

ENERGY PRICES REMAIN ELEVATED

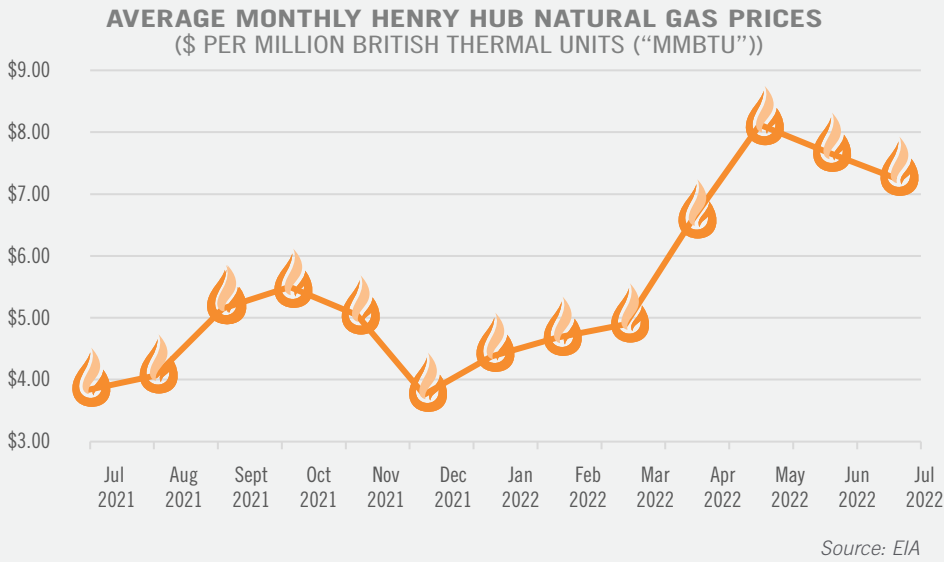
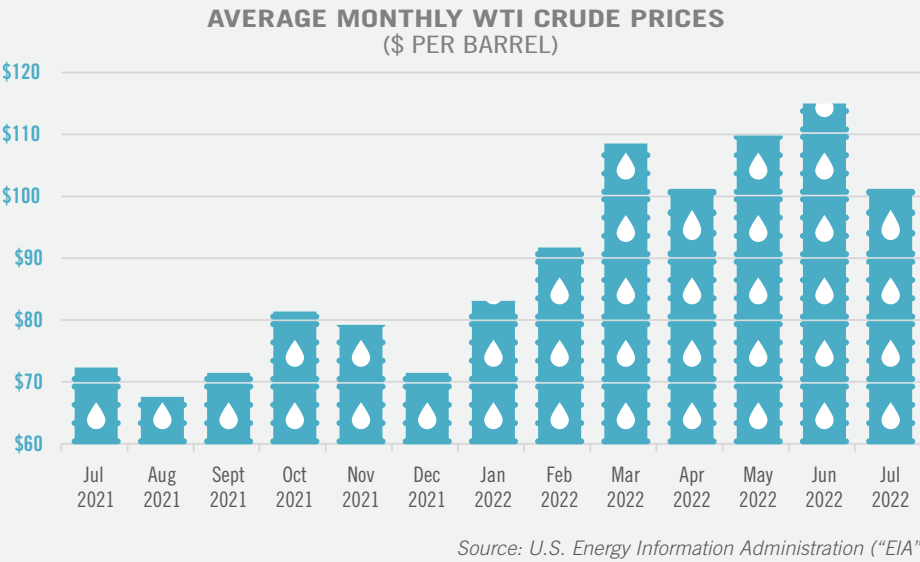
AUGUST 2022

U.S. oil prices remain elevated but have decreased since highs in March 2022 over concerns about the economy and the potential for increased supplies.

U.S. oil refineries continue to operate near maximum utilization rates and drilling rig counts approach pre-pandemic levels.

ON FIRE: OIL AND NATURAL GAS PRICES

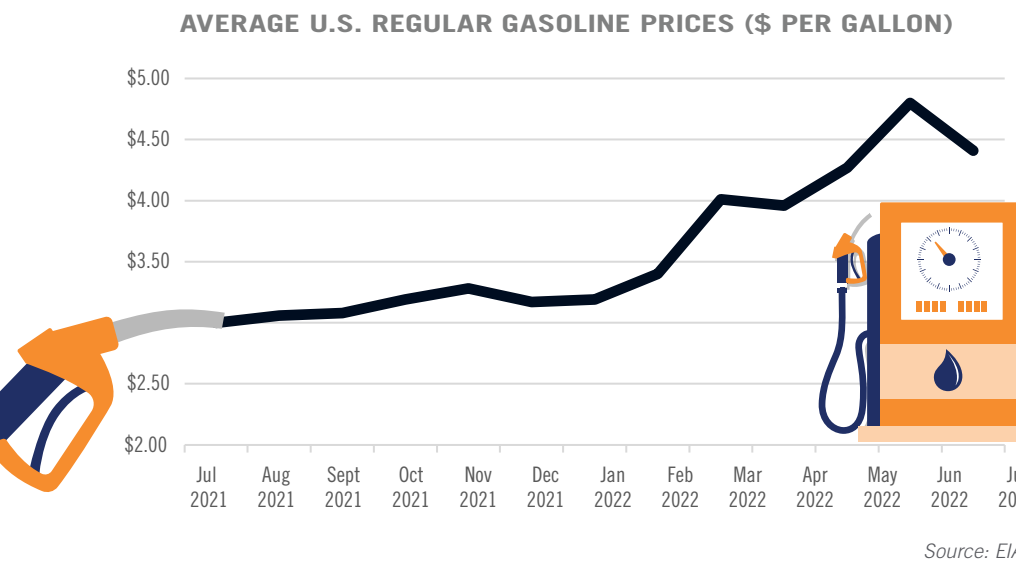
In response to Russia's invasion of Ukraine in late February 2022, the U.S. curbed imports of Russian oil. Reduced supply, along with pent-up consumer demand as pandemic restrictions were lifted, triggered a major oil price surge in early March 2022. West Texas Intermediate (“WTI”) crude oil, the U.S.’s benchmark grade of oil, reached \$130 per barrel during intraday trading before retreating to roughly \$124 per barrel. The U.S. released oil from its emergency supply, the Strategic Petroleum Reserve, to help combat the pricing surge.



Natural gas prices have followed a similar trend, peaking at **\$9.46 per million MMBtu** in late July 2022 at the Henry Hub in Louisiana, **a 14-year high**, as European leaders search for non-Russian sources of natural gas.

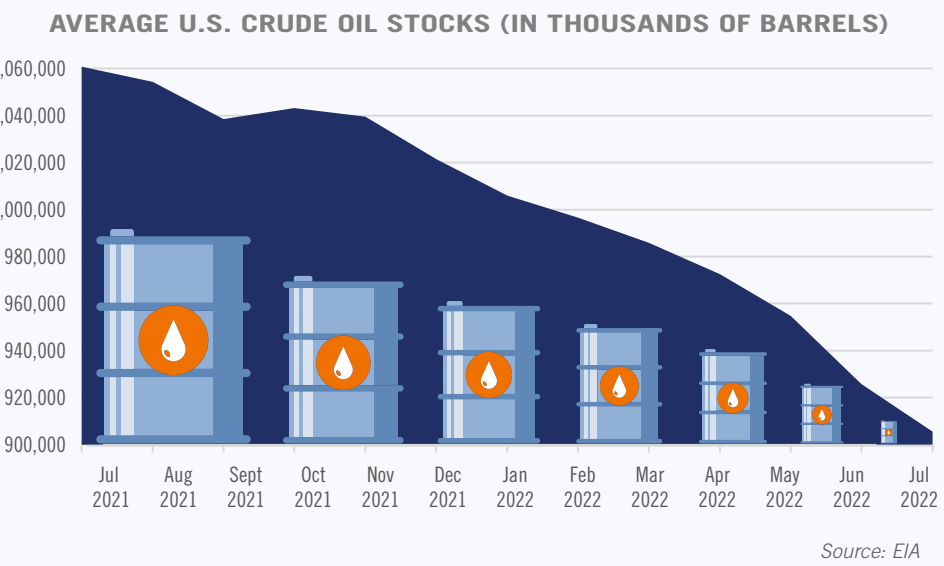
GASSING UP

A return to post-pandemic driving levels, coupled with U.S. curbs on Russian oil imports, pushed gasoline prices to consecutive record highs. Prices peaked at \$4.84 per gallon for the week of July 13, 2022. Diesel mirrored gasoline’s price trend, reaching a record high of \$5.81 per gallon for the week of June 20, 2022.



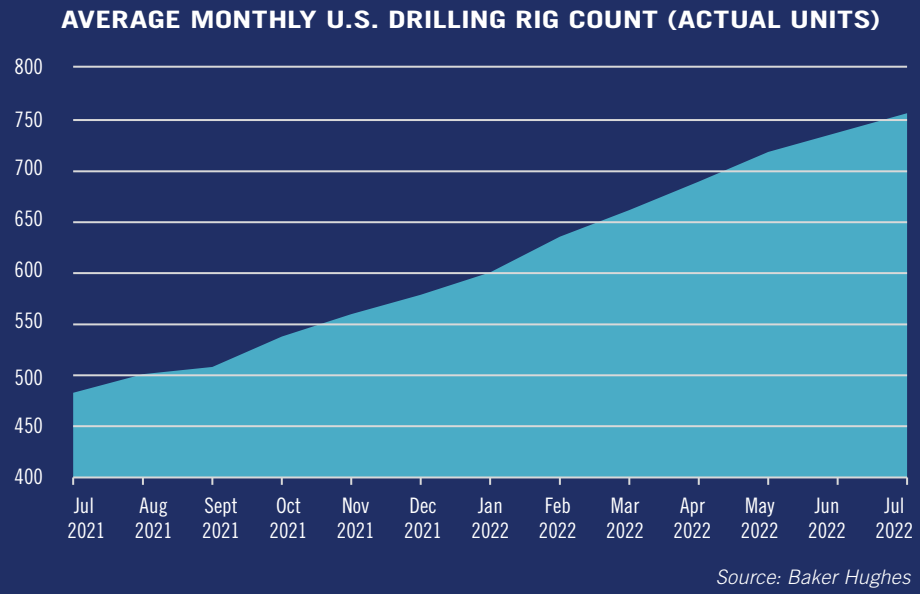
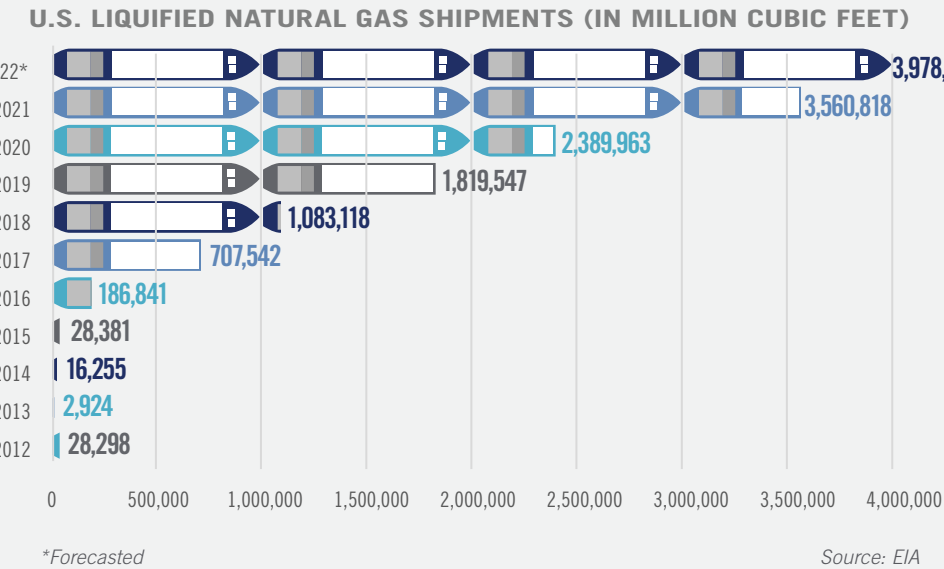
FALLING INVENTORIES

With capacity utilization rates at U.S. refineries running high as fuel demand normalizes and gasoline and diesel prices soar, crude oil stock levels have fallen.



U.S. LEADS IN LIQUID ASSETS

The U.S. became the world’s largest exporter of liquified natural gas (“LNG”) in the first half of 2022. This is partially due to the war in Ukraine, which has resulted in Russia significantly reducing its pipeline shipments of natural gas to Europe, and Europe collectively attempting to reduce its reliance on Russian fossil fuels. U.S. LNG shipments likely would have been even higher during the period but a fire at a major natural gas export facility in Texas on June 8, 2022 reduced the U.S.’s LNG export capacity.



PRODUCTION SURGES AHEAD

U.S. drilling activity levels continue to increase towards pre-pandemic levels. The July 2022 rig count reached 757, just slightly below the count of 790 in February 2020, shortly before the COVID-19 pandemic was declared.

