The Price Of Crude Oil Has Risen To An Interesting Level

View from the Observation Deck

1. The price of a barrel of crude oil (West Texas Intermediate/WTI) closed at $68.57 on 4/30/18, up from $60.42 on 12/29/17, according to Bloomberg.
2. The $68.57 per barrel level is right in line with the $68.88 average daily price registered from the end of 2002 through 2017 (see chart).
3. A Reuters poll of 38 economists and analysts conducted at the close of April 2018 projected an average price target of $63.23 per barrel for WTI crude oil this year, up from the average price target of $59.85 per barrel projected in March 2018, according to its own release.
4. The adherence to the production curbs implemented by OPEC (Organization of the Petroleum Exporting Countries), robust demand, particularly from Asia, the economic crisis in OPEC member Venezuela and geopolitical tension in the Middle East are all valid reasons why the price of crude oil could remain elevated throughout 2018, according to Reuters.
5. U.S. crude oil production is expected to expand rapidly in the coming months, according to ANZ analyst David Hynes. Output has risen 25% to 10.54 million barrels per day since mid-2016, according to Reuters.
6. Year-to-date through 4/30/18, the S&P 500 Energy Index was the third best-performing sector, up 2.92%, on a total return basis, according to Bloomberg.
7. As of 4/27/18, Bloomberg's 2018 consensus earnings growth rate estimate for the S&P 500 Energy Index was 79.1%.

This chart is for illustrative purposes only and not indicative of any actual investment. The illustration excludes the effects of taxes and brokerage commissions and other expenses incurred when investing. Investors cannot invest directly in an index. There can be no assurance that any past trends will continue or that projections cited will occur. The S&P 500 Energy Index is a capitalization-weighted index comprised of S&P 500 constituents operating in the energy sector. The information presented is not intended to constitute an investment recommendation for, or advice to, any specific person. By providing this information, First Trust is not undertaking to give advice in any fiduciary capacity within the meaning of ERISA and the Internal Revenue Code. First Trust has no knowledge of and has not been provided any information regarding any investor. Financial advisors must determine whether particular investments are appropriate for their clients. First Trust believes the financial advisor is a fiduciary, is capable of evaluating investment risks independently and is responsible for exercising independent judgment with respect to its retirement plan clients.