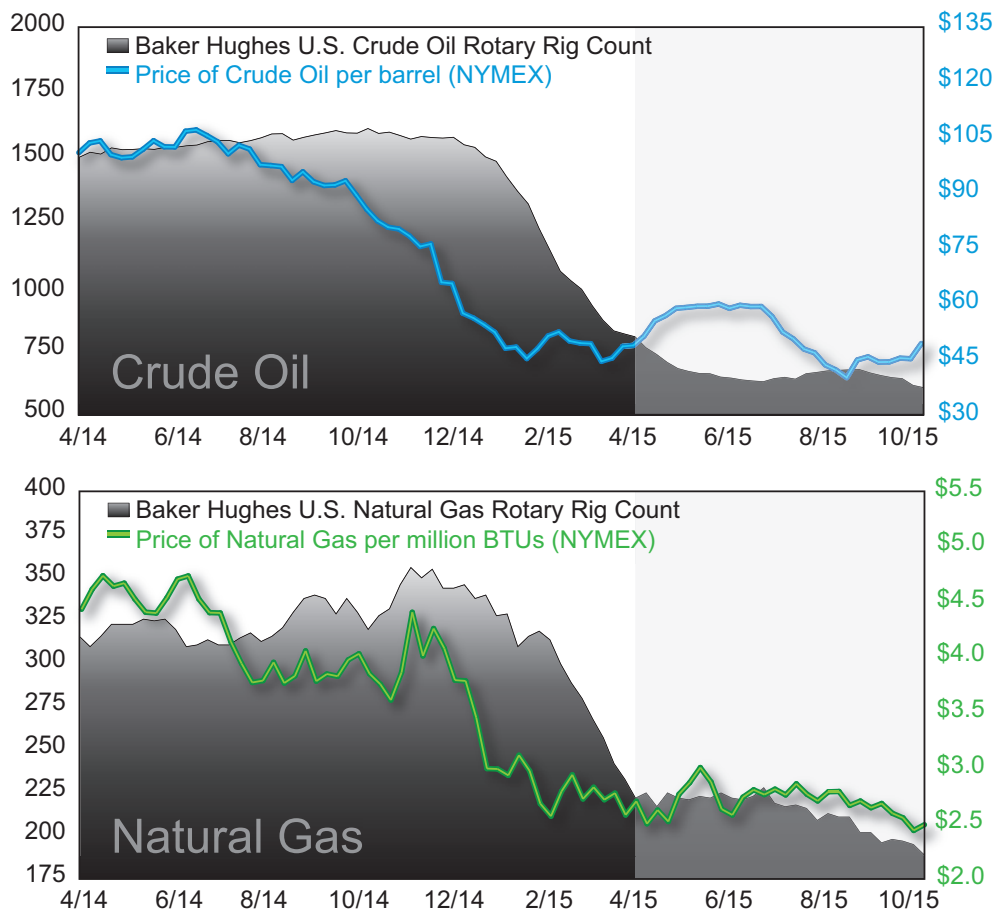


# U.S. Oil & Gas Rig Counts Continue To Fall



Source: Bloomberg. Weekly data from 4/4/14 through 10/9/15.

## View from the Observation Deck

1. Today's post is an update of one we did on 4/7/15. As indicated in the chart, crude oil and natural gas producers in the U.S. continue to reduce the number of active rigs in an effort to curb production.
2. From 4/4/14-10/9/15, the price of crude oil and natural gas fell 50.93% and 43.69%, respectively, according to Bloomberg.
3. Over that same period, the number of active crude oil and natural gas rigs tracked by Baker Hughes declined by 59.61% and 40.19%, respectively, according to Bloomberg.
4. The supply/demand relationship for crude oil is more complicated than for natural gas in the U.S. due to the fact that the U.S. still imports millions of barrels of oil per day from foreign producers, in our opinion.
5. The U.S. Energy Information Administration (EIA) reported that U.S. oil producers pumped 120,000 less barrels per day in September than in August, according to *The Fiscal Times*.
6. The Organization for Petroleum Exporting Countries, however, reported that its members pumped the highest amount of oil in September since 2012, according to Bloomberg.
7. In August, the EIA forecast that natural gas production levels throughout all seven major shale regions in the U.S. would fall in September 2015, according to MRT. If so, it would be the first time since January 2007 that all seven declined in the same month.

The charts above are for illustrative purposes only and not indicative of any actual investment.