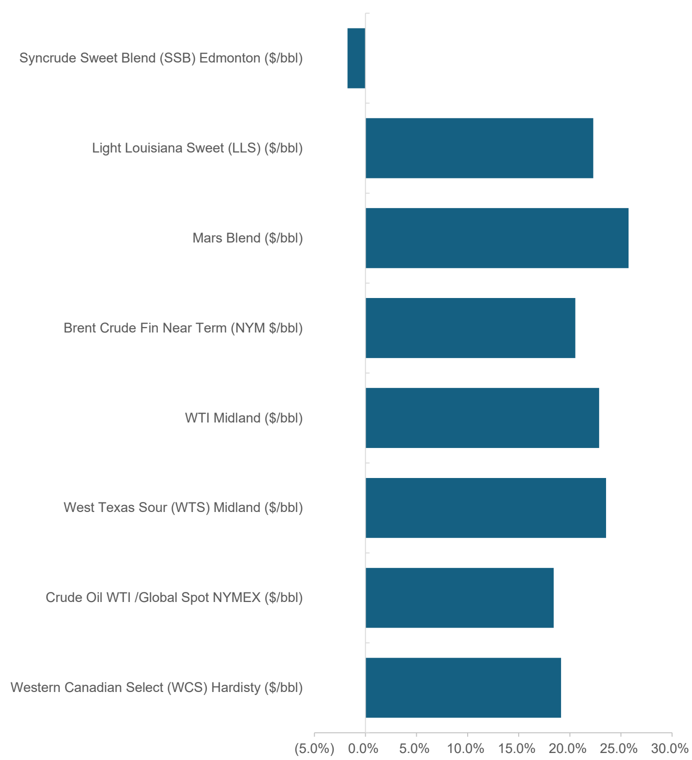
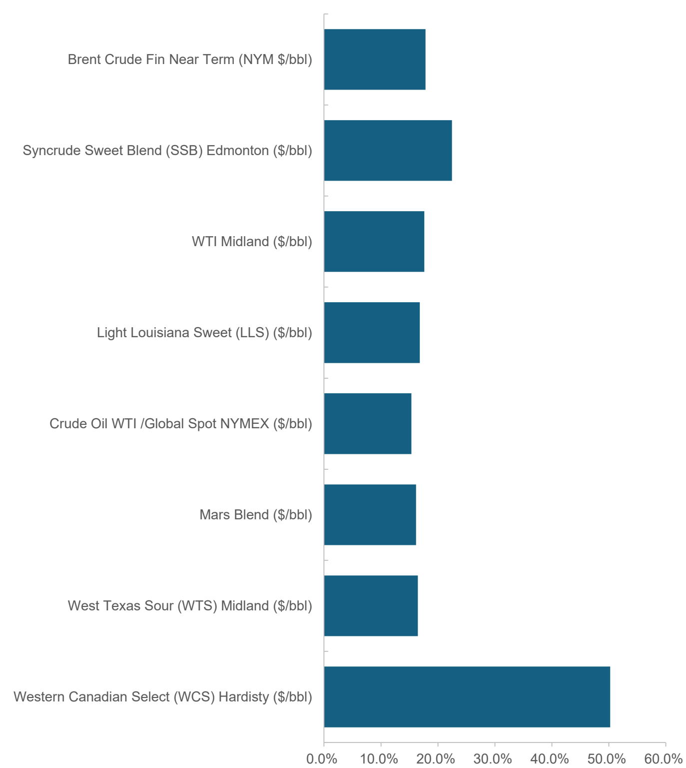
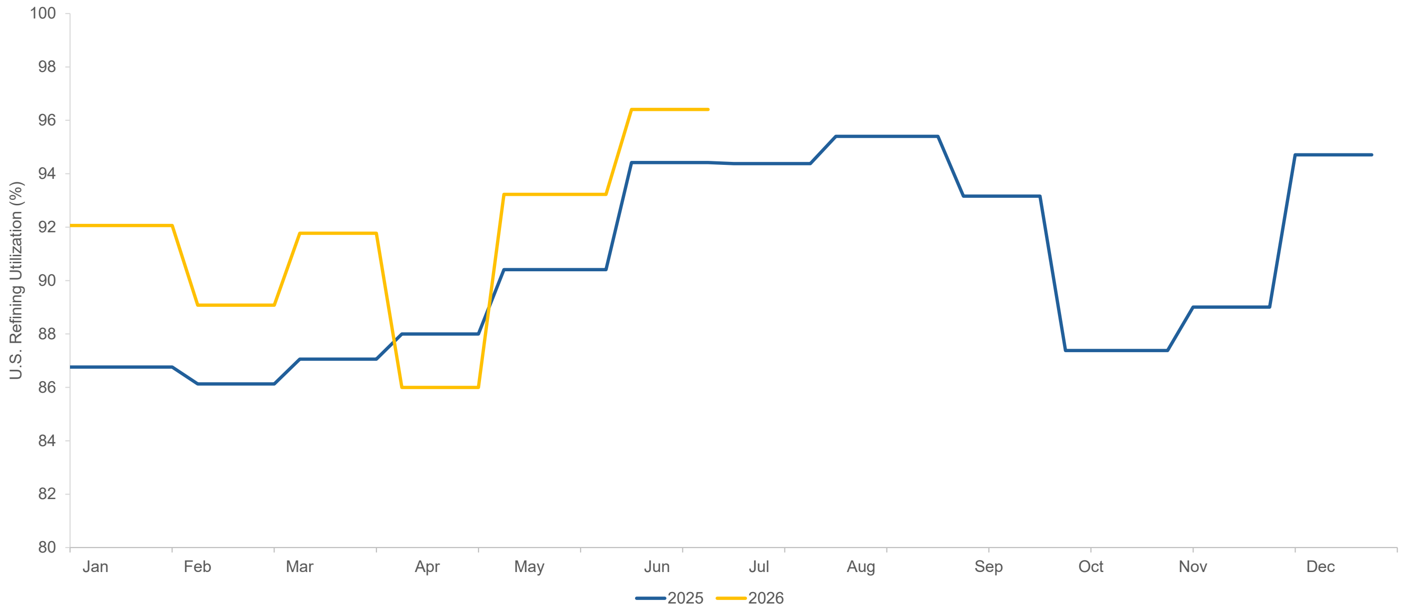


Exhibit 13: Crude Oil YTD Performance



Source: FactSet, Granite Point Research

Exhibit 14: U.S. Refining Utilization %



Source: FactSet, Granite Point Research

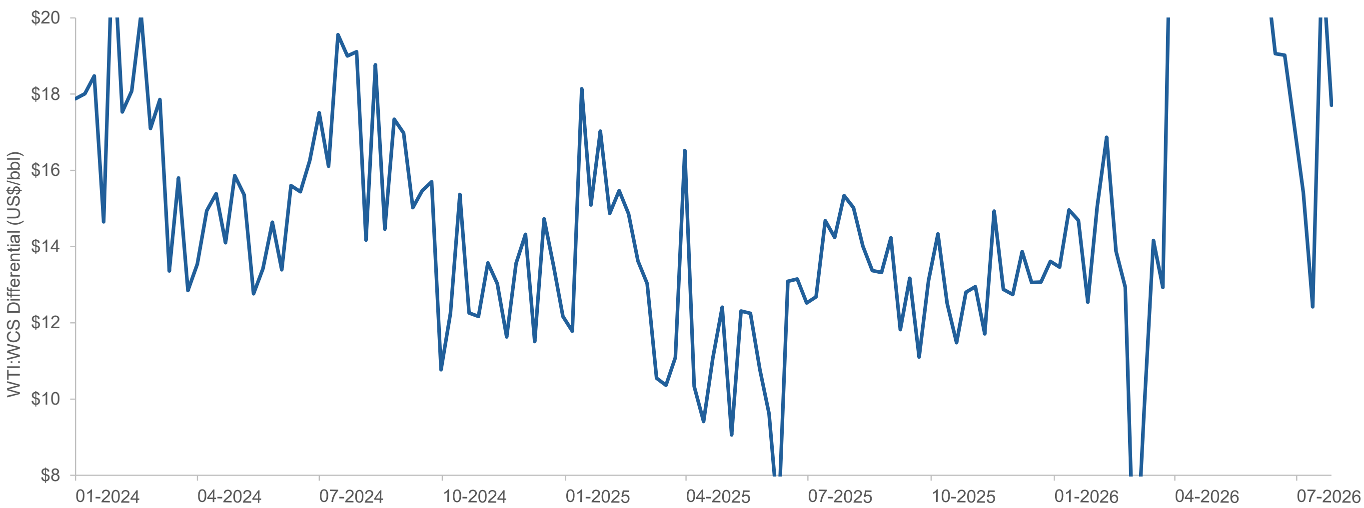
Exhibit 15: WTI and Crude Inventory

Source: FactSet, Granite Point Research

Granite Point Research

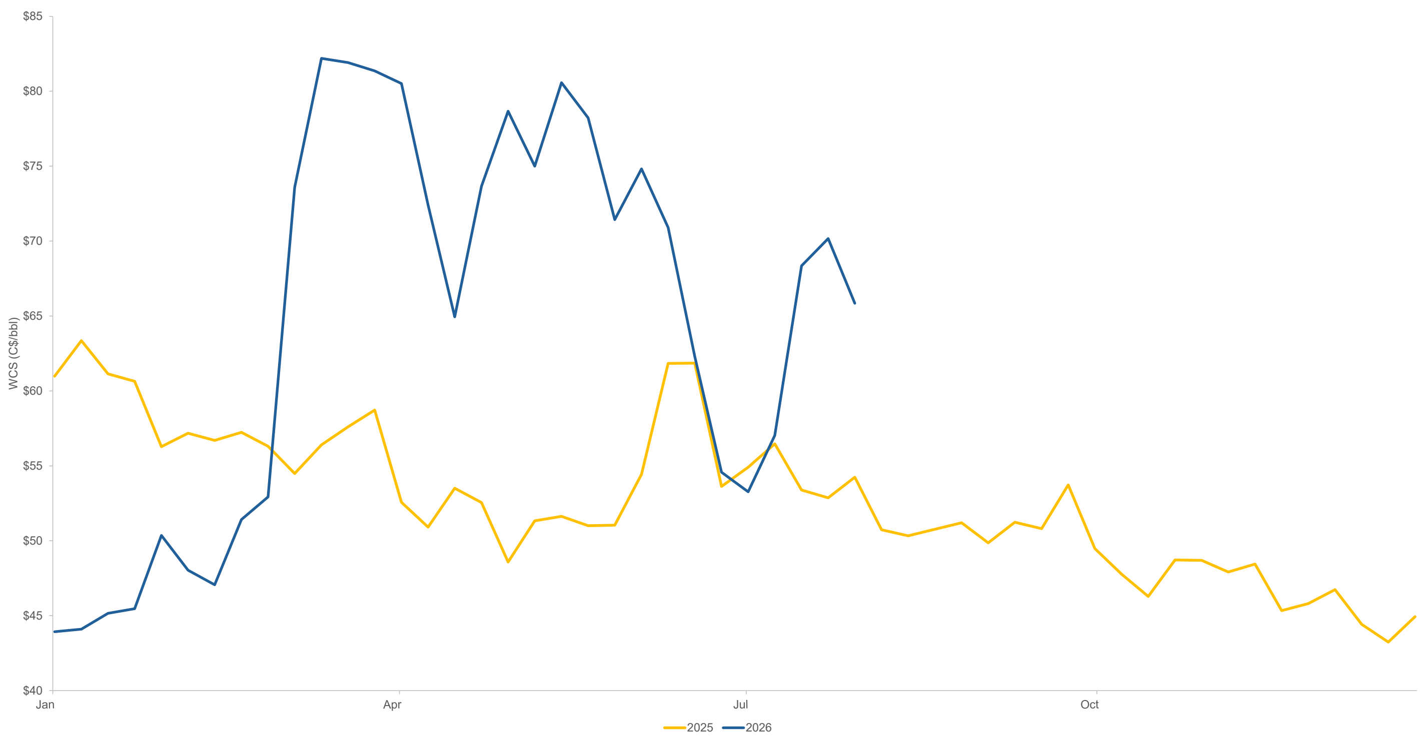
Canadian Oil Market

Exhibit 16: WTI:WCS Differential (US$/bbl)



Source: FactSet, Granite Point Research

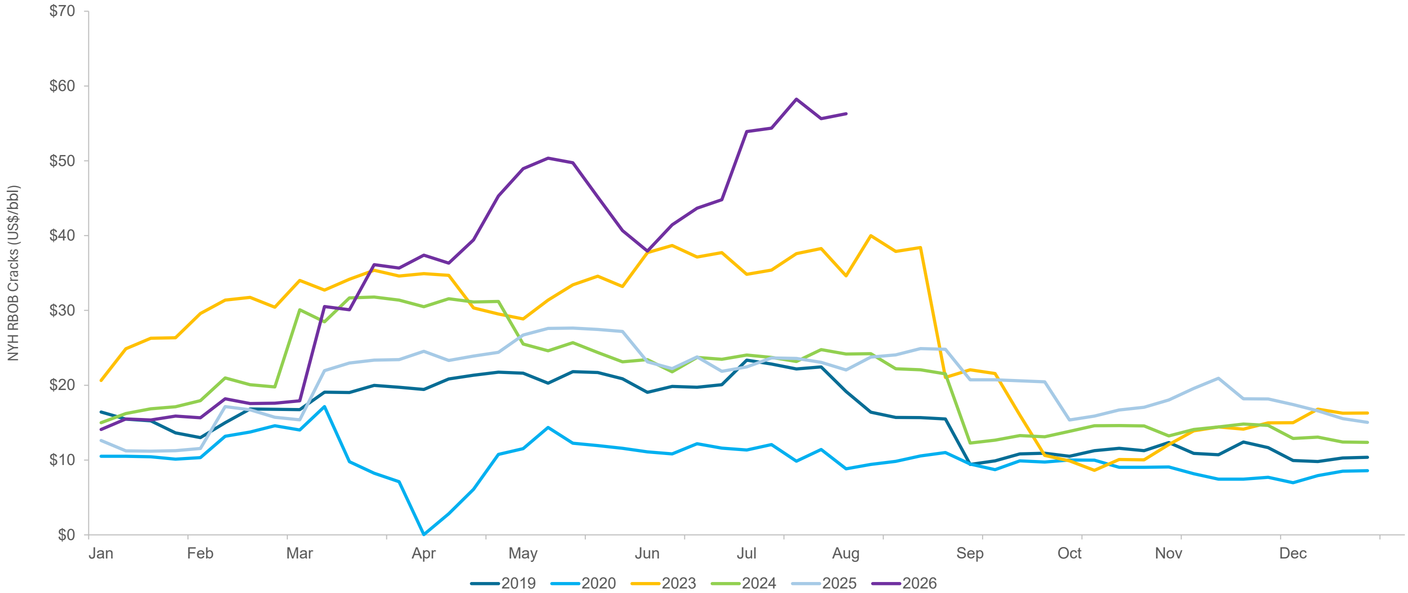
Exhibit 17: Western Canadian Select ($/bbl)



Source: FactSet, Granite Point Research

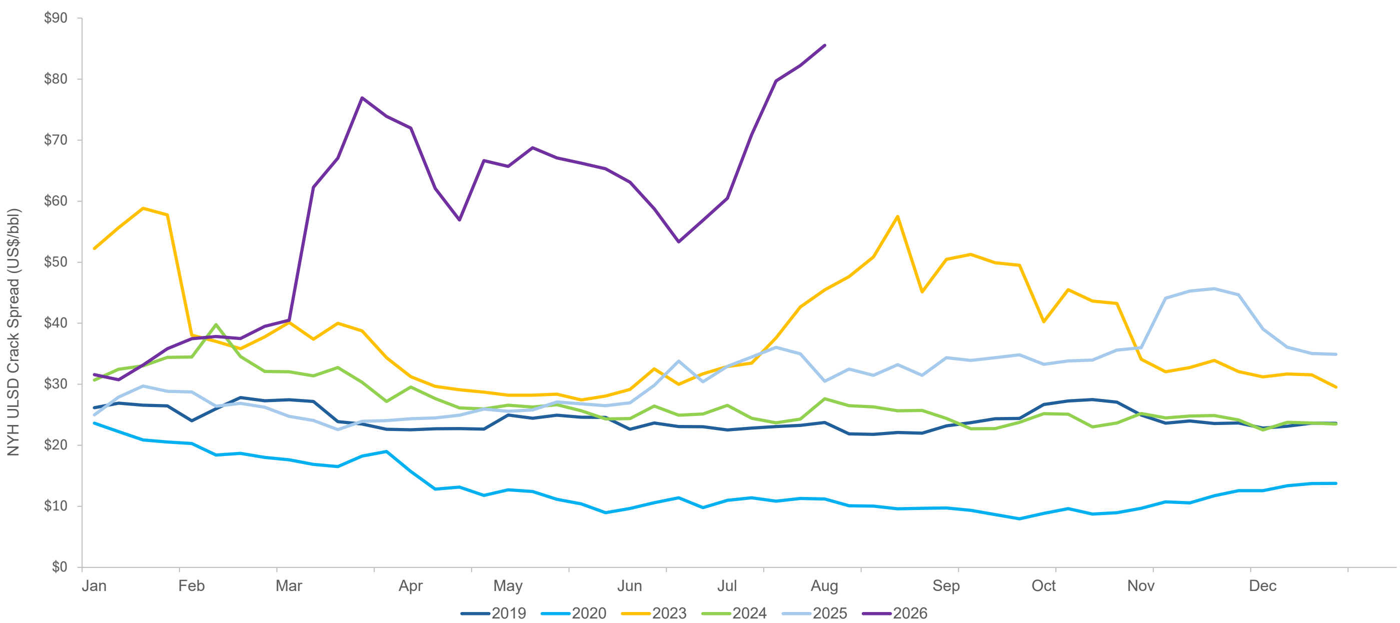
Oil Products Market

Exhibit 18: NYH RBOB Cracks (US$/bbl)



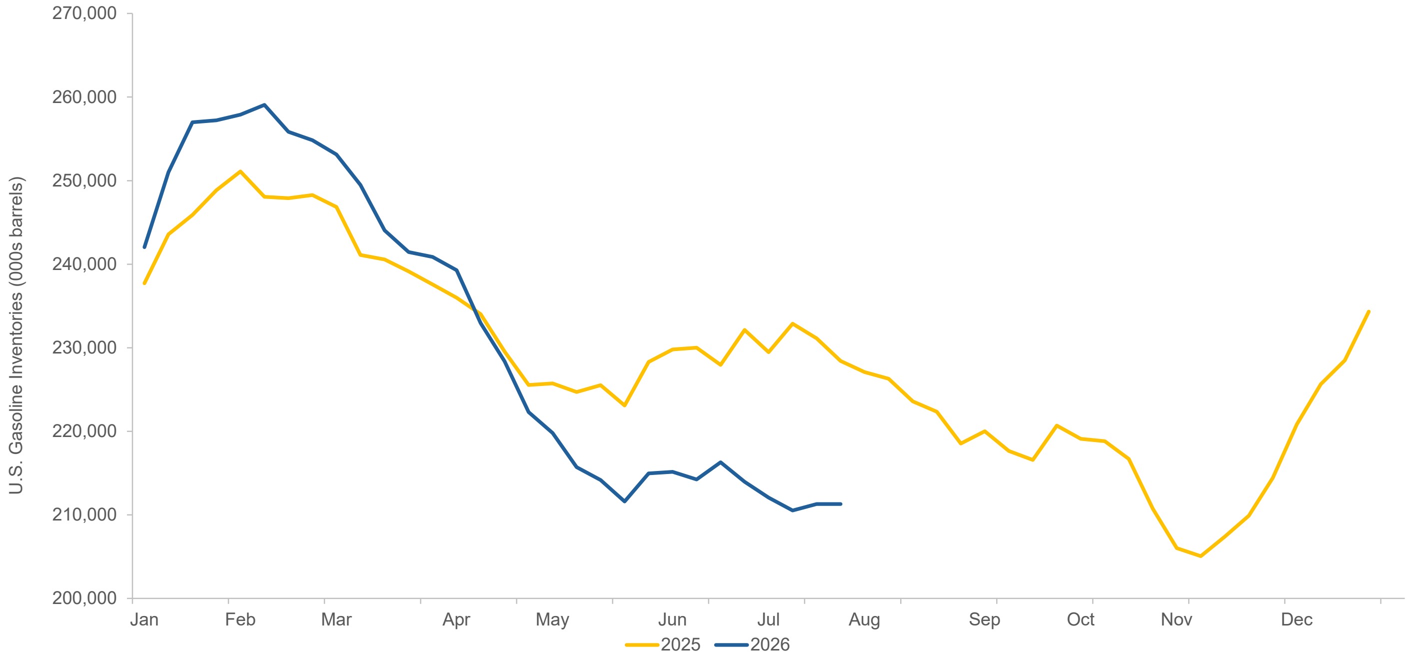
Source: FactSet, Granite Point Research

Exhibit 19: NYH ULSD Cracks (US$/bbl)



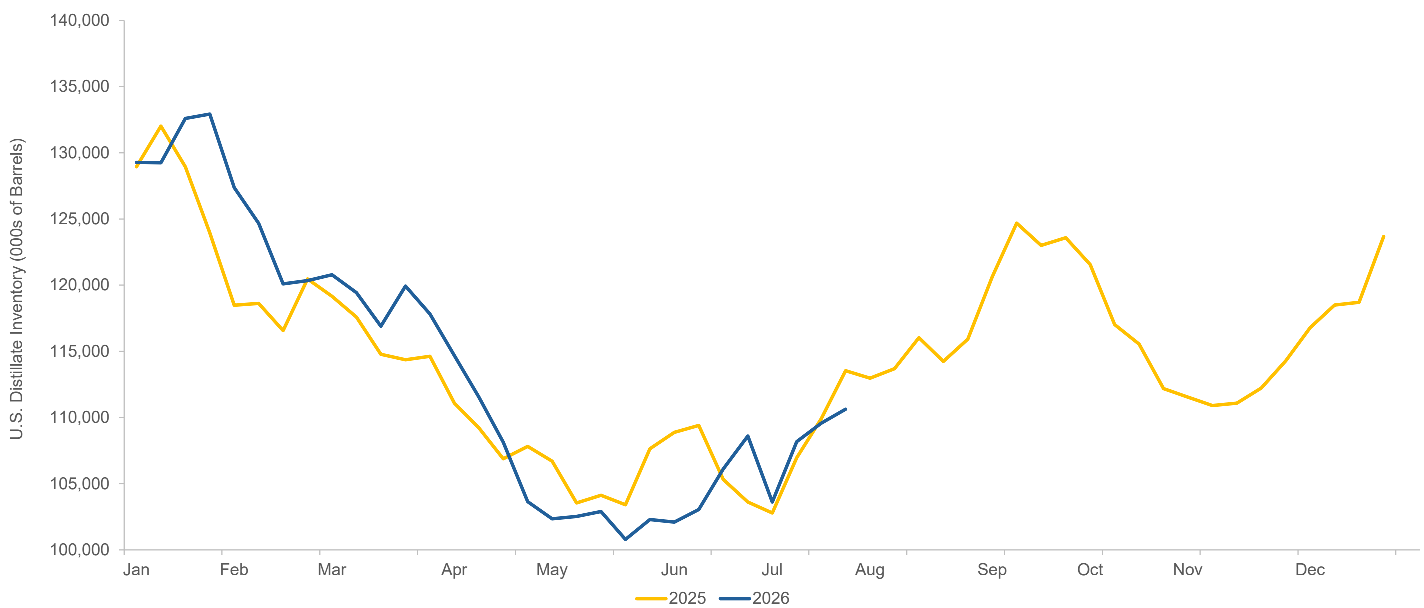
Source: FactSet, Granite Point Research

Exhibit 20: U.S. Gasoline Inventories



Source: FactSet, Granite Point Research

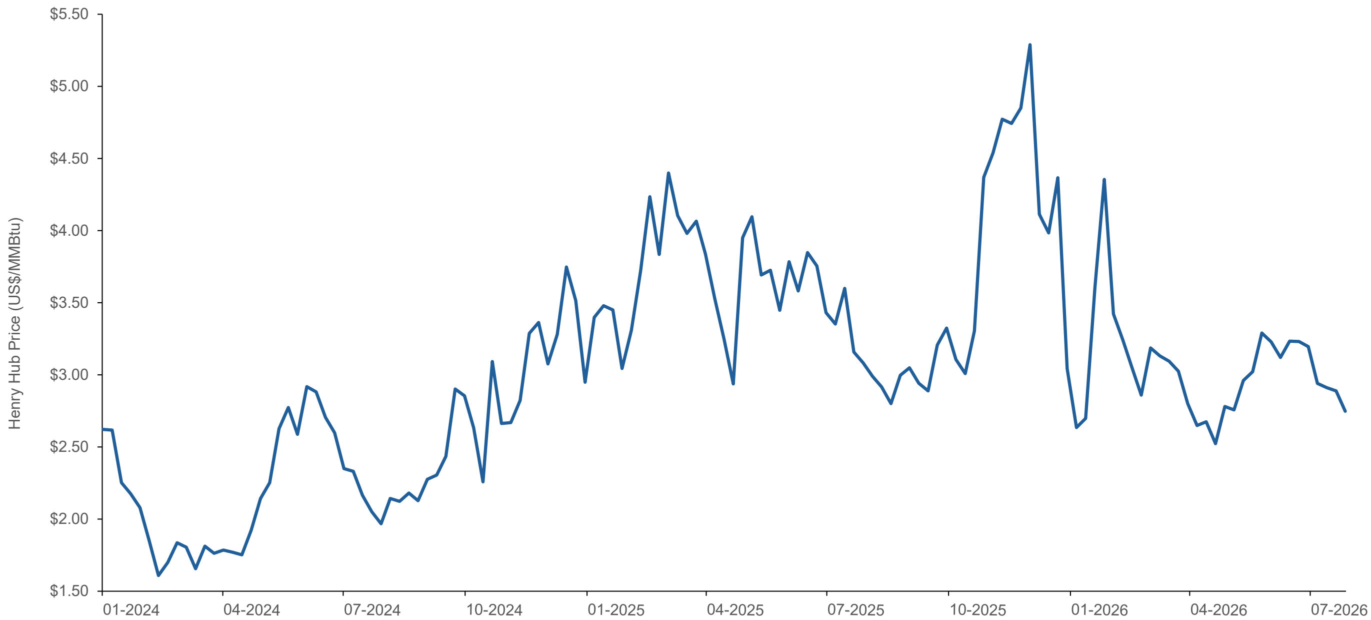
Exhibit 21: U.S. Distillate Inventories



Source: FactSet, Granite Point Research

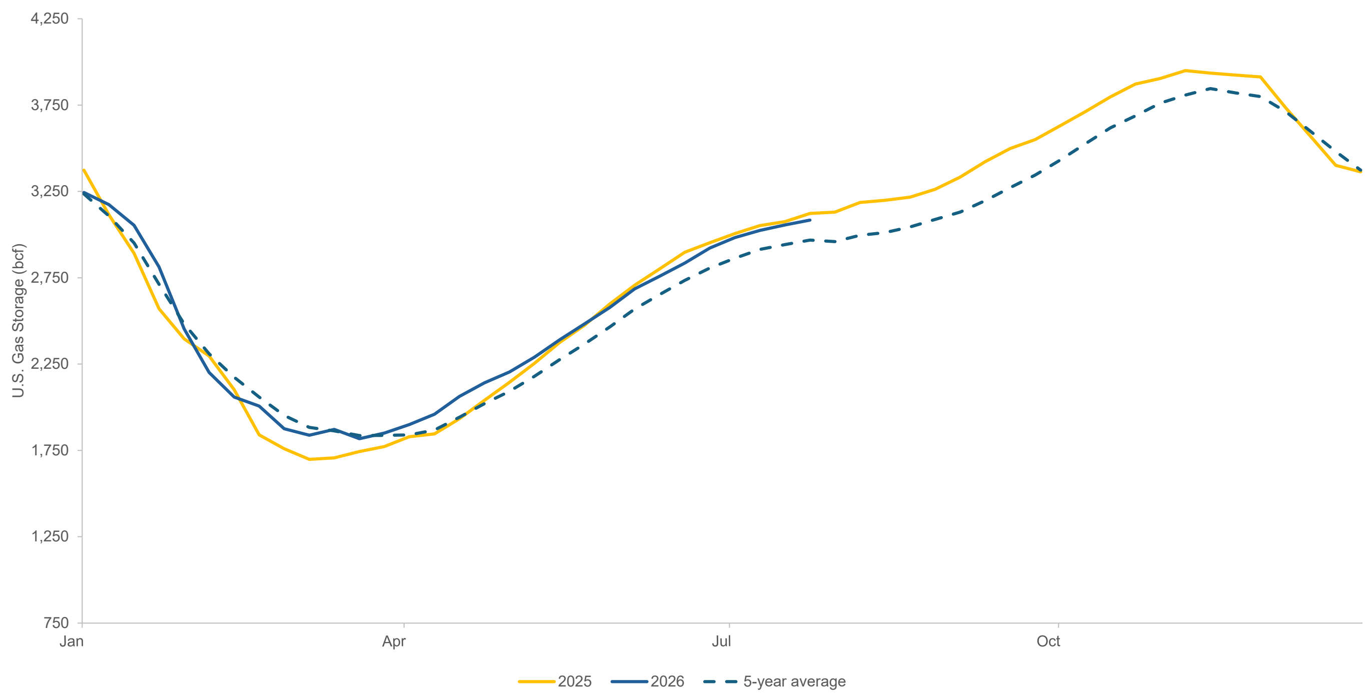
Natural Gas Market

Exhibit 22: Henry Hub Price (US$/MMBtu)



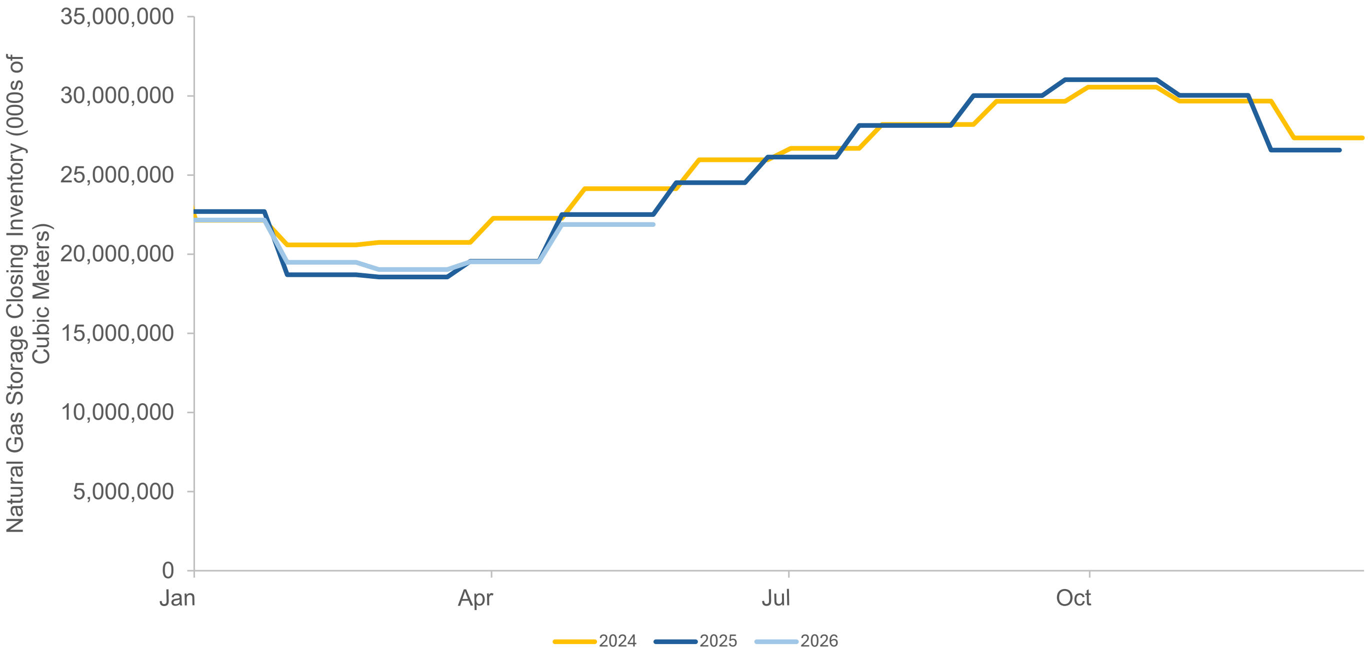
Source: FactSet, Granite Point Research

Exhibit 23: U.S. Natural Gas in Storage (bcf)



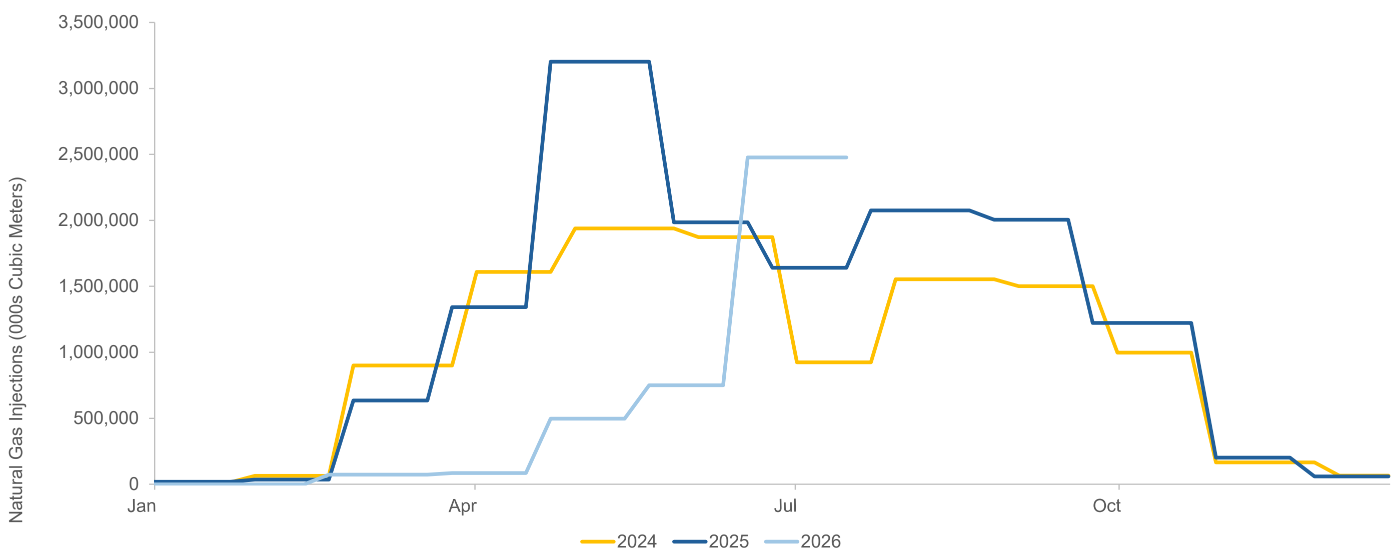
Source: FactSet, Granite Point Research

Exhibit 24: Natural Gas Storage Closing Inventory — Canada



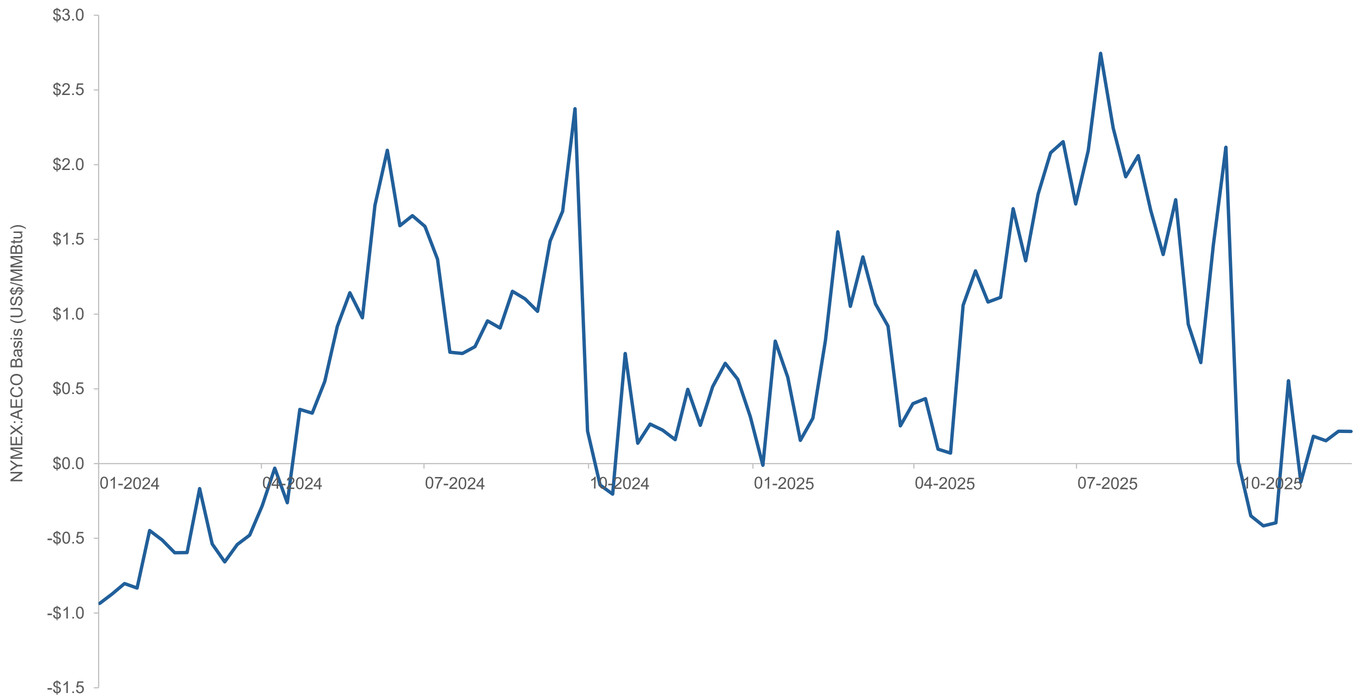
Source: FactSet, Granite Point Research

Exhibit 25: Natural Gas Storage Injections — Canada



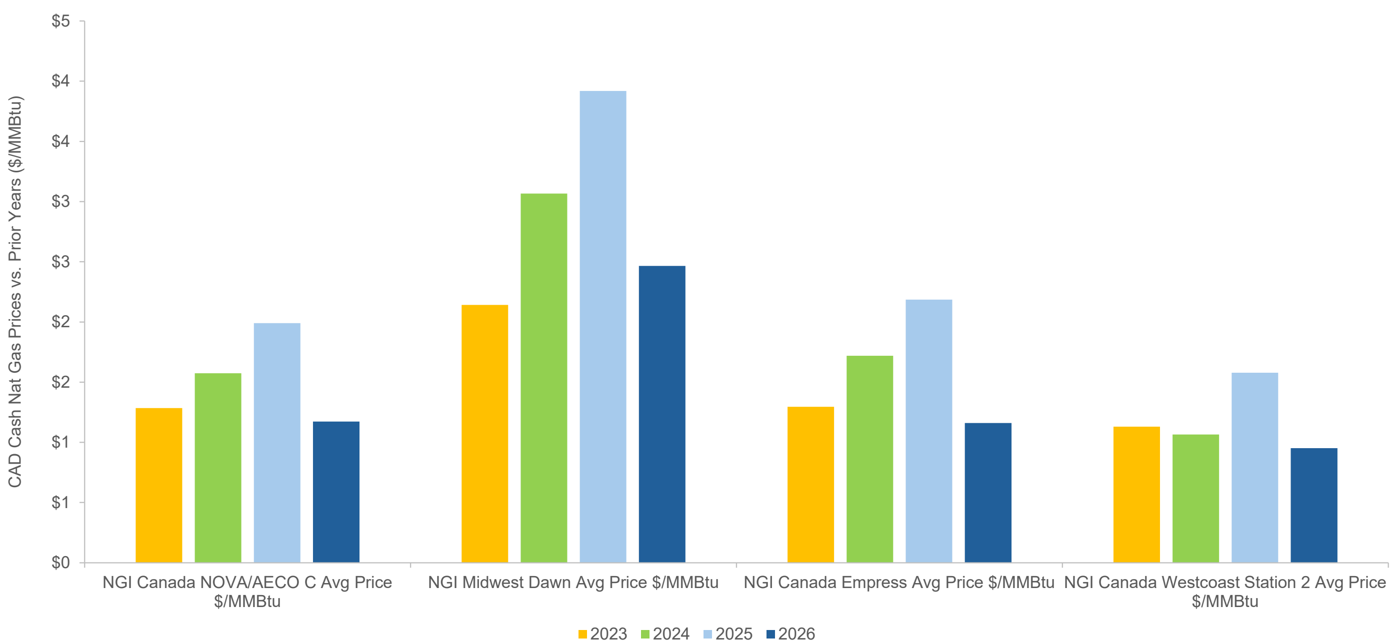
Source: FactSet, Granite Point Research

Exhibit 26: NYMEX:AECO Basis (US$/MMBtu)



Source: FactSet, Granite Point Research

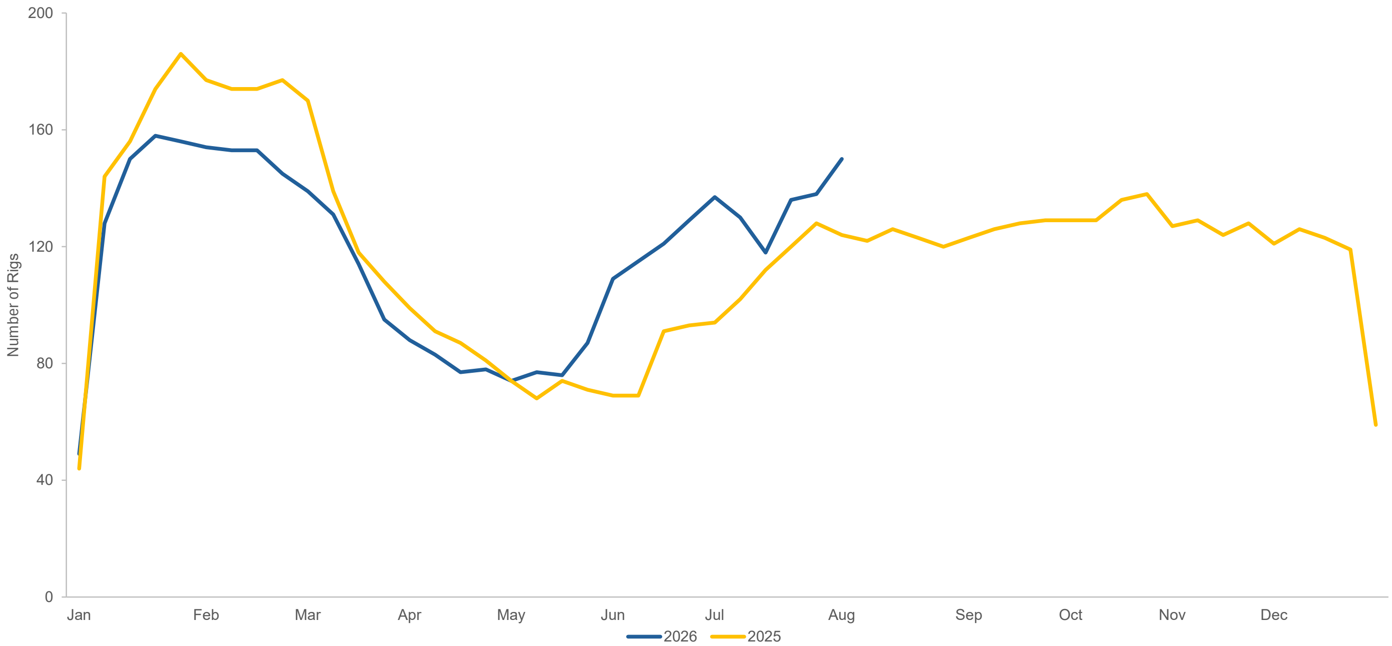
Exhibit 27: Canadian Cash Natural Gas Prices Versus Prior Years



Source: FactSet, Granite Point Research

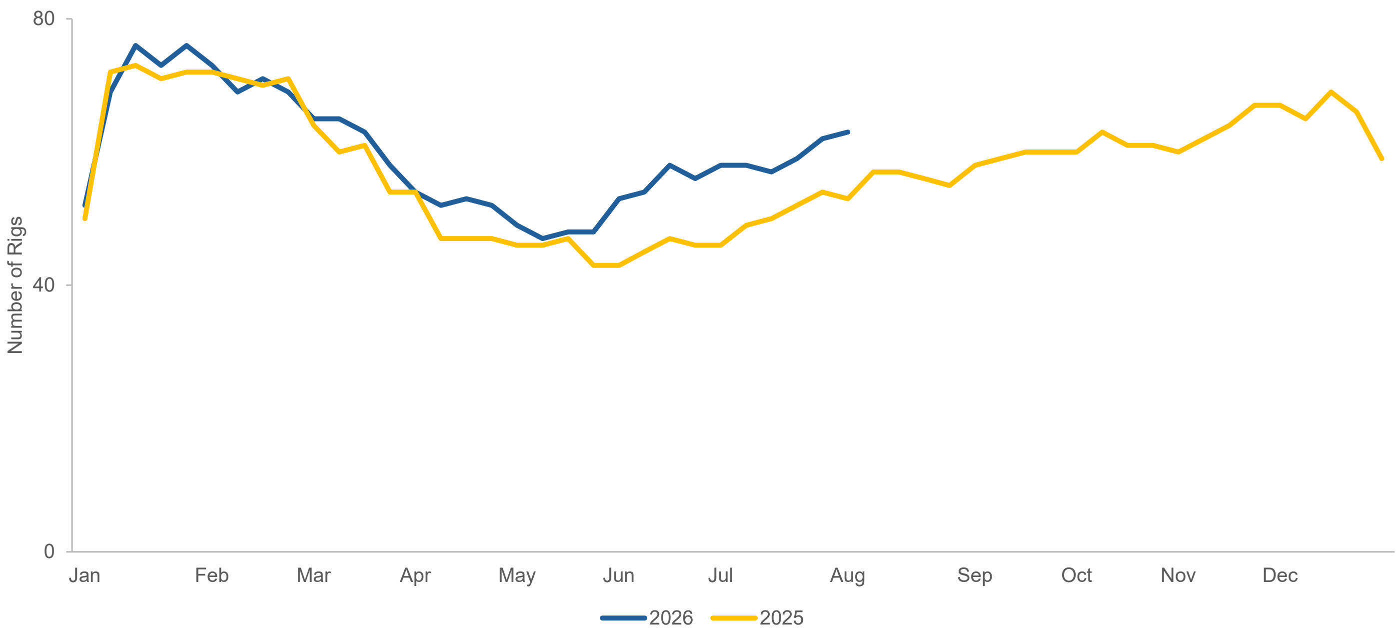
Rig Counts — Canada

Exhibit 28: Oil Rig Count — Canada



Source: FactSet, Granite Point Research

Exhibit 29: Natural Gas Rig Count — Canada



Source: FactSet, Granite Point Research

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RATING	COVERED COMPANIES
BUY	4
HOLD	
SELL	

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