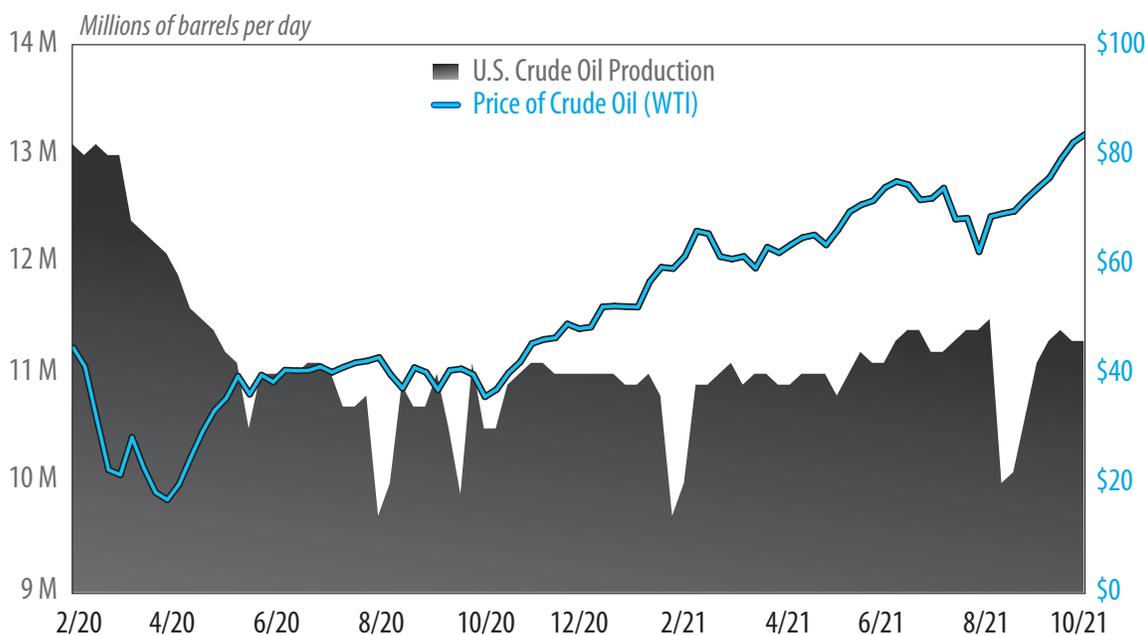


The Price Of Crude Oil Has Surged During The COVID-19 Pandemic

Price Of Crude Oil (WTI) vs. U.S. Crude Oil Production



Source: Bloomberg. Weekly data points (2/28/20-10/22/21).

View from the Observation Deck

1. The price of West Texas Intermediate (WTI) crude oil closed at \$83.76 per barrel on 10/22/21, up 87.13% from its closing price of \$44.76 on 2/28/21, according to Bloomberg.
2. For comparative purposes, the S&P 500 Energy Index posted a total return of 38.83% over that same period, according to Bloomberg. The top-performing Energy subsector was the S&P 500 Oil & Gas Exploration & Production Index, with a total return of 64.86%.
3. As indicated in the chart above, total U.S. crude oil production declined over the period from 13.1 million barrels per day on 2/28/20 to 11.3 million barrels per day on 10/22/21, according to the U.S. Department of Energy.
4. Data from Bloomberg (not in chart) shows that crude oil production from OPEC (Organization of the Petroleum Exporting Countries) declined from 27.91 million barrels per day on 2/29/20 to 27.49 million barrels per day on 9/30/21. This indicates that production has decreased considerably more in the U.S. than abroad.
5. The number of active crude oil rigs (not in chart) in the U.S. declined from 678 on 2/28/21 to 443 on 10/22/21, according to data from Baker Hughes.
6. The relative value of the U.S. dollar (exchange rate) likely provided a bit of a boost to the price of crude oil. From 2/28/20 through 10/22/21, the U.S. dollar declined by 4.58% against a basket of major foreign currencies, as measured by the U.S. Dollar Index (DXY), according to Bloomberg.
7. As of 10/25/21, Energy accounted for only 2.95% of the S&P 500 Index, down from a 13.14% weighting at the end of 2008, according to Bespoke Investment Group and Bloomberg.
8. Investors funneled an estimated net \$13.94 billion into Energy Equity mutual funds and exchange-traded funds (ETFs) for the 12-month period ended 9/30/21, according to Morningstar.

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. The S&P 500 Energy Index is a capitalization-weighted index comprised of 500 stocks representing the energy sector.

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