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 the close on 7/20/18, the price of a barrel of crude oil stood at $70.46 per barrel, down 34.31% from its peak in 2014, but up 168.83% from its most recent closing low of $21.26 per barrel on 2/11/16.

3. As of the close on 7/20/18, the price of natural gas stood at $2.76 per million BTUs, down 55.12% from its peak in 2014, but up 68.29% from its most recent closing low of $1.64 per million BTUs on 3/3/16.

4. With respect to the period depicted in the charts, the 858 active crude oil rigs registered on 7/20/18 was 2.7 times higher than the period low of 316, posted on 5/27/16. The 187 active natural gas rigs registered on 7/20/18 was 2.3 times higher than the period low of 81, which was posted on 8/5/16.

5. 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.

6. On 6/22/18, the Organization of Petroleum Exporting Countries (OPEC) agreed to boost crude oil production by 600,000 to 800,000 barrels per day (bpd), according to CNBC. Over the prior 18 months, OPEC had been curbing crude oil production by about 1.2 million bpd to help work down a glut of global inventory.

7. U.S. crude oil production is ramping up. Total output hit 11 million bpd for the first time ever in the second week of June 2018. The U.S. and Russia were the only two producers at or above the 11 million bpd mark, according to Reuters.

8. The Energy Information Administration (EIA) estimates that U.S. net oil imports will decline from an average of 3.7 million bpd in 2017 to 2.4 million bpd in 2018 and 1.6 million bpd in 2019, according to U.S. News & World Report.