The Broadcast

MAY 2025

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Broadbill exists to create value differently. From our strong foundations we create unsurpassed value to boldly redefine the midstream industry as the partner of choice. We fearlessly pursue innovation and strategic opportunities. We are producer centric and we work with the right people.

The Broadcast is a monthly marketing newsletter from Broadbill Energy Inc. to provide market insight and company updates.

PRODUCER PROFIT SHARE

$28,620,971

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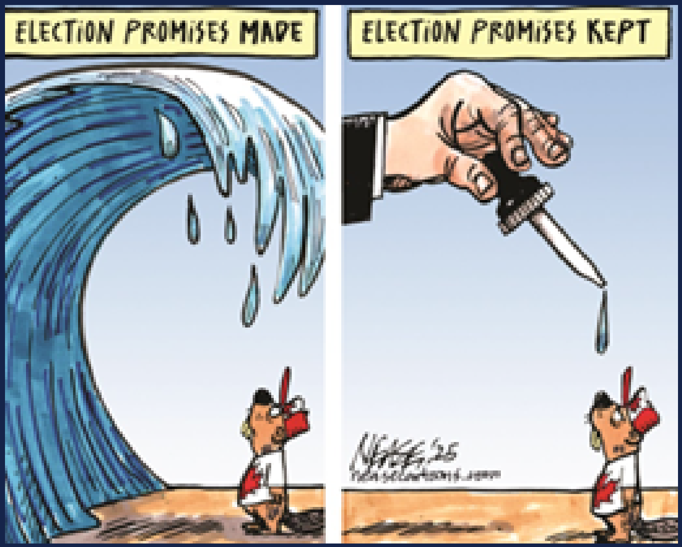
What's New in the Zoo

Spring break up season has come and is almost gone. Similarly, the Canadian election came and went, while ending up at a very similar place as last election.

Results were disappointing for those of us living in the west, however some solace can be taken in a minority government assuming there isn't another coalition (more on this below).



Pricing View - May 5, 2025

	March 2025 Index Diff	April 2025 Index Diff	May 2025 Index Diff	June 2025 Index Diff View	
				Current	Trend (last trade)
WCS	-$13.56	-$12.28	-$9.44	-$9.20	-$9.15
LIGHT SWEET (MSW)	-$5.35	-$5.30	-$2.03	-$1.28	-$1.20
CONDENSATE (C5)	-$2.79	-$2.28	-$0.68	$1.17	$1.50
LIGHT SOUR BLEND (LSB)	-$7.58	-$6.48	-$2.75	-$2.36	-$2.25
MIDALE (MSM)	-$8.38	-$6.66	-$3.34	-$3.20	-$3.25

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Market Summary

TMX UPDATE

TMX is arguably one of Canada's most valuable assets in the face of Trump tariffs, however with the Liberal win it is unlikely that another pipeline in this country will be built anytime soon. Though Carney has made promises (ideas he stole from the opposition along the campaign trail) to cut down approval times for projects and cut red tape. He has said different things in different languages to different audiences and his track record would show that he is no friend of Canadian oil and gas.

MACRO UPDATE

A massive power outage hit Spain, Portugal, and parts of France. The outage has delayed flights, halted public transport, caused traffic jams, and impacted everything from hospitals to water supply. The exact cause for the outage is unknown at the time of writing, however initial assessments suggested a fire affecting a high voltage transmission line connecting Southern France and Spain interrupting the flow of electricity. There's been rumors/reports about a possible cyberattack, which hasn't been dismissed. The timing of this is interesting as only last month European countries were telling citizens to stockpile supplies.

This also comes at a time when the EU (European Union) is trying to ban the continent from signing new contracts for Russian fossil fuels, mainly to block buyers of spot Russian LNG (Liquified Natural Gas). This accounts for 15% of the continent's gas needs. In other words, more blackouts and energy unaffordability for the people of EU.

While the EU tries to make life more expensive for Europeans in the face of U.S. tariffs, there's a different trend in the east. Japan announced that it will change its current fuel subsidy policy to provide a fixed subsidy starting May 22nd to relieve concerns about rising costs of living due to U.S. tariffs. Other subsidies for electricity and gas were also announced for the summer.

Speaking of tariffs, there's been less chatter over Trump tariffs in Canada (regardless of efforts to reignite the tariff fire by Liberals and their biggest promoters, the CBC.) However, globally the China-U.S. tariff war is still making a lot of noise. U.S. trade levies on most imports from China is sitting at 145% and China has retaliated with its on duties of 125% on U.S. goods. There's been reports from alternative news sources that shelves are sitting empty in U.S. stores.

Trump has signaled de-escalation of tariffs, indicating "fair deal with China." However, China has denied that it is in talks with the U.S. to resolve the trade war, the opposite of what Trump has been suggesting. Business owners expect soaring prices, shortages, and store closures.

OPEC & OPEC+

OPEC+ has confirmed this past weekend it will be continuing accelerated oil output increases of 411,000 barrels per day for June and likely to continue this output increase through the summer despite falling prices and signs the global economy is at best stalling on account of U.S. tariff policy, which will almost certainly reduce global demand. It is well understood that between appeasing Trump's continued calls for increased OPEC output to help with other policy initiatives (continued Russian and Iranian issues, as well as counter measures for tariff induced inflation), the Saudi's also get a two birds with one stone outcome as Kazakhstan and Iraq continue to defy the cartel by producing over quotas, which led Saudia Arabia to insist on faster output increase, putting these habitual production offenders on notice that they want full participation from the group.

Kazakhstan's production fell initially for the first two weeks of April, though it was above the production quota it has agreed to meet after months of overproduction. Initially, the Minister of Energy indicated they didn't have control of the producers in the area and more recently, the country has stated that it will prioritize national interest ahead of commitments to the group. This will likely be a continued drag on WTI with more discussion below.

NORTH AMERICA

It's official, the Liberals have won another term with a minority government. Pierre Poilievre also lost his long-held Carleton riding seat. Poilievre's speech last Monday night indicated that he plans to stay on as the leader of the Conservative Party. Carney announced on Friday that they will allow a by-election as soon as possible for Pierre to run in a different constituency so he can hold a seat in the house to continue on as his seemingly endless role as the "Batman" or villain to ensure that someone can hold the Liberal Coalition government of Mark Carney to account.

Interesting to note his popularity outpaced that of Harper when he was the leader of the party, especially among younger voters. Poilievre is arguably the most popular leader of the party since 1988, as he managed to boost the Conservative vote share to a generational high. There is certainly a strong case for him to remain as the leader of the party however, without a seat in parliament, he'll be leaving one his best skills on the table – being on the offensive at parliament and calling for accountability (hence the "Batman" of Canadian politics as every story needs a villain).

Perhaps, his offensive style added to his unlikability among certain demographics of voters as many people today vote on likeability instead of steady and sound policies, especially in the retiree demographic, which is historically always a strong voter turnout. Liberals have 169 seats, while the Conservatives have 143 seats. 172 seats are needed to form a majority government.

Danielle Smith has called for Carney to "reset" the Ottawa-Alberta relationship and reiterated her list of nine demands, which she announced on March 20th. The fourth liberal term is fueling Western frustration and talks of Western separation. Though separation is probably unlikely at this time and Smith will probably receive some grief for implying it as a threat. Alberta's NDP leader and former mayor of Calgary, Naheed Nenshi is already using this to make Smith look divisive and sucking up to Carney, ready to handover Alberta's only leverage for overblown fears of "existential threat." Threats made possible by actions of the Liberal government. A Liberal federal government isn't great for Albertan energy industry, however a Liberal federal government combined with an NDP premier would be disastrous.

INFLATION

U.S. Fed Chair Powell announced that it would wait for more data to be released before changing rates. He warned that Trump tariffs would push inflation and employment numbers further from the central bank's goal. In other words, both price inflation and unemployment would be higher (stagflation). Not surprisingly, Trump has been back and forth openly on the prospect of firing Powell on account of his public comments on tariff policy (which is his job after all, ironically enough), which has become another market snip on stability.

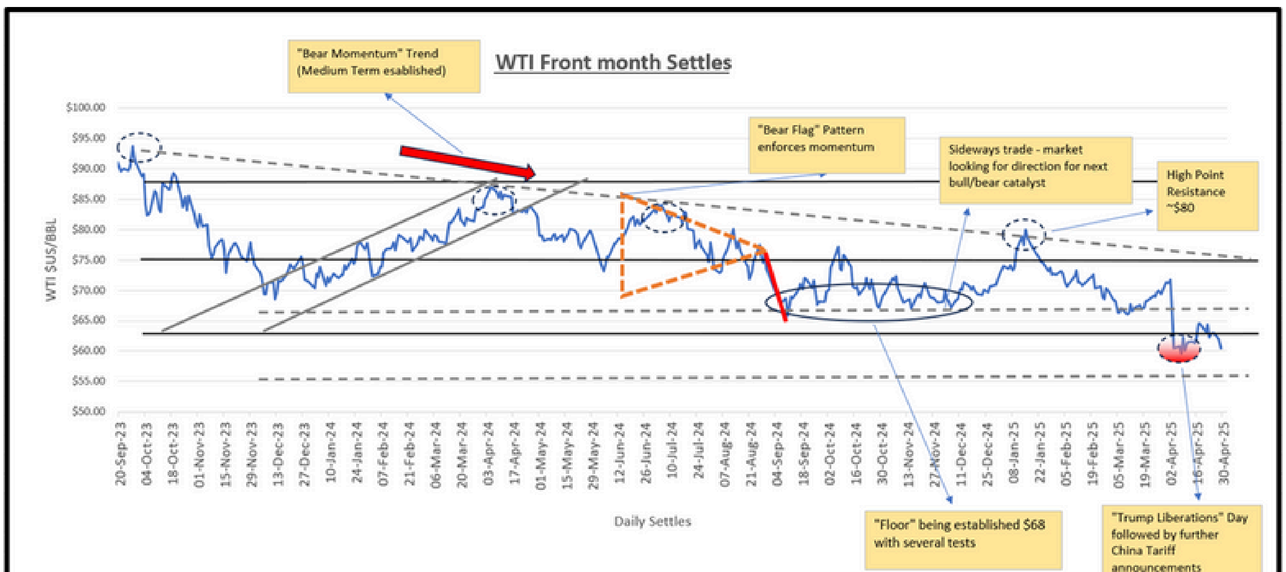
There is no doubt the market is making moves on U.S. policy, as we show in our DXY and USDCAD exchange charts over the past month. The U.S. dollar has made a decisive move downwards across all currencies as the market rebalances risk associated with the aggressive policies and increasing probability of global recession as a result. There was some interesting news banter through the election that Prime Minister Carney actually held court in Europe with other central banking buddies and may have had a hand in mass U.S. bond selloffs, which of course immediately raised bond rates for the U.S. (cost of debt rising in the U.S. is decisively bad news for the economic engine being basically a massive money printer post financial crisis). It wasn't long after when Trump subsequently announced the 90-day tariff reprieves, except for China, who of course very aggressively piled on reciprocal tariffs against the U.S. in a game of chicken on economic tariff policy. Who will "bock" first is still anyone's guess.

The Bank of Canada held the key lending rate at 2.75%, noting they are actively watching for the possibility of a recession as a result of Trump's trade war. The market was expecting two rate cuts before the end of the year with the policy rate dropping to 2.25%. However, with a Liberal win and the already announced fiscal policy plan that will result from the Liberals "Spend baby Spend" policies have market makers now predicting three rate cuts before year end.

WTI

Trump, OPEC, and the world around WTI has been in quite the tizzy the last month as I'm sure all our readers are aware. After Liberation Day WTI spent most of the month of April struggling to find support as market makers seem convinced that the tariff rhetoric will only lead to global pain despite the inconsistencies in the media. Trump seems content to continue pressing into the rhetoric, while the U.S. negotiates better terms for trade across most goods and services. We are seeing Canadian energy meeting CUSMA requirements bypass this story for the time being and as a result differentials continue to be well supported (see WCSB commentary and pricing below).

OPEC is having its own circus with members not living up to production targets under the current production curtailment plan. This has forced Saudi Arabia's hand to press into more volume increases starting in May as previously announced and now continuing into the summer based on meetings held online over this past weekend. This has WTI pricing down to $57 US at the time of writing. In a time with so much uncertainty, the price has slowly made its way down into what appears to be a new $55 low and $65 high trading band. This certainly won't help incentivize any "Drill baby Drill" Trump motivations, but its what Trump wants regardless at this time as energy is finding a way to counter other inflation problems still pervasive across consumer goods.



Source: Broadbill Energy Inc.

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WCSB Pricing Summary

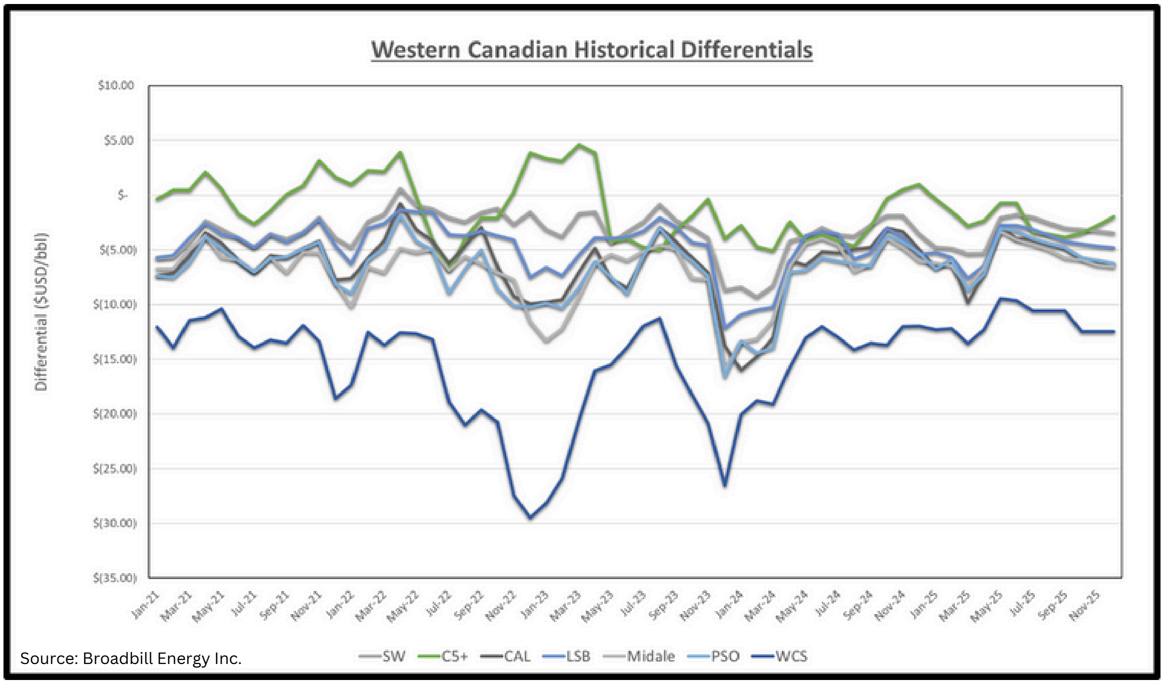
The May cycle was full of storylines that could weigh down on differentials, but at the beginning we saw some early support in the market as PADD 2 refineries were happy to bid post seasonal turnaround. While not a new storyline, Russian and Iranian supply worries continue to lend support again, proving the value of TMX egress. WCS opened the June cycle at $(9.65) US/bbl and raced to a high of $(9.20). As liberation day took hold, tariff concerns south of the border and saw WCS fall over a dollar to a low of $(10.50).

However, on April 2nd Trump's tariffs became public after the market closed showing Canadian energy was exempt from the U.S. tariffs under Trump's original CUSMA (Canada United States Mexico Agreement) measures. While WTI was on a slippery slope (see above), WCS continued its upward momentum briefly touching $(8.95) due to the tariff exemption. The heavy benchmark looked as good as it had ever been until Keystone had a leak in North Dakota line segment. This had bids pulling faster than a spring break up rig crew and WCS responded, moving once again back to $(10.75). Further support was achieved with Trump putting the 90-day tariff pause into effect, while Keystone was able to restart on April 16th after the pipeline rupture. It was interesting to note that Keystone had just recently gone back to full pipeline pressures after its last leak. Back to lower pressures for Keystone reducing potential export egress for the foreseeable future.

Light grades began May trading at $(2.75) US/bbl for Light Sweet at Edmonton hub. With PADD 2 refineries coming back online, not only did we see Edmonton sweet strengthen, but sour barrels such as PSO (Peace Sour) and CAL (Central Alberta Light Sour) also felt the love. Refineries were making sure they could run at as high a capacity as possible.

Just like the heavy market, the light market had a bit of a roller coaster of a trade window. Sweet had a cycle low of a $(3.00) pre tariff exemption, but they reached a cycle high of $(1.20) and settled at strong $(2.03) for May trading.

As we look ahead to June trading, WCS is opening in the mid $(9)'s. Sweet looks like they are bid well to begin the cycle, as they jumped with it transacting at $(1.20). We also see continued strength in the condensate market, somewhat bucking the historical trend for the grade as we come out of winter viscosity blending as June is trading above May index settles and peak demand months. The market is pointing to NGL (Natural Gas Liquid) pipeline disruptions in the Peace Pipeline corridor, which is impacting available frac feedstock supply. We are also hearing that gas focus plays are taming down, given the price impacts all around and this may also be tightening the Edmonton market for condensate diluent. Look for the pipeline issues to be shorter lived, as we expect these issues to resolve heading into the summer season. Impacts from macro price pressure may still linger, as we see gas being supported in AECO and NYMEX trading screens for the time being.



The Broadbill Energy Team

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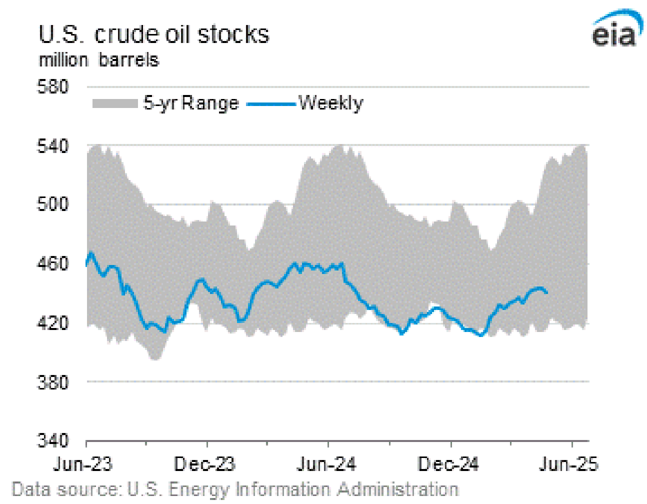
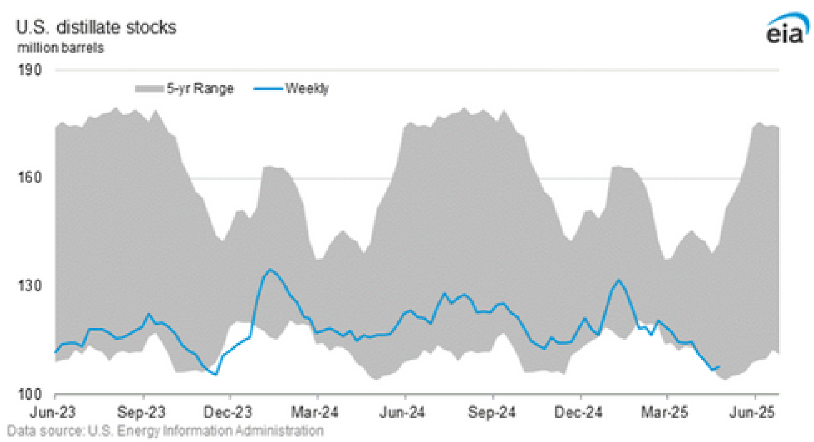
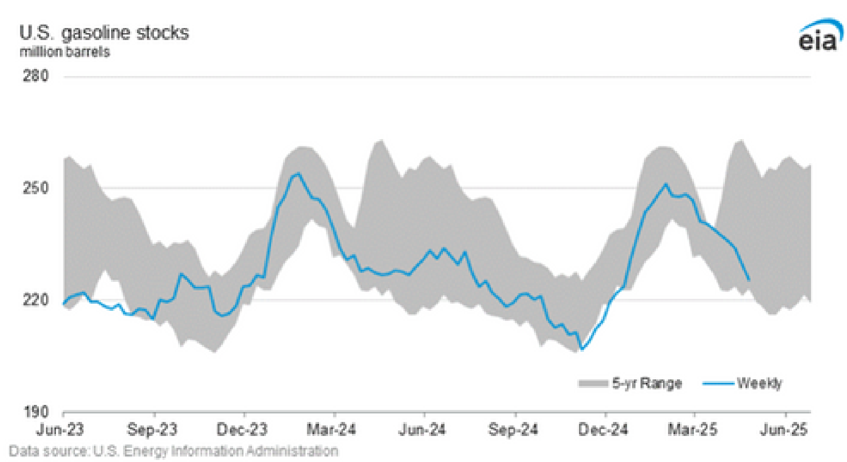
Appendix



	Stocks	Change from last	
	04/25/25	Week	Year
Crude oil	440.4	-2.7 ↓	-20.5 ↓
Gasoline	225.5	-4.0 ↓	-1.5 ↓
Distillate	107.8	0.9 ↑	-8.0 ↓
Propane	47.206	0.576 ↑	-9.716 ↓





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Appendix