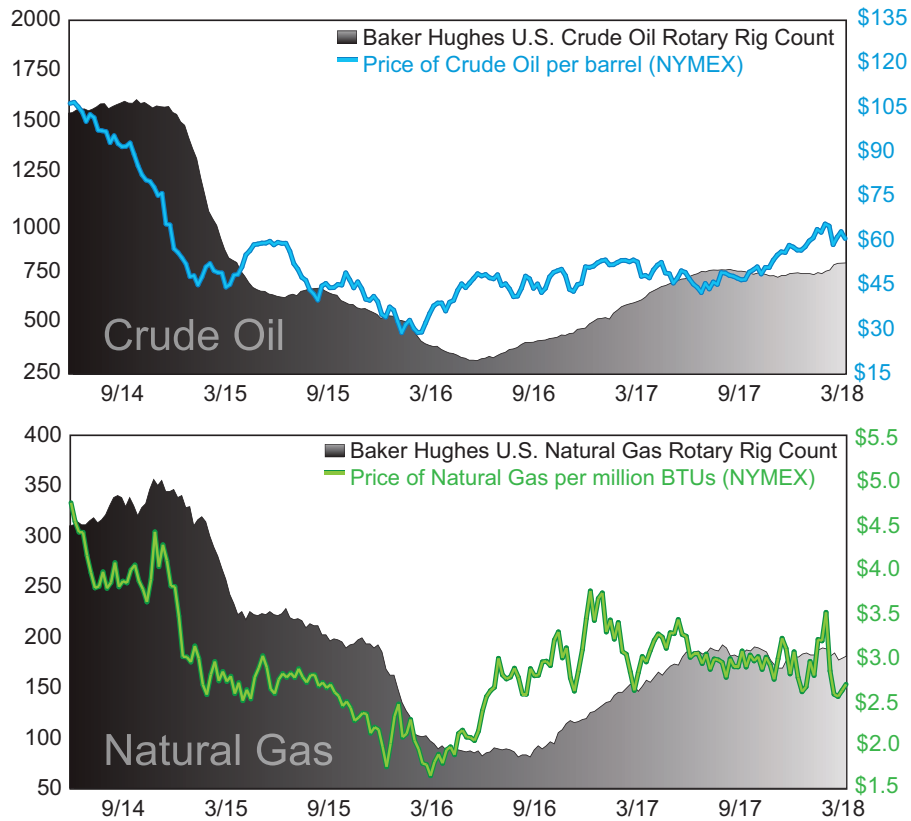


U.S. Crude Oil & Natural Gas Rig Counts



Source: Bloomberg. Weekly data from 6/13/14-3/2/18.

View from the Observation Deck

1. Since the beginning of 2014, the peak (6/20/14) in the price of crude oil was \$107.26 per barrel, while the peak (2/19/14) in the price of natural gas was \$6.15 per million British thermal units (BTUs), according to Bloomberg.
2. As of 3/2/18, the price of a barrel of crude oil stood at \$61.25 per barrel, down 42.90% from its peak in 2014, while the price of natural gas stood at \$2.70 per million BTUs, down 56.10% from its peak in 2014.
3. With respect to the period depicted in the charts, the 800 active crude oil rigs registered on 3/2/18 was more than 2.5 times higher than the period low of 316, posted on 5/27/16. The 181 active natural gas rigs registered on 3/2/18 was more than 2.2 times higher than the period low of 81, which was posted on 8/5/16.
4. Active rig counts are just one barometer investors can use to assess both the crude oil and natural gas markets. U.S. investors should keep in mind that the crude oil market is more global in scope (greater foreign competition), while the natural gas market tends to be more domestic in nature for the U.S., though the U.S. is beginning to export natural gas as well. Robust production has tended to keep natural gas prices fairly range bound over the past couple of years, in our opinion.
5. While the Organization of Petroleum Exporting Countries (OPEC) continues to curb crude oil production, U.S. producers, particularly in the shale regions, have been increasing production.
6. The International Energy Agency (IEA) believes that strong economic growth worldwide will continue to support strong crude oil consumption until at least 2023, according to CNBC. The IEA is forecasting that the U.S. will be in a position to export 5 million barrels a day by 2023. In December 2017, the U.S. exported an average of 1.5 million barrels per day, according to the U.S. Energy Information Administration.

The charts and performance data referenced are for illustrative purposes only and not indicative of any actual investment. There is no guarantee that past trends will continue or projections will be realized.

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