Oil and natural gas prices have made a comeback in 2021 following severe lows resulting from the COVID-19 economic impacts. In July 2021, the price of West Texas Intermediate ("WTI"), the U.S.'s benchmark grade of crude oil, averaged over $72 per barrel, a 78% year-over-year increase. The oil and gas industry's outlook depends largely on the current COVID-19 vaccines' effectiveness and their ability to stop the spread of ever-evolving variants.

Despite increases in oil and natural gas prices, U.S. operators continue to exert capital discipline and have refrained from significantly boosting oil production in 2021. The weekly U.S. drilling rig count has doubled since a record low count of 244 rigs was recorded for the week ended August 14, 2020, but remains well below pre-pandemic levels.

U.S. VEHICLE MILES DRIVEN

According to the EIA, a rise in summer travel contributed to significant gas utilization rates at refineries. In July 2021, regular grade gasoline averaged $3.14 per gallon, with California pricing the highest at $4.30 per gallon. Gasoline supplied, an indicator of demand, increased to approximately 10 million barrels per day over the summer, a figure not seen since March 2020. However, passenger numbers in 2021 still remain below pre-pandemic levels.

GAS-GUZZLING

After a year of lockdowns and COVID-19 infection concerns, travelers are enthusiastically returning to air travel. In April 2021, passenger traffic at U.S. airports increased approximately 1,195% versus April 2020, according to the Transportation Security Administration ("TSA"). The number of passengers passing through security checkpoints regularly exceeded two million per day over the summer, a figure not seen since March 2020. However, passenger numbers in 2021 still remain below pre-pandemic levels.

U.S. CRUDE OIL PRODUCTION

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SLOW AND STEADY

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FUELED TO TAKE FLIGHT

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