

U.S. Oil & Gas Industry Chartbook

BBVA Research USA

Houston, TX

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Bottom Line

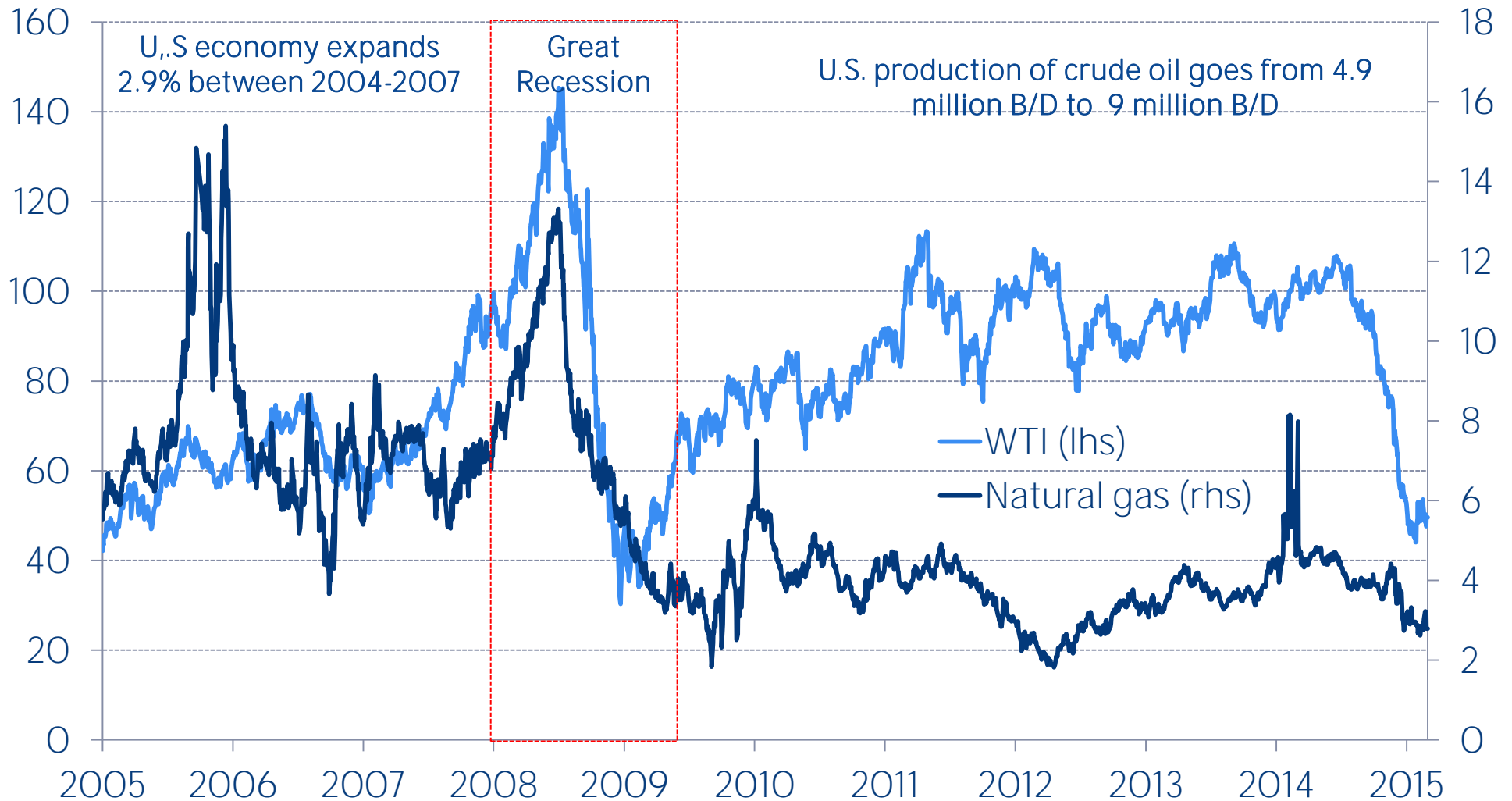
- The drastic fall in oil prices continues to remain at the forefront of economic activity, with the potential for faster economic growth (via higher consumption)
- Although prices appear to be stabilizing, the continued imbalance between supply and demand is expected to keep oil prices low in the short-run
- There are downside risks for energy-dependent industries and states, such as Texas, but there will ultimately be a rebalancing among states and regions
- The decline in oil prices is a net positive to the U.S. economy, benefiting consumers and energy-intensive industries

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Oil Prices

Spot Prices

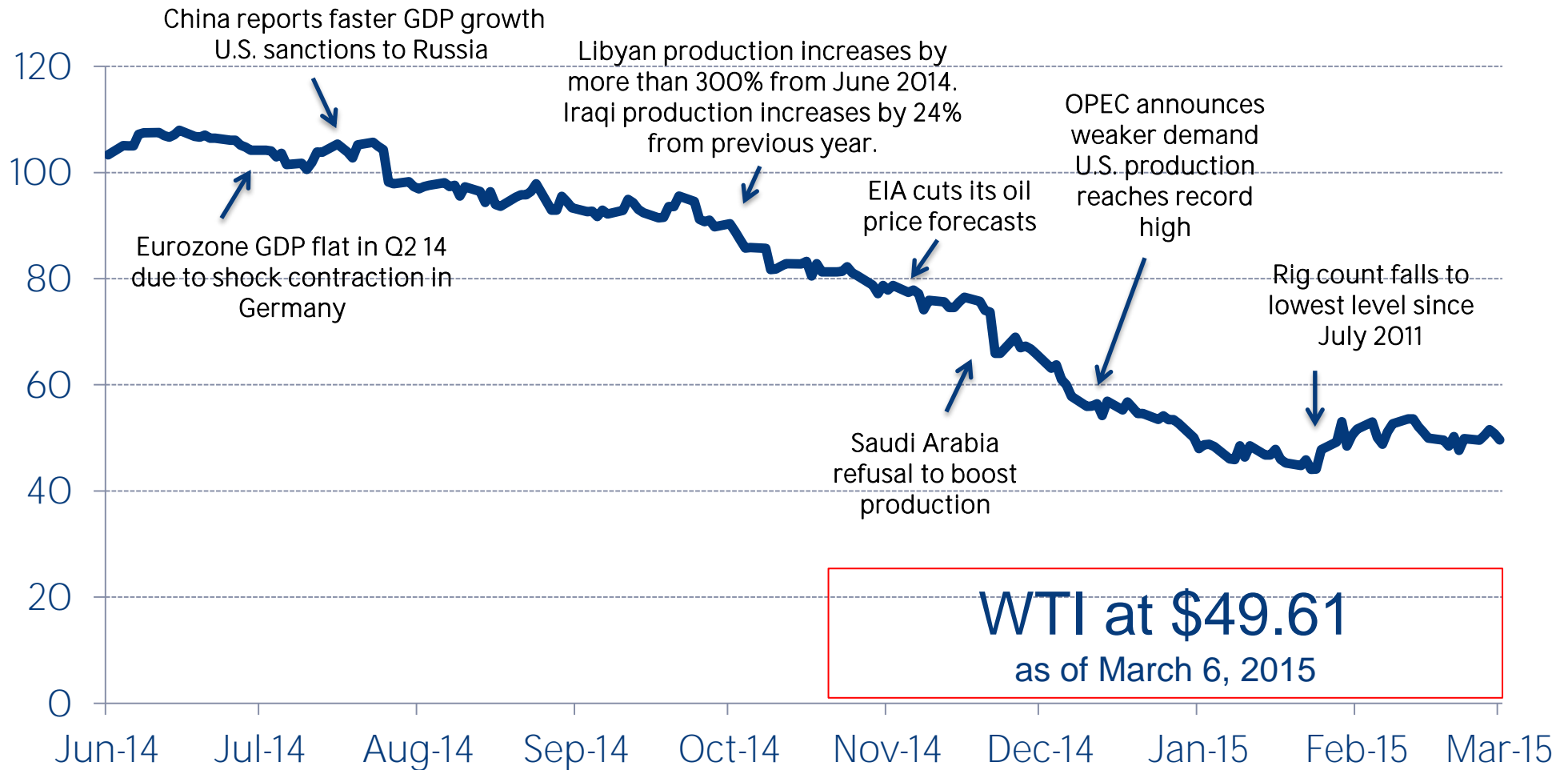
U.S. Crude Oil and Natural Gas Spot Prices (avg, \$/bbl & \$/MMBTU)



Source: Haver Analytics

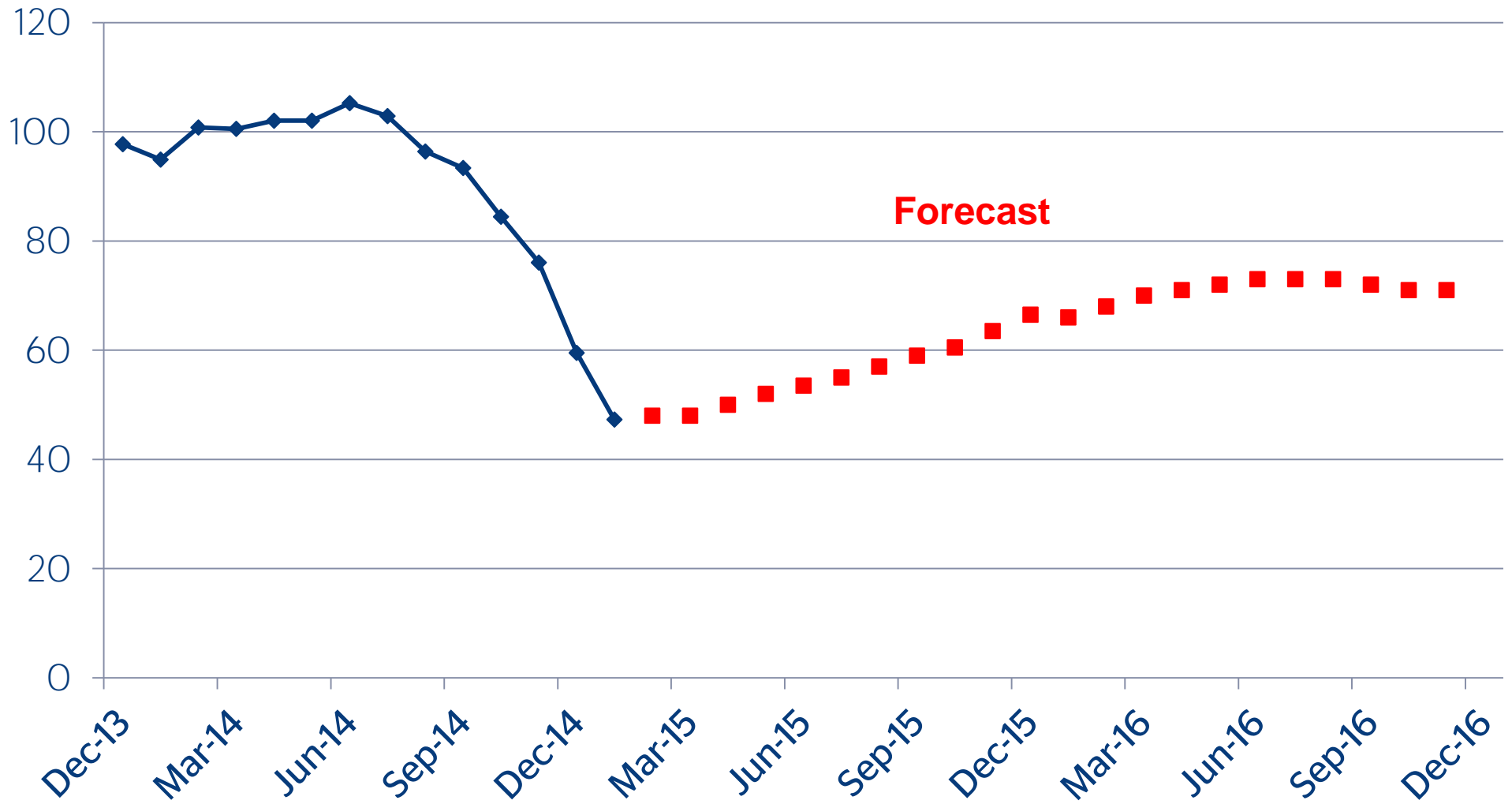
Spot Prices

U.S. WTI Spot Price (avg, \$/bbl)



Prices

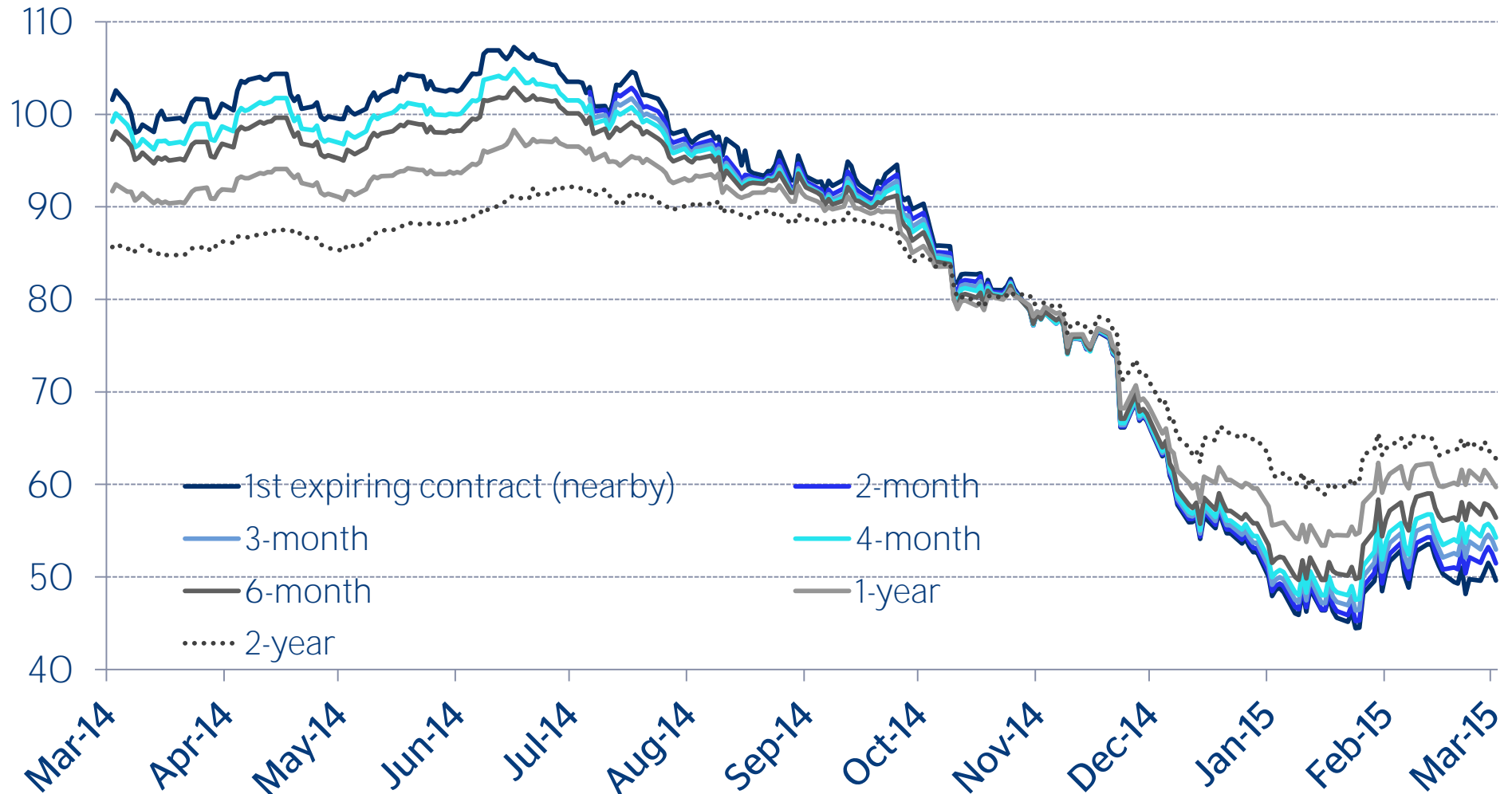
WTI Historical and EIA Forecast (\$/bbl)



Projections are generated by simulation of the EIA Regional Short-Term Energy Model
 Source: Energy Information Administration/ Haver Analytics

Futures Prices

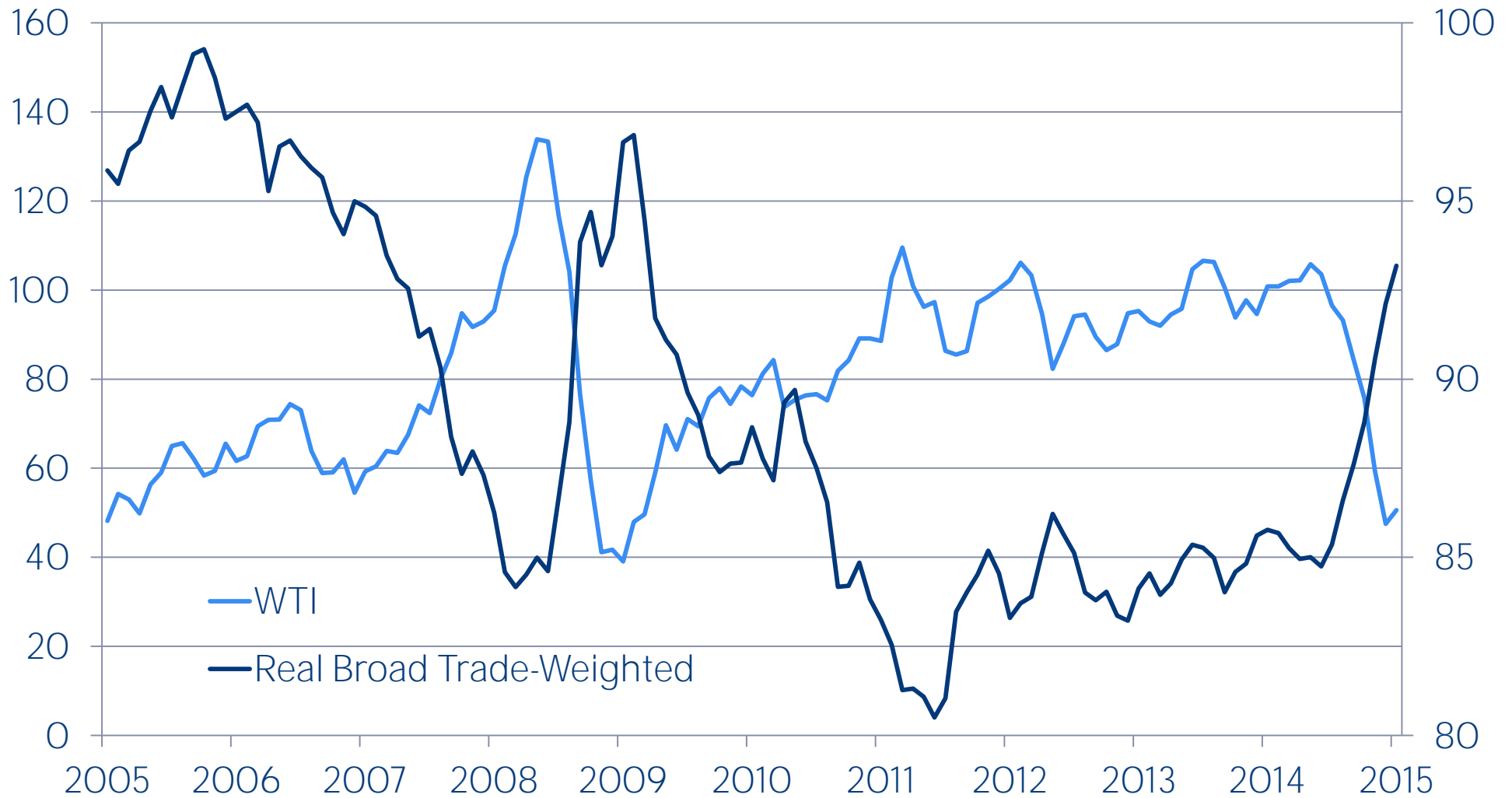
WTI Futures (\$/bbl)



Source: Haver Analytics

Exchange Rate

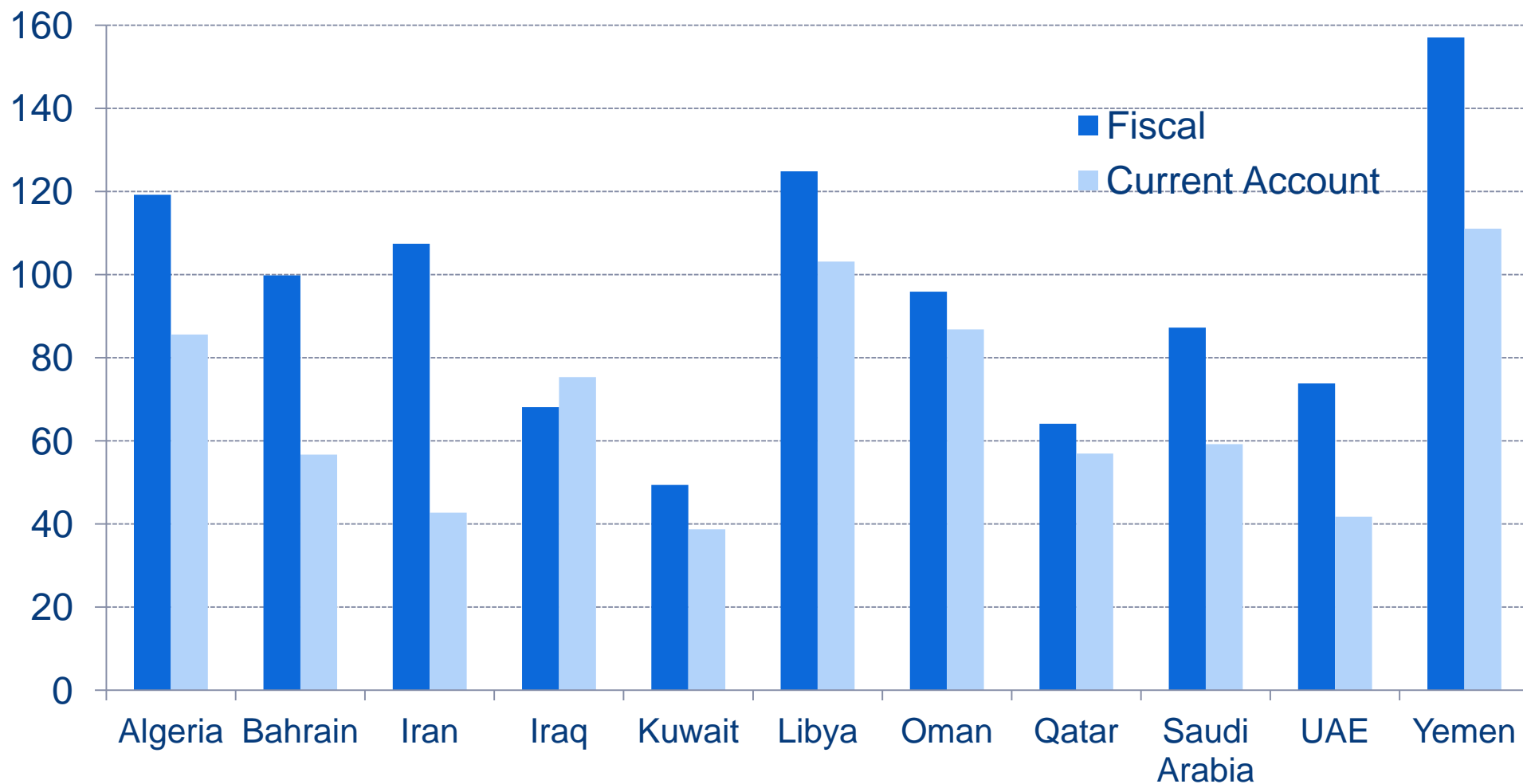
WTI (\$/bbl) and U.S. Dollar Exchange Rate (Mar-73=100)



Source: Haver Analytics

Breakeven Prices

Breakeven Oil Prices for MENA Oil Exporters, 2015 Projections (\$/bbl)

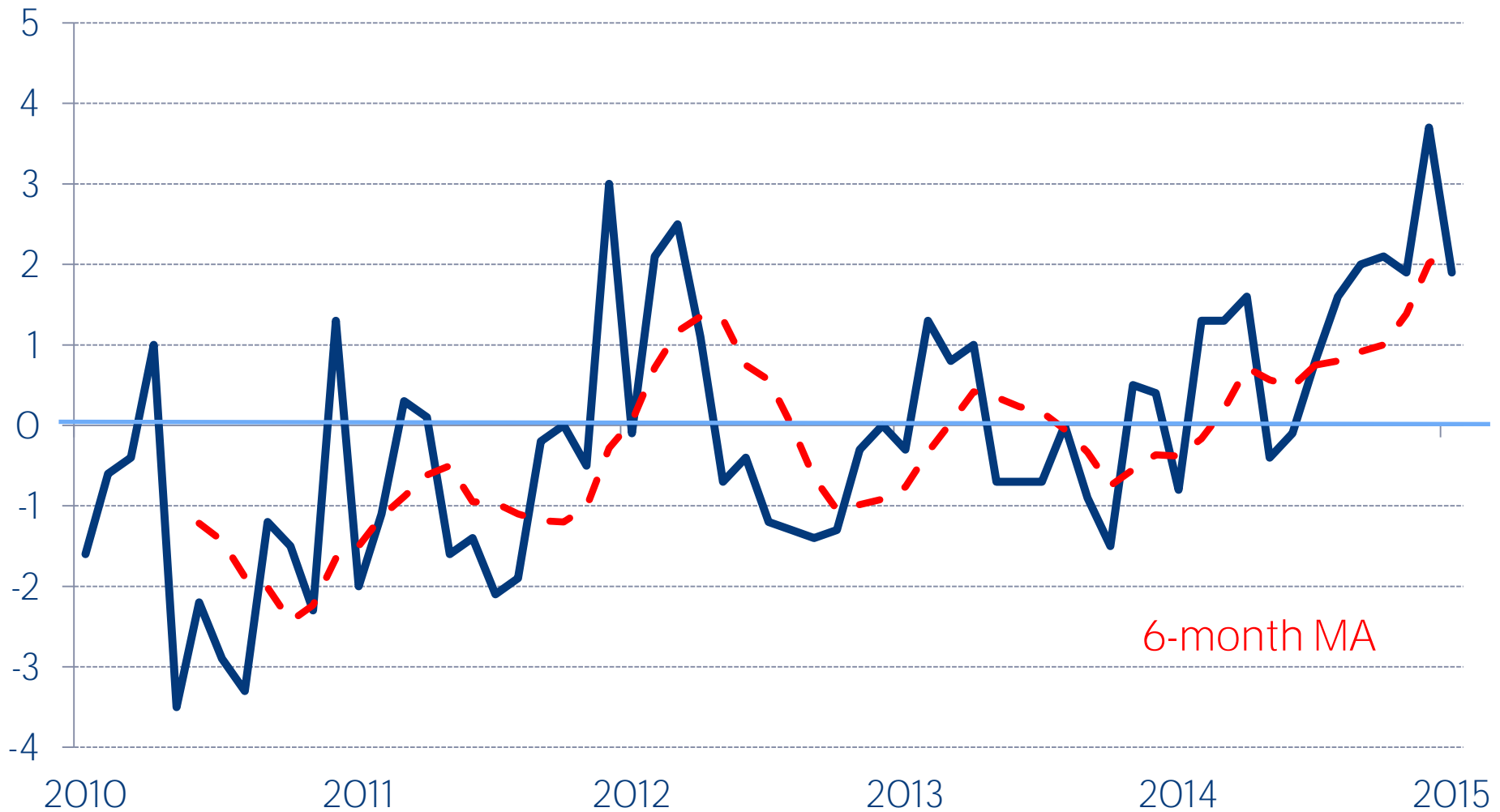


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Global Supply & Demand

Supply and Demand

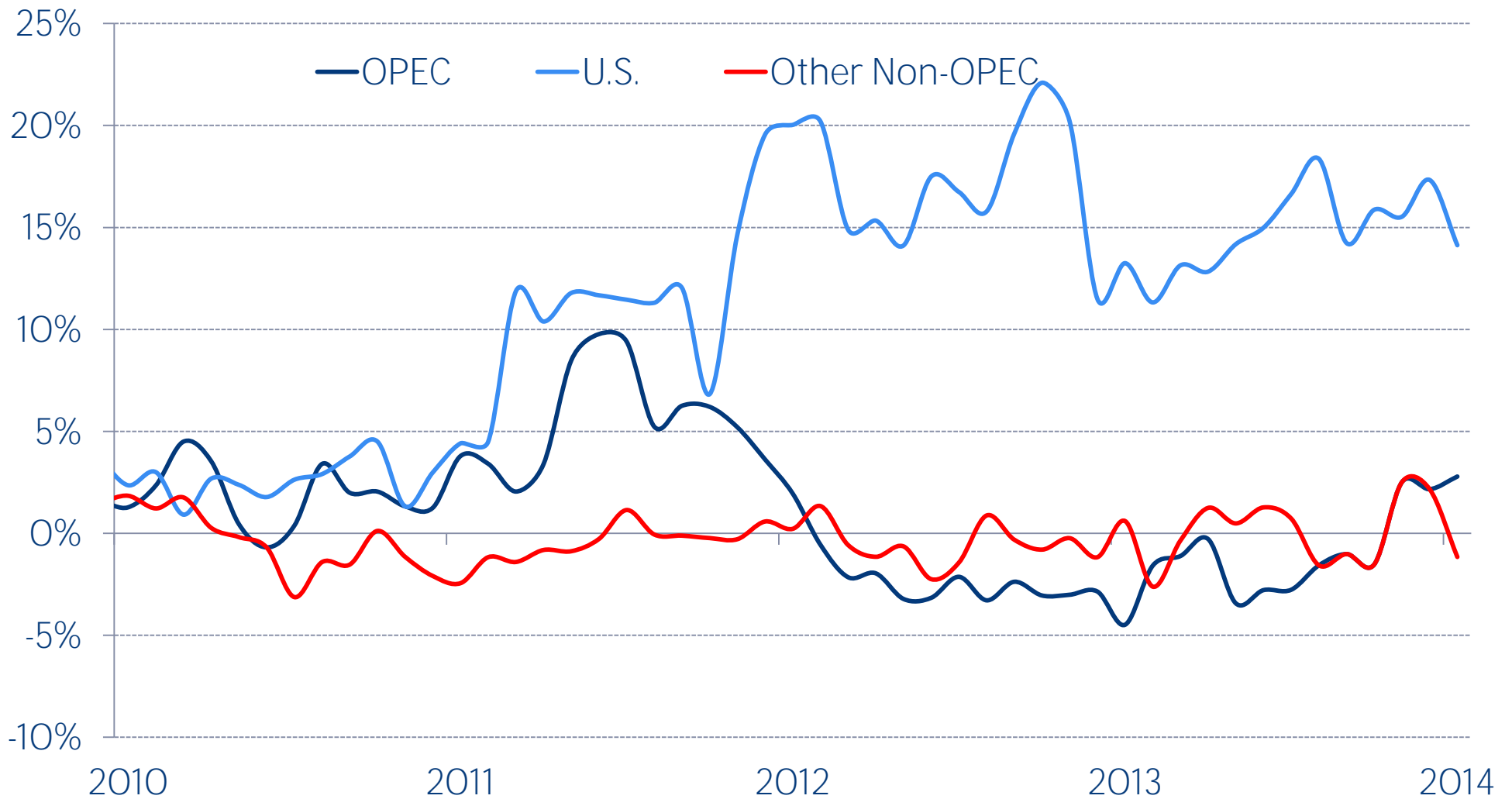
Global Oil Supply and Demand Balance (MMbbl/day)



6-month MA

Production

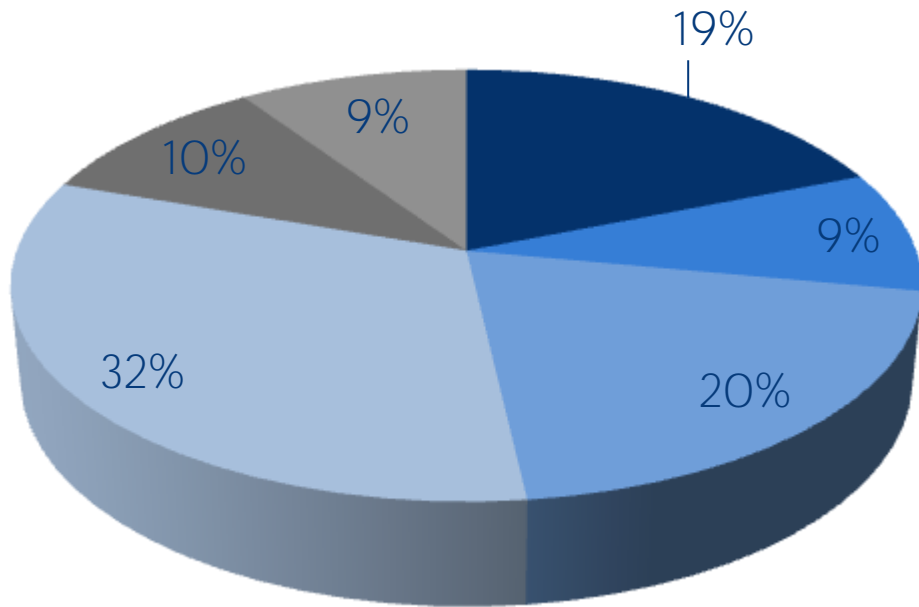
Crude Oil Production (Mbbbl/day, yoy % change)



Supply by Region

Worldwide Production in 2013

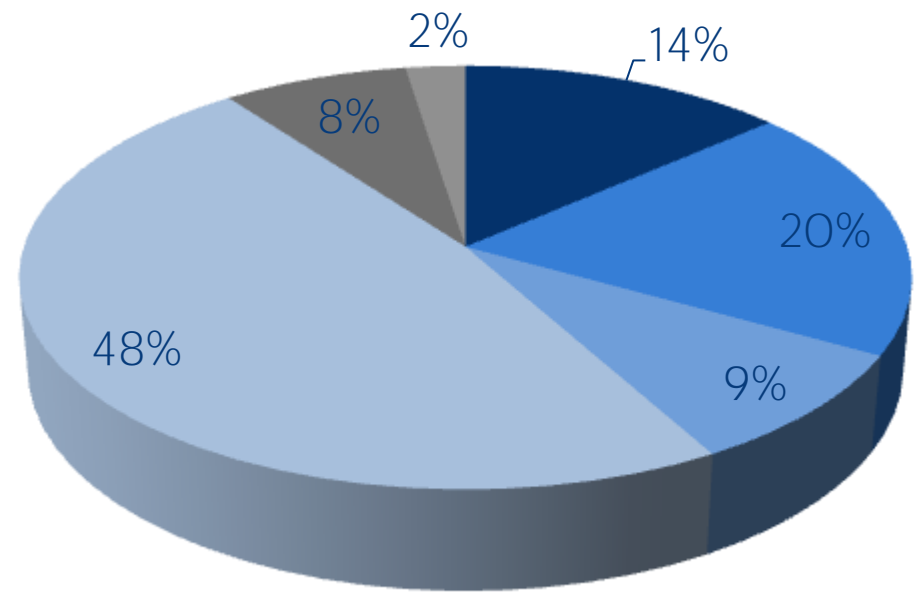
(share of total, %)



- North America
- Central and South America
- Europe
- Middle East
- Africa
- Asia Pacific

Proved Crude Oil Reserves in 2013

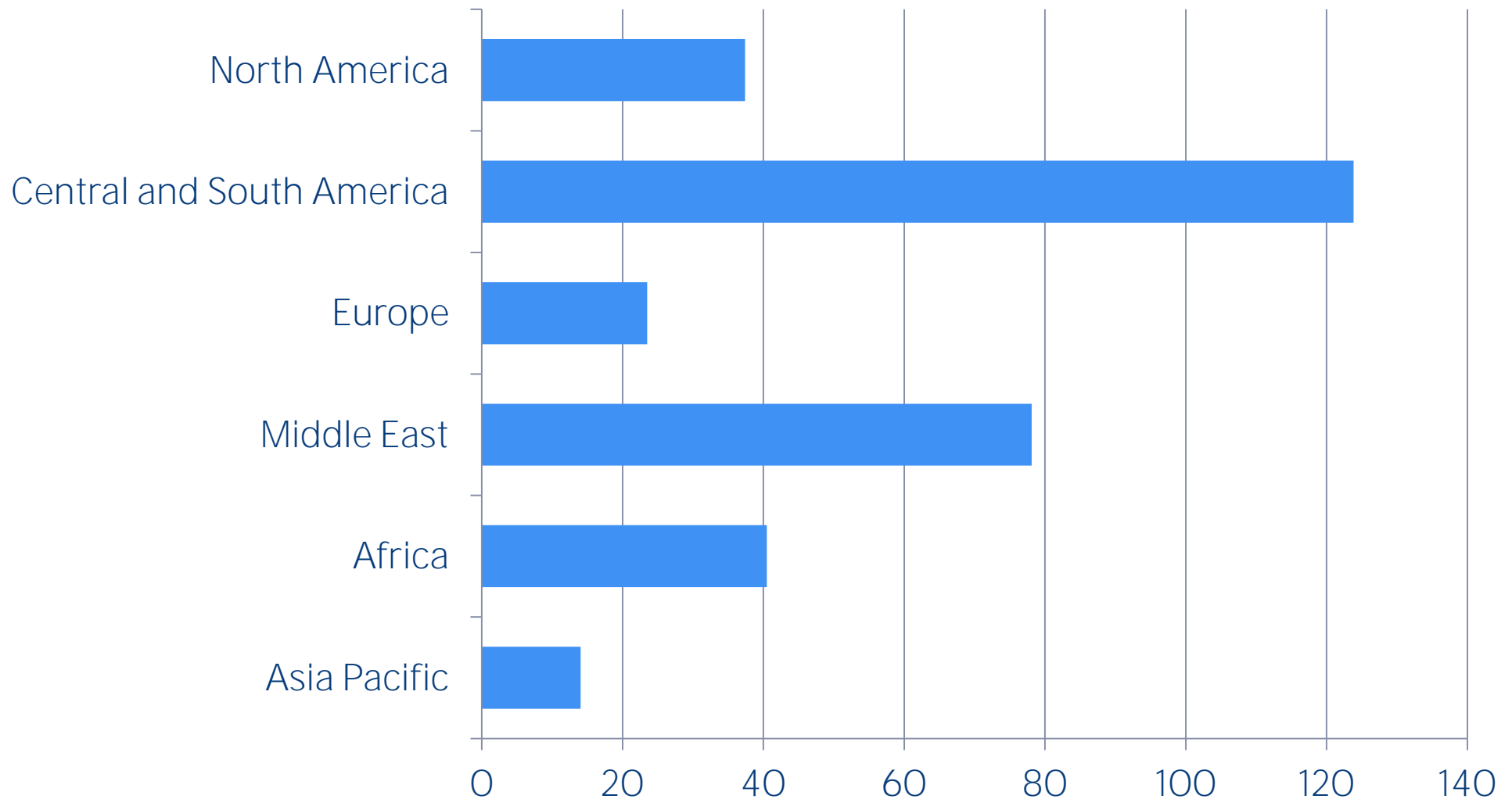
(share of total, %)



- North America
- Central and South America
- Europe
- Middle East
- Africa
- Asia Pacific

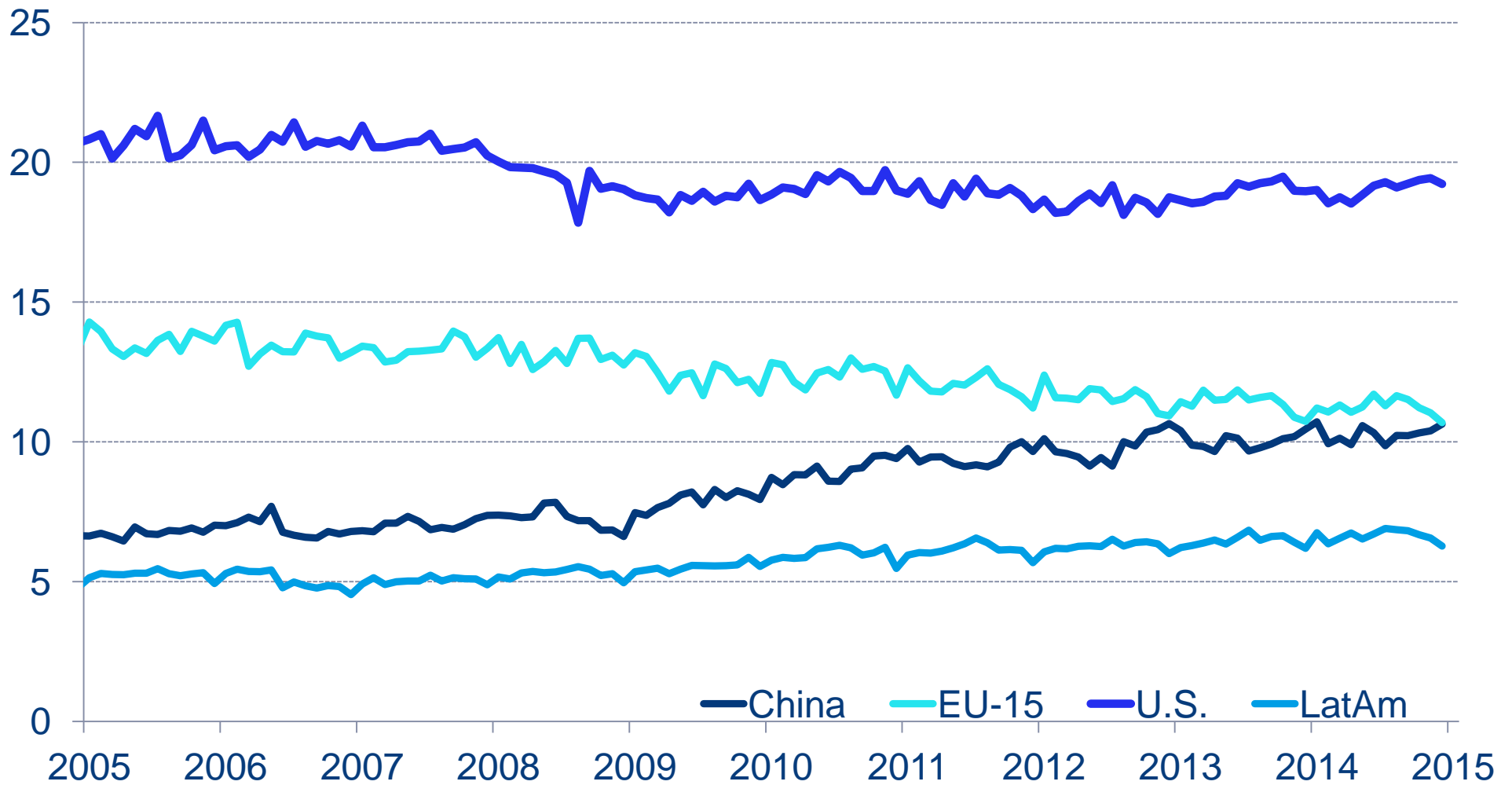
Reserves/Production

Proven Reserves to Production Ratio in 2013 (years)



Demand

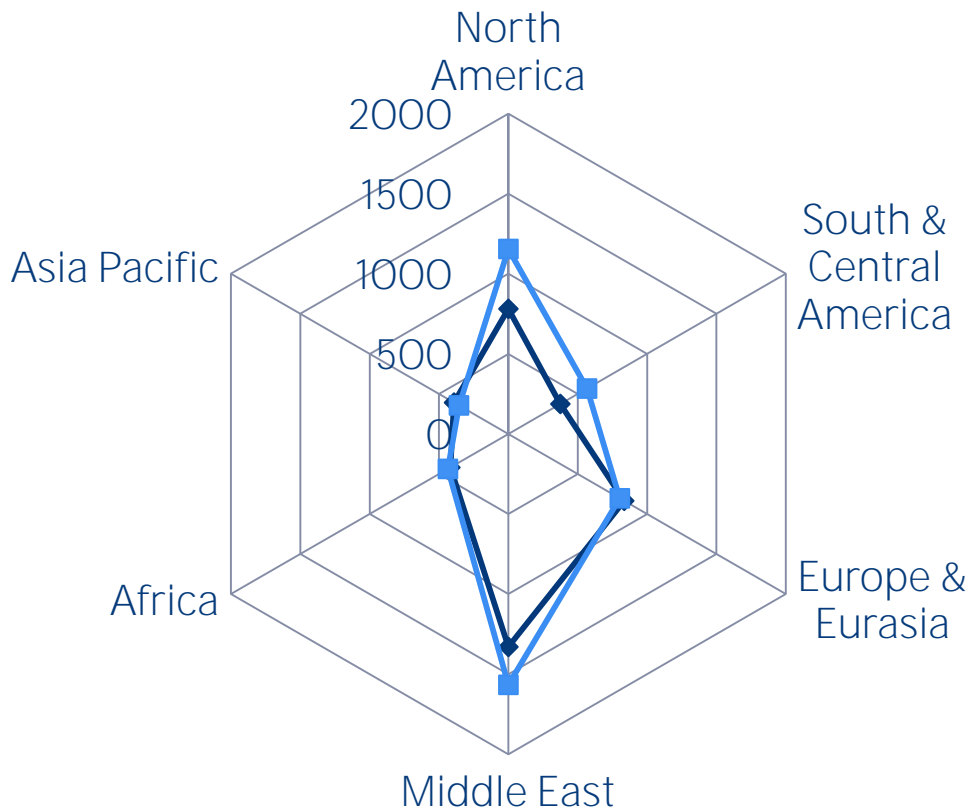
Oil Product Demand for Selected Regions (MMbbl/day)



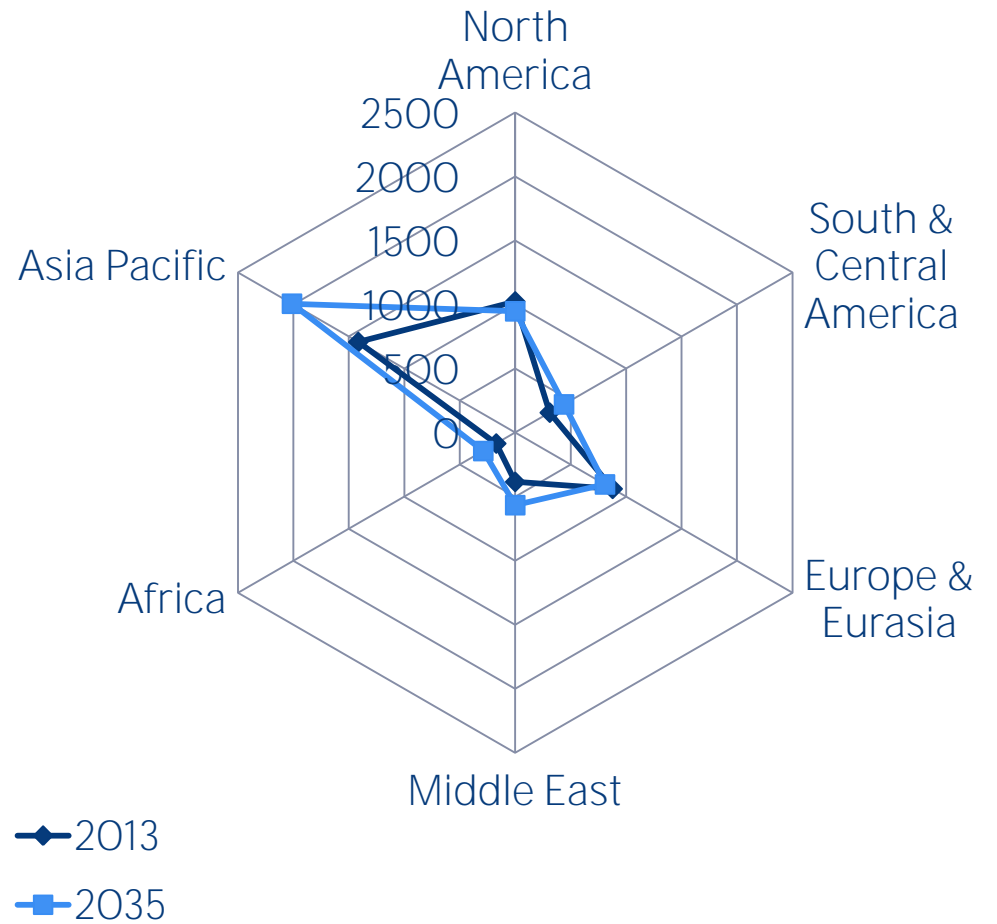
Source: Haver Analytics

Forecast

Oil Production
(million tonnes)



Oil Consumption
(million tonnes oil equivalent)



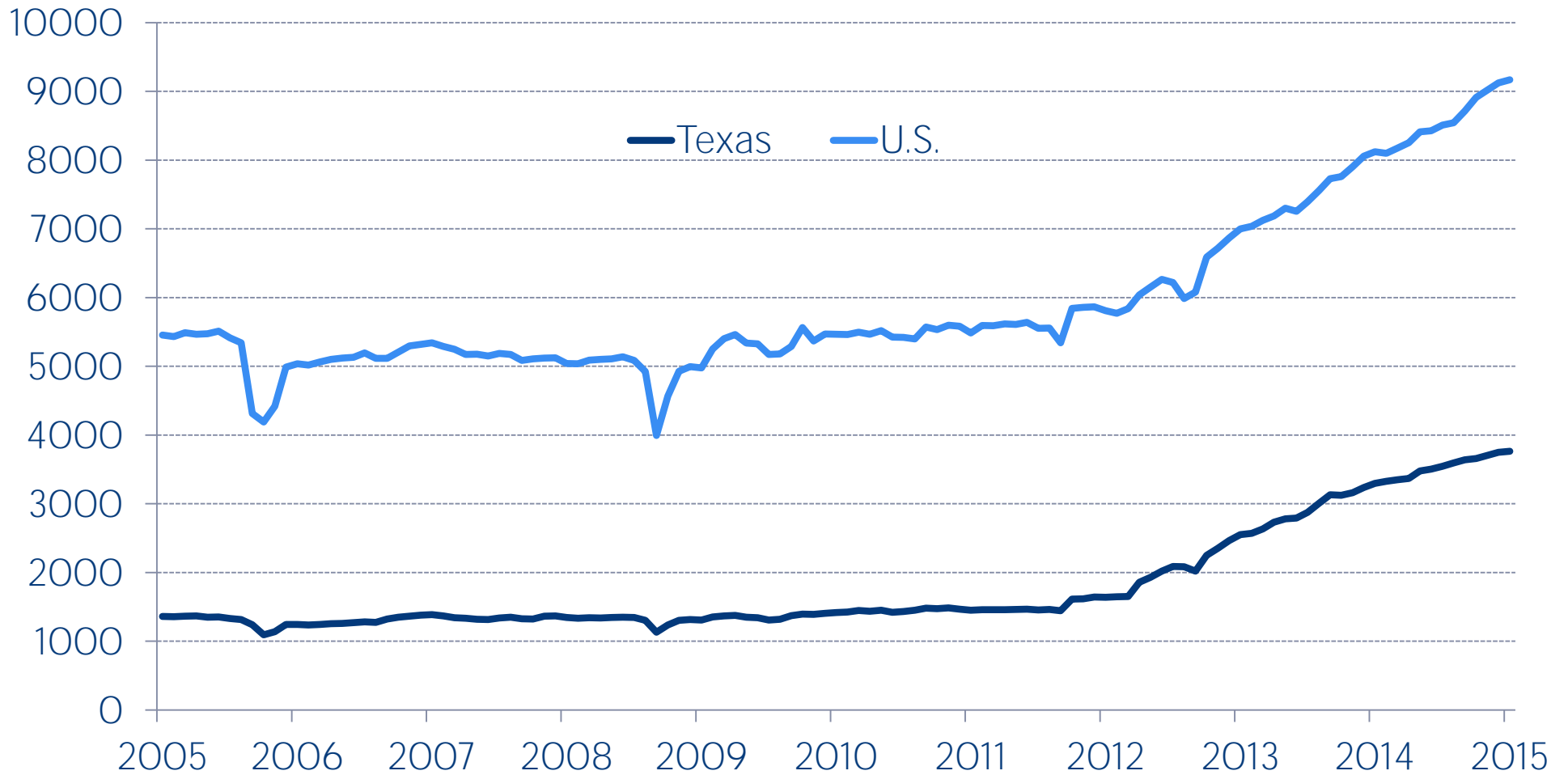
◆ 2013
■ 2035

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U.S. Supply & Demand

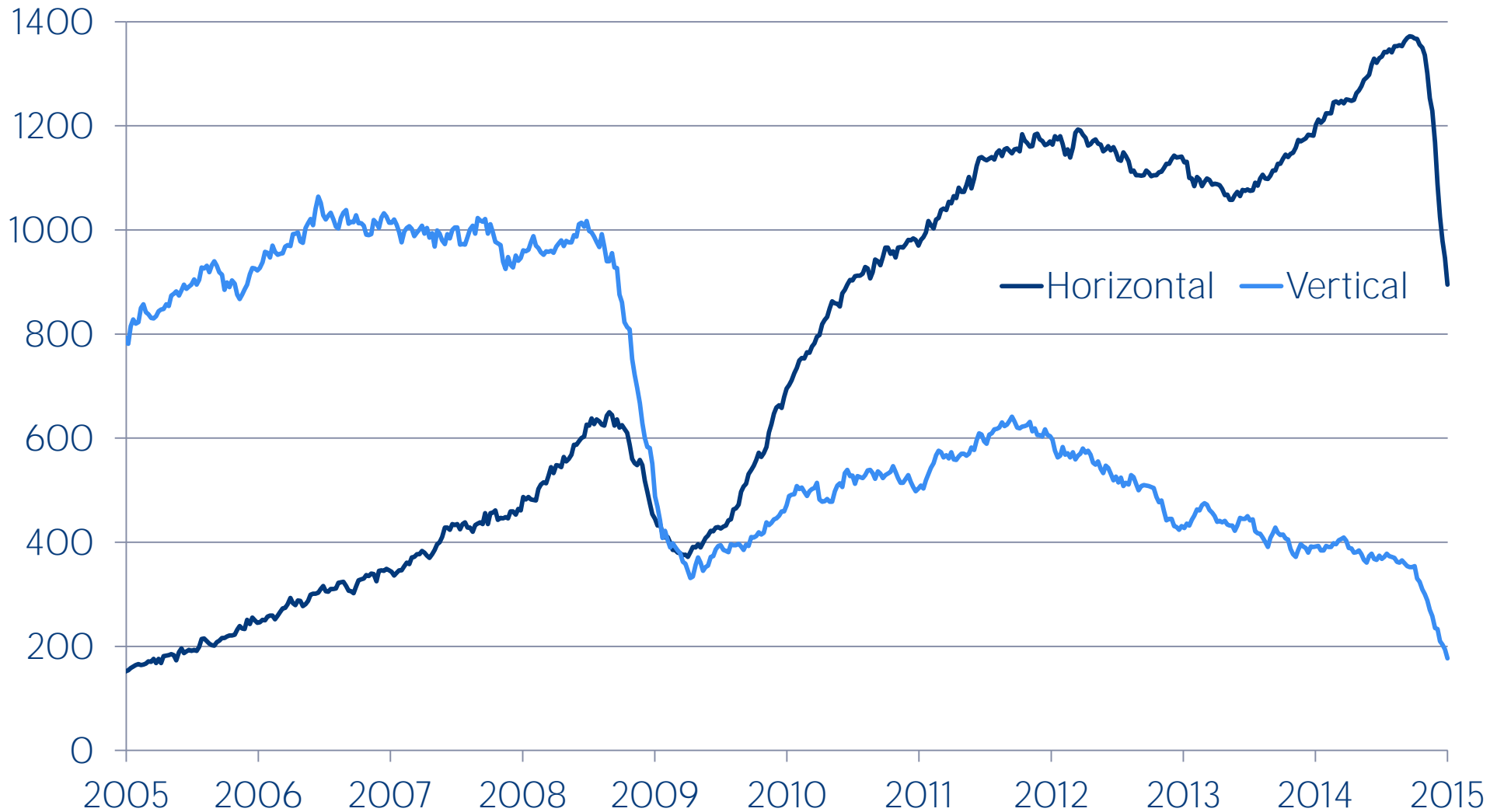
Production

U.S. Crude Oil Field Production (MMbbl/day)



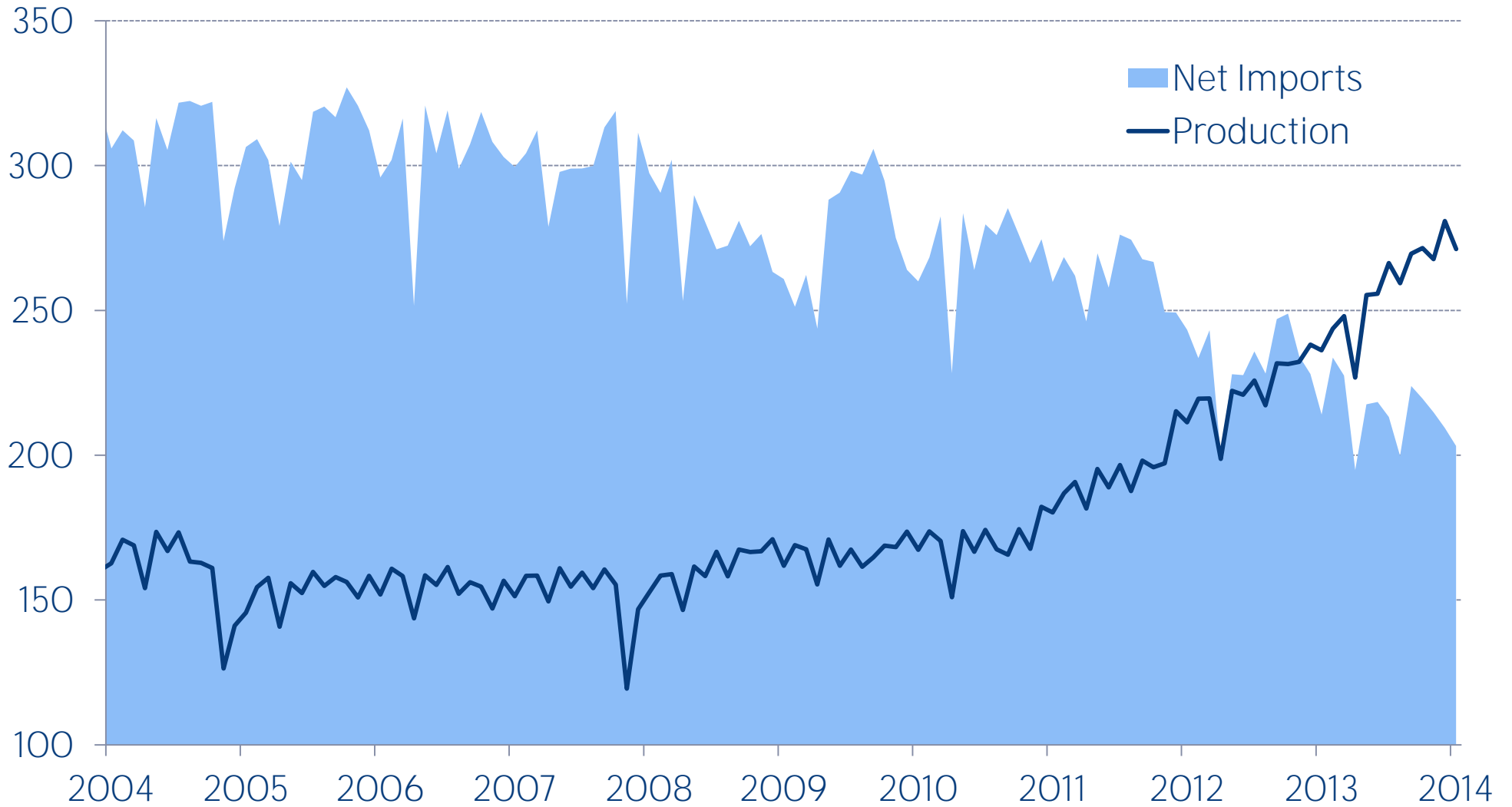
Production

U.S. Active Rig Count



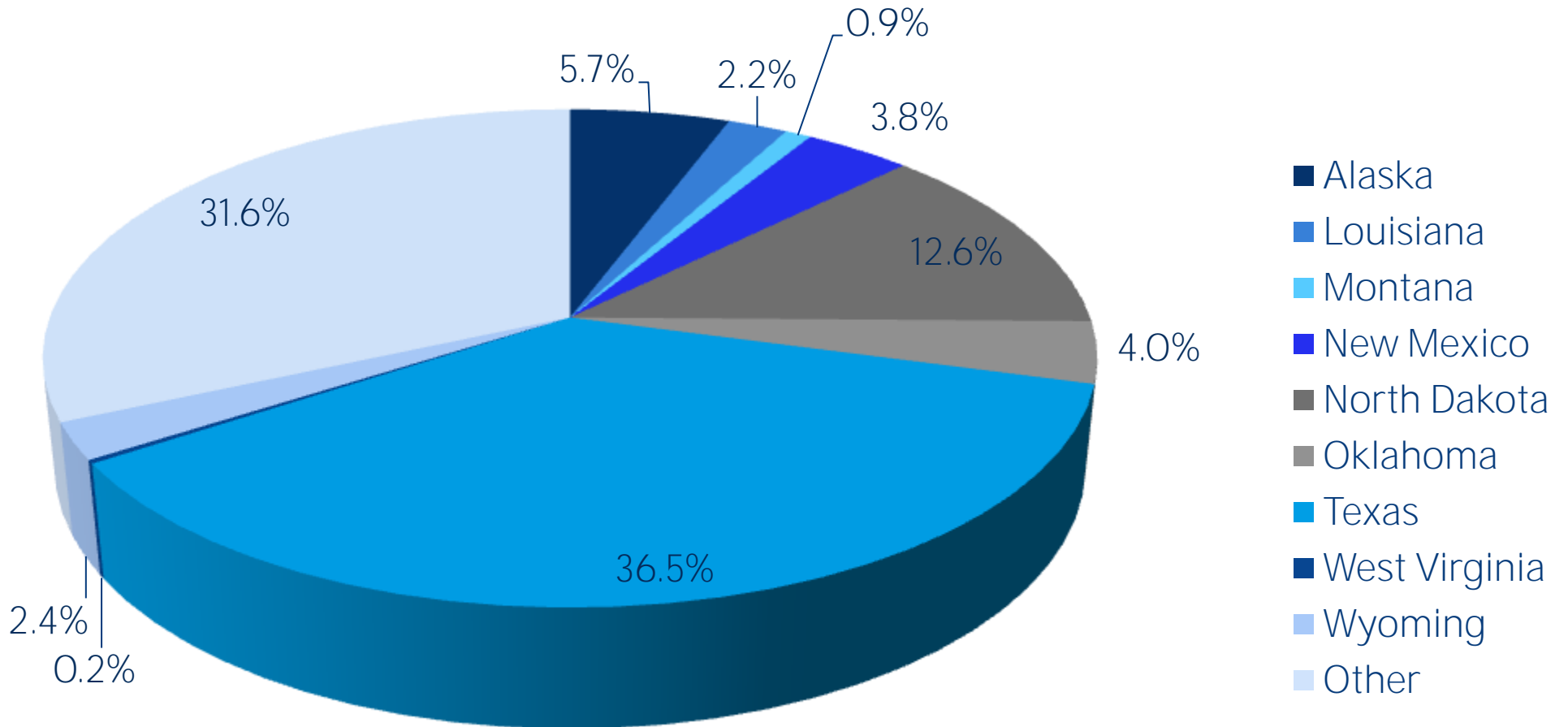
Net Imports

U.S. Production and Net Imports of Crude Oil (MMbbl/month)



Regional Impact

U.S. Crude Oil Production by State in 2014 (%)

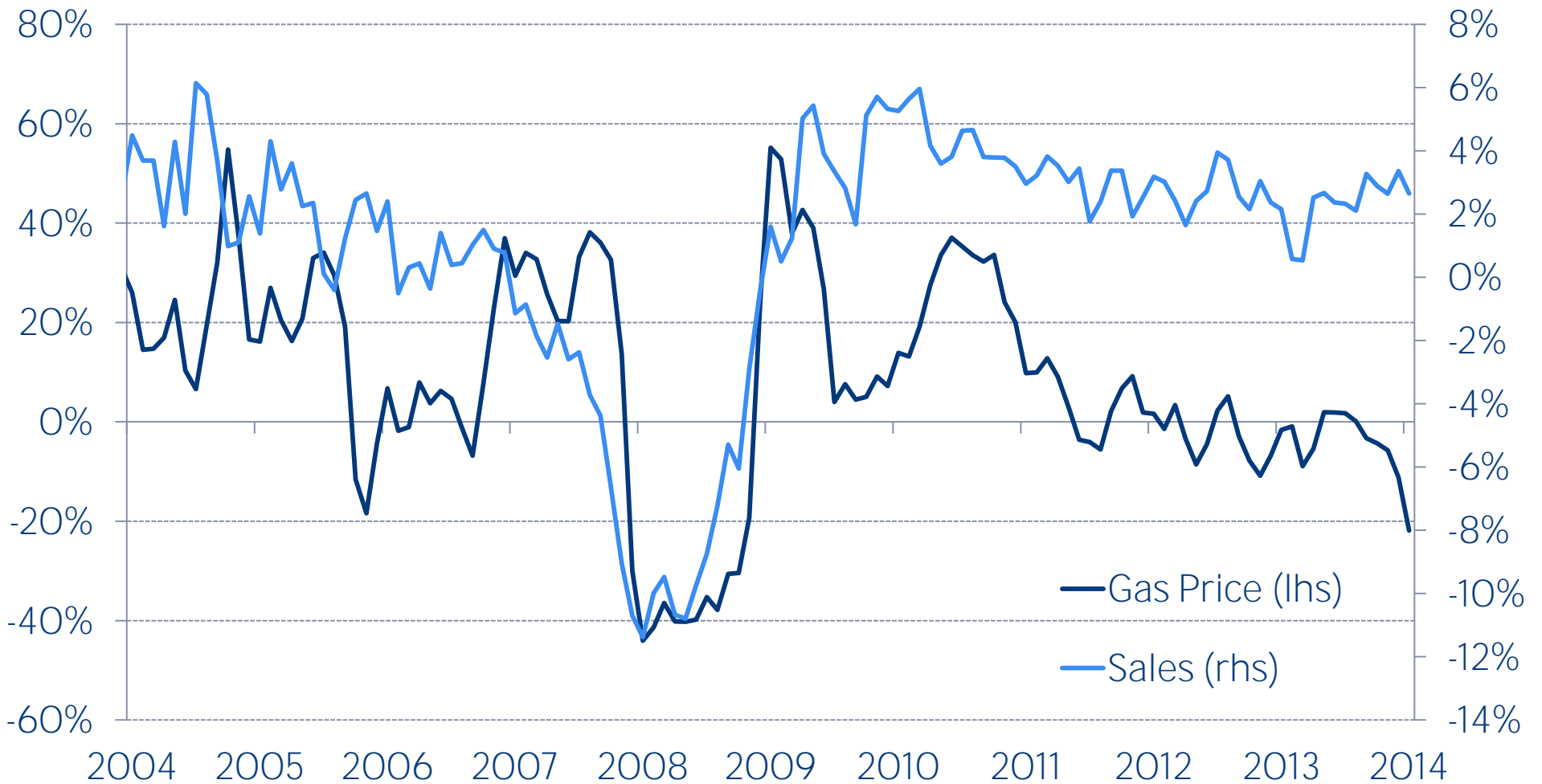


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Impact on U.S. Economy

Consumer Spending

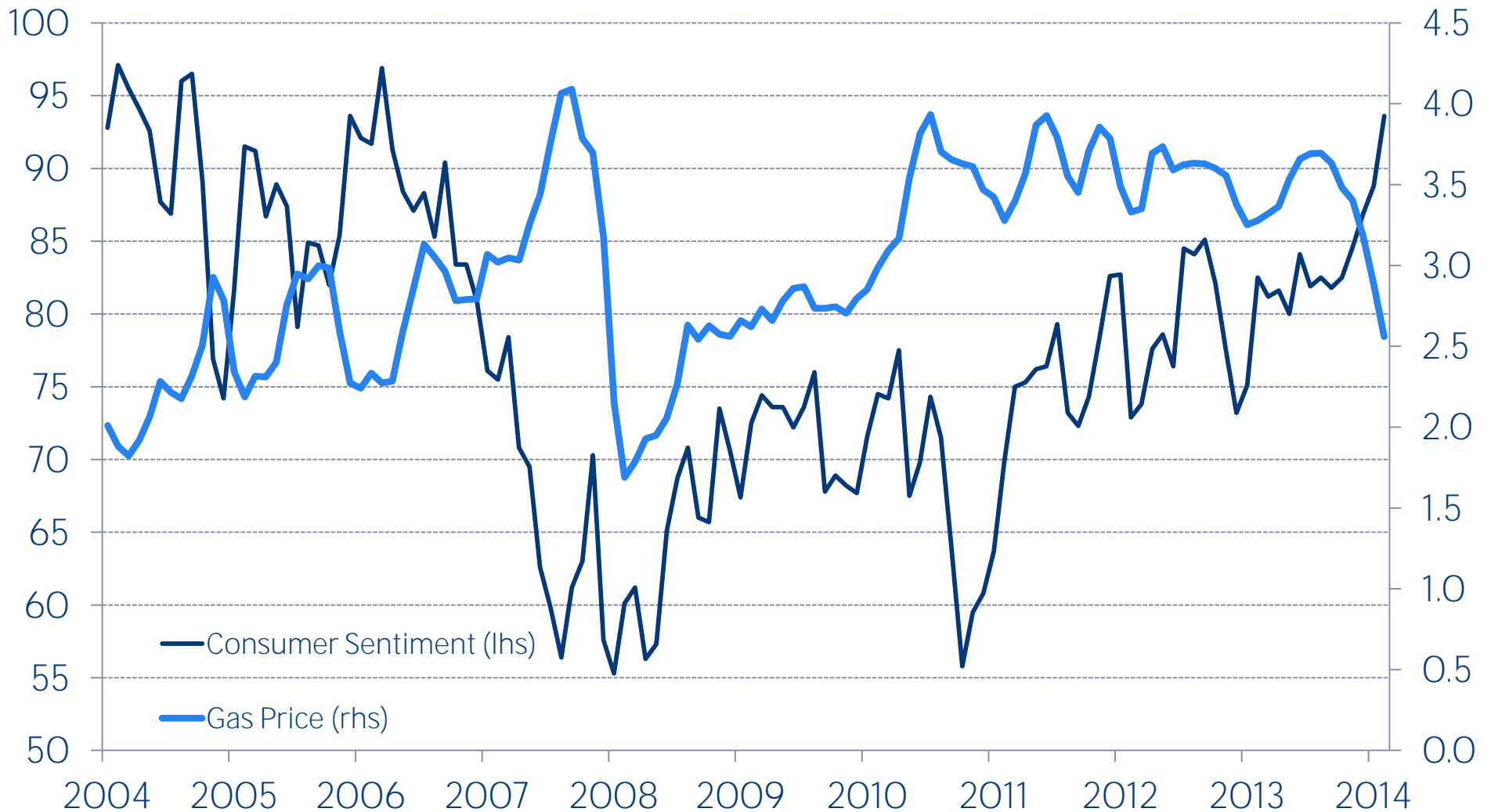
U.S. Average Retail Gasoline Price vs. Real Retail Sales and Food Services (yoy % change)



Source: Haver Analytics

Consumer Sentiment

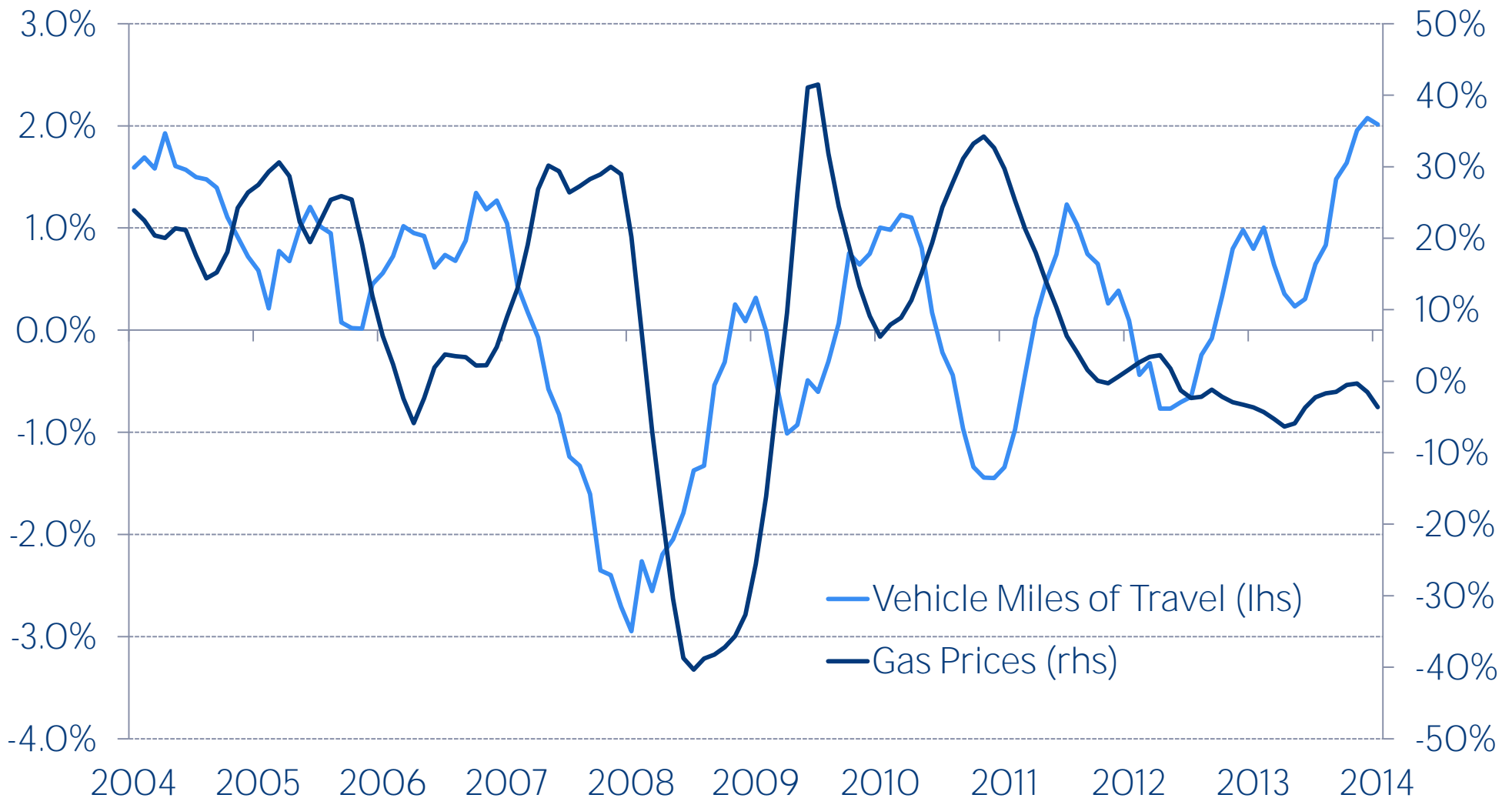
Consumer Sentiment (NSA, q1-66=100) vs. Average Retail Gasoline Prices (\$/gallon)



Source: Haver Analytics

Vehicle Miles Traveled

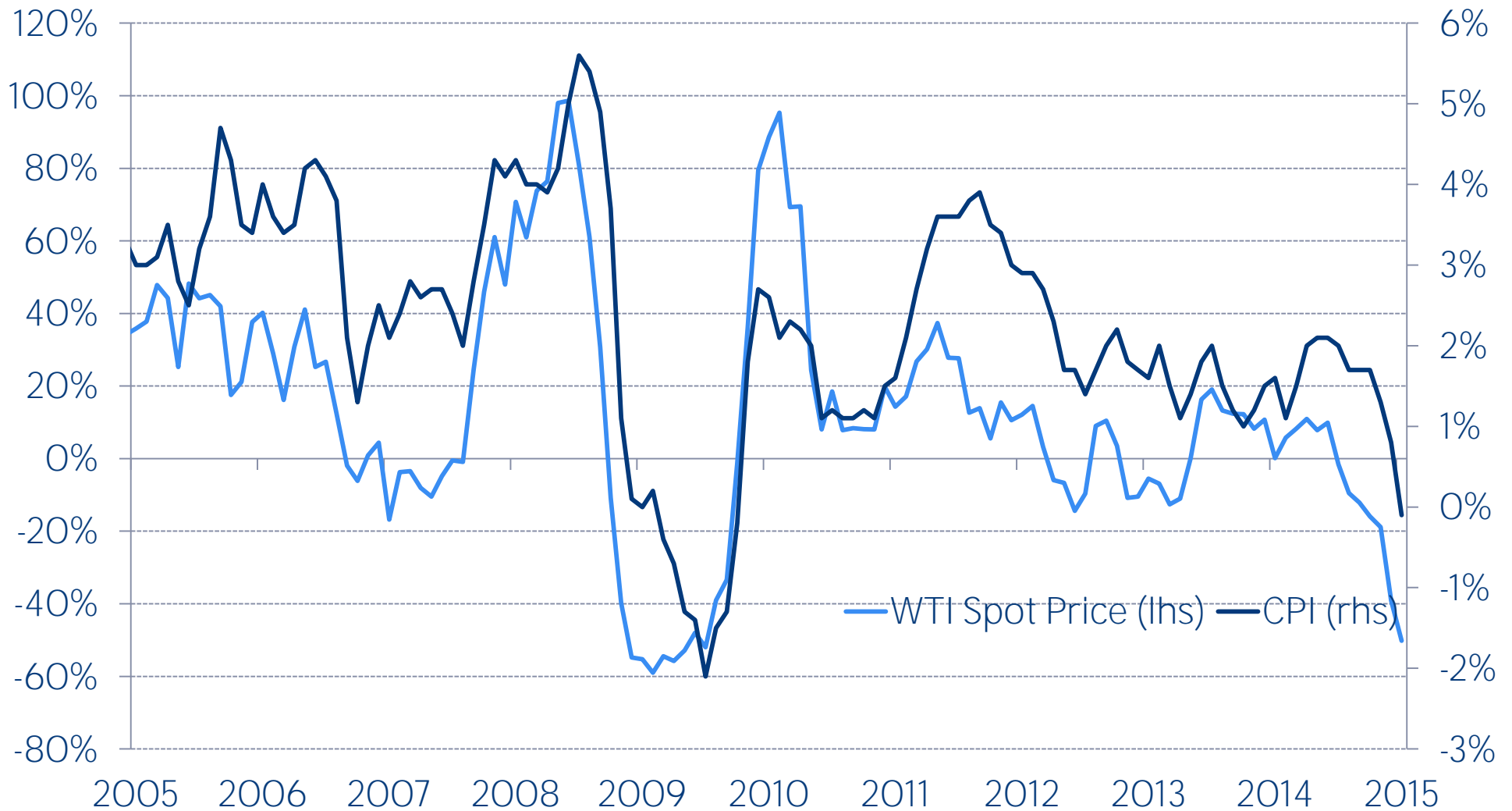
Gasoline Prices and Vehicle Miles Traveled (yoy % change, 6-month MA)



Source: Haver Analytics

Inflation

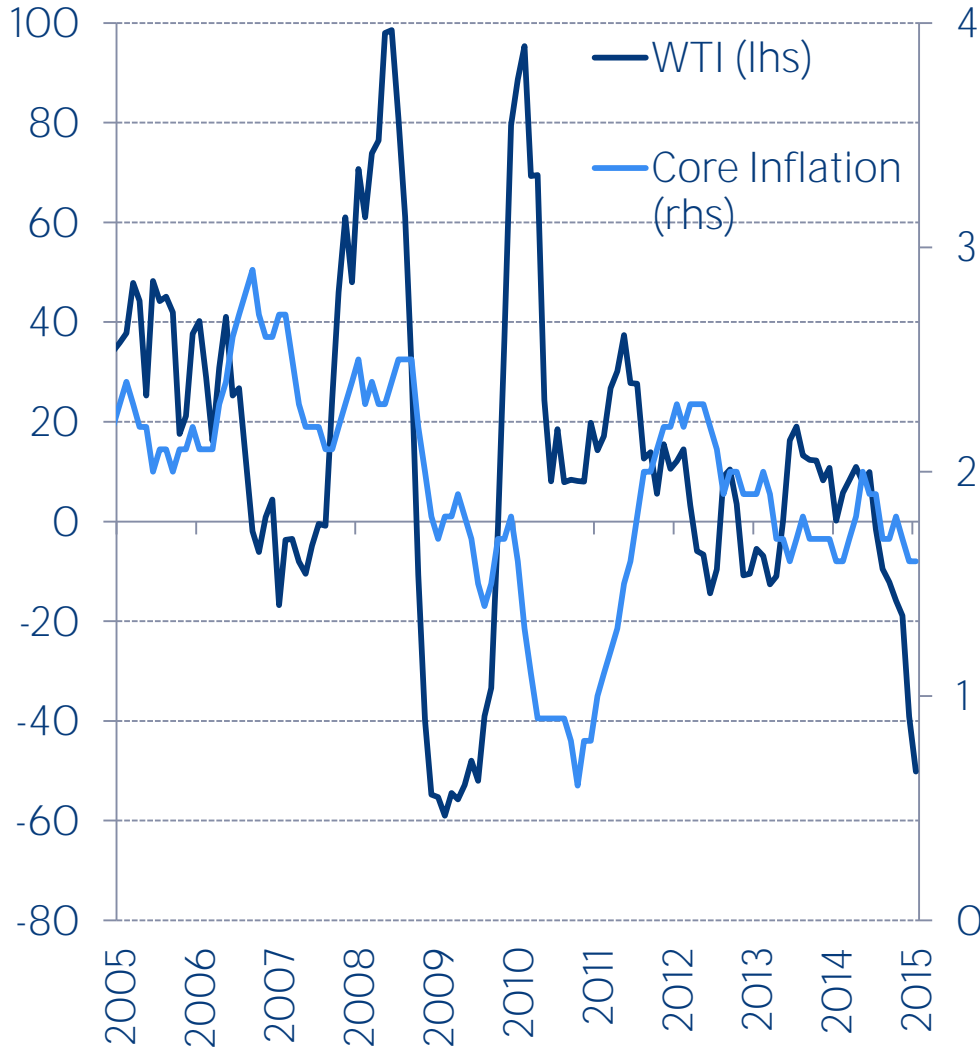
WTI Spot Crude Price vs. CPI Urban Consumers (yoy % change)



Source: Haver Analytics / NBER

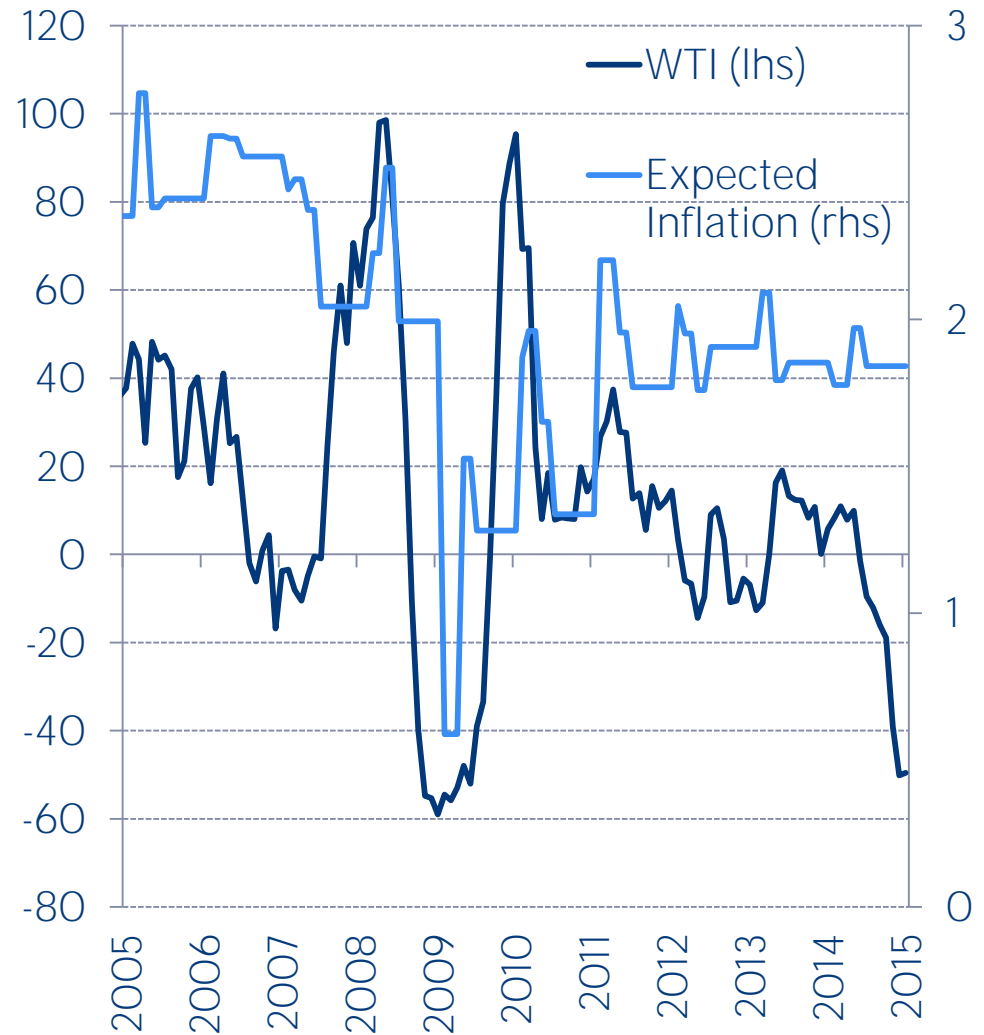
Inflation

WTI Spot Crude Price vs. Core Inflation (yoy % change)



Source: Haver Analytics

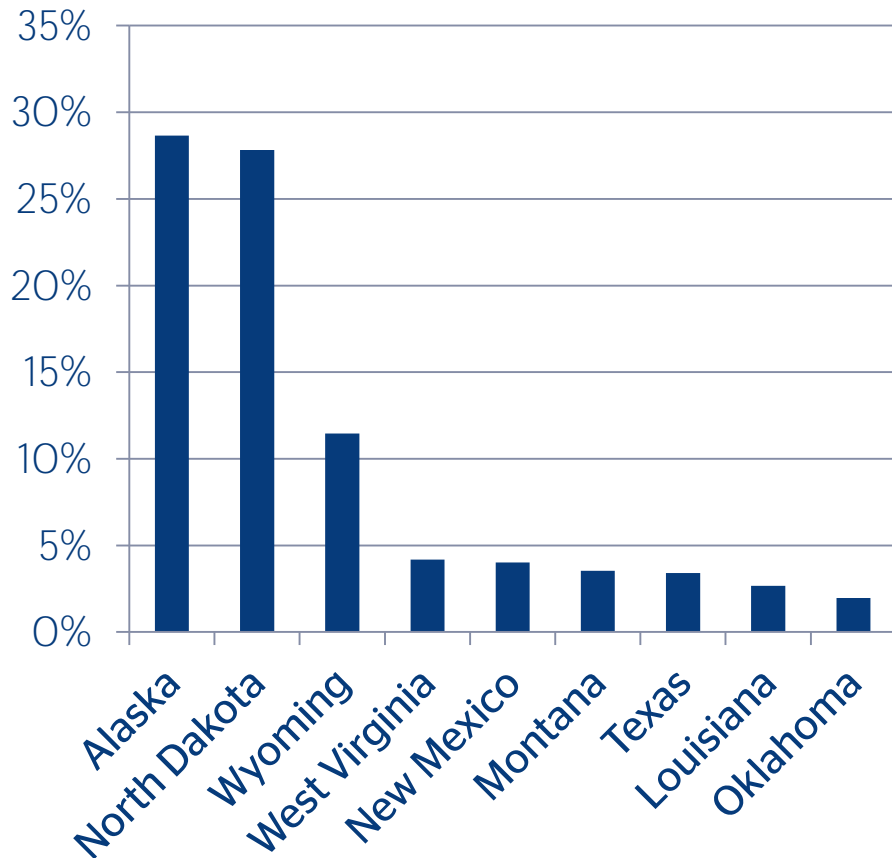
WTI Spot Crude Price vs. Expected Inflation 5-Years Ahead (yoy % change) *



*5-Year Nominal minus 5-Year TIPS Rate (%)

Regional Impact

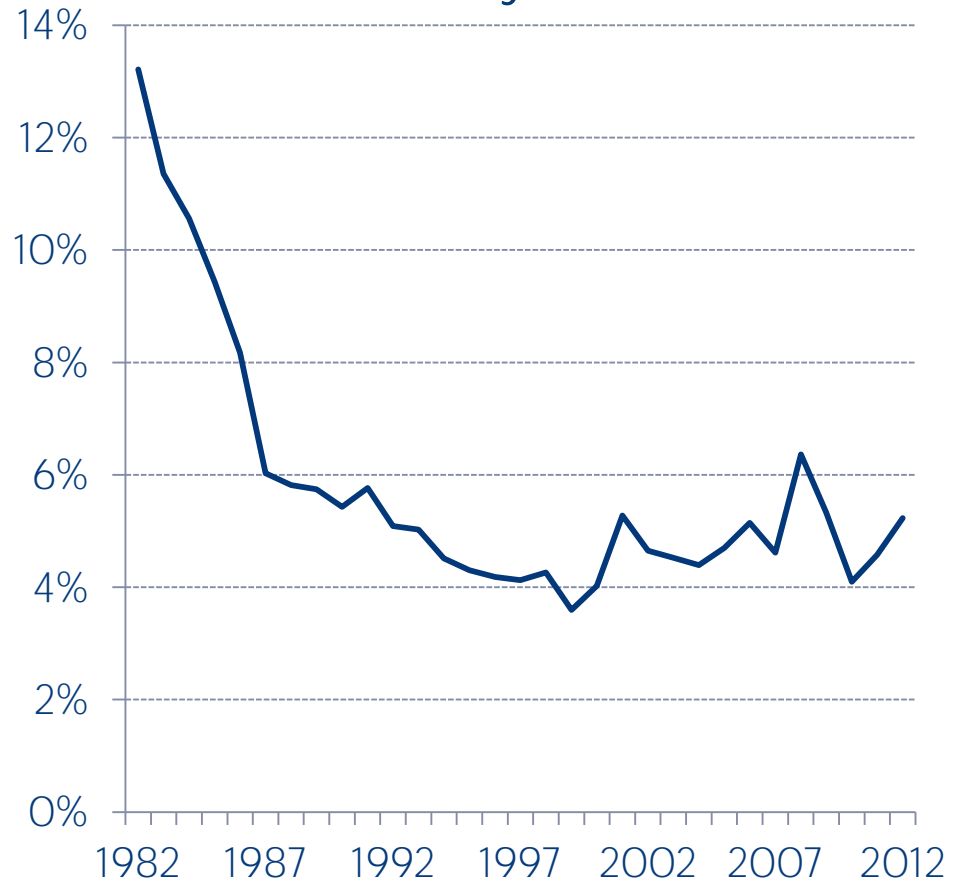
Severance Tax as a Share of State Revenue for Selected States in 2013



Severance Tax: Tax imposed by state governments on the removal of nonrenewable resources such as crude oil and natural gas at their market value.

Source: Haver Analytics/ Pew Charitable Trusts

Share of TX State & Local Revenue from Oil and Gas Industry*

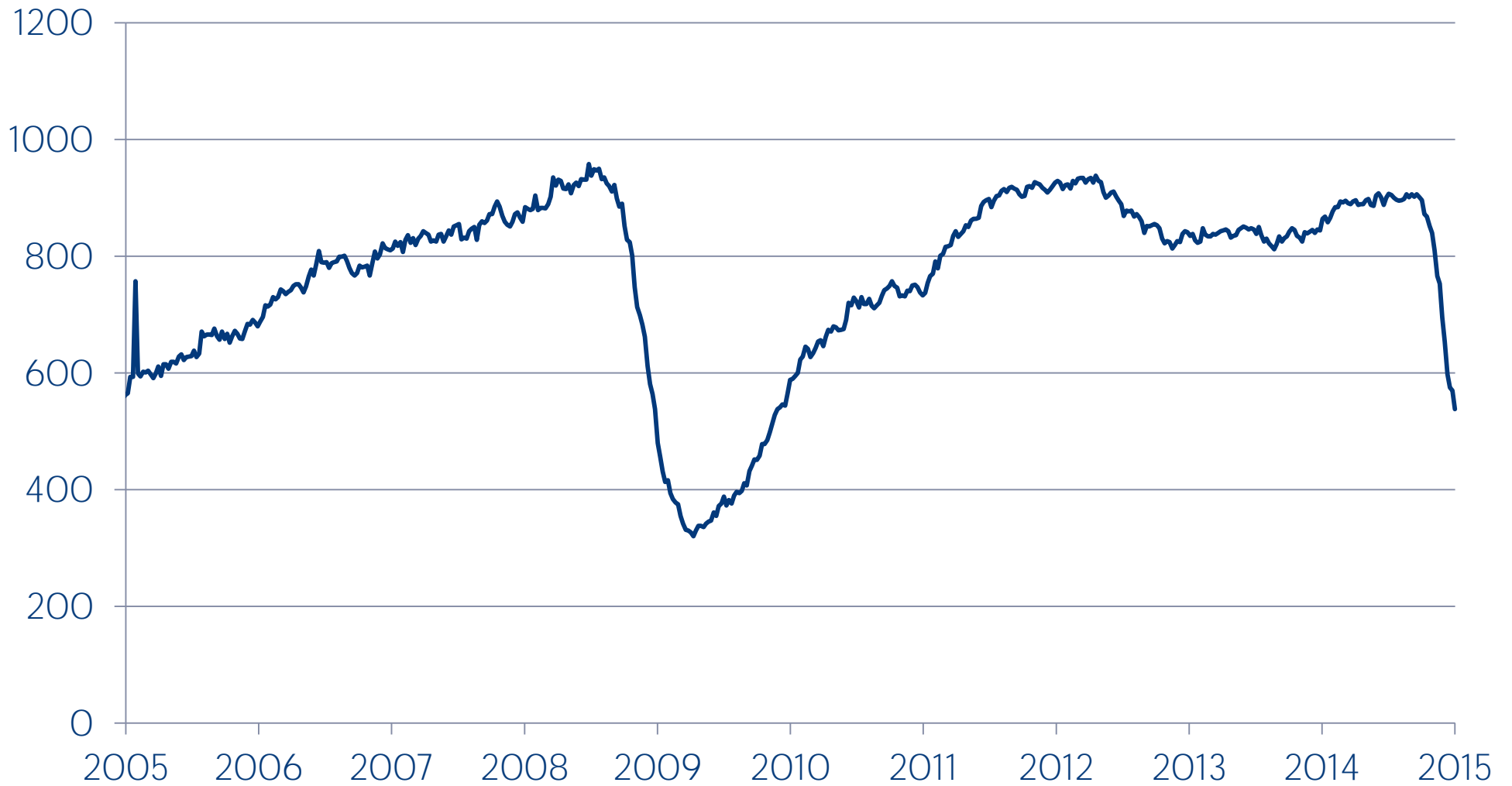


*Includes property tax, sales and gross receipts, franchise tax, severance tax, and land income

Sources: Haver Analytics, Texas Comptroller of Public Accounts, Texas Oil & Gas Association, BBVA Research

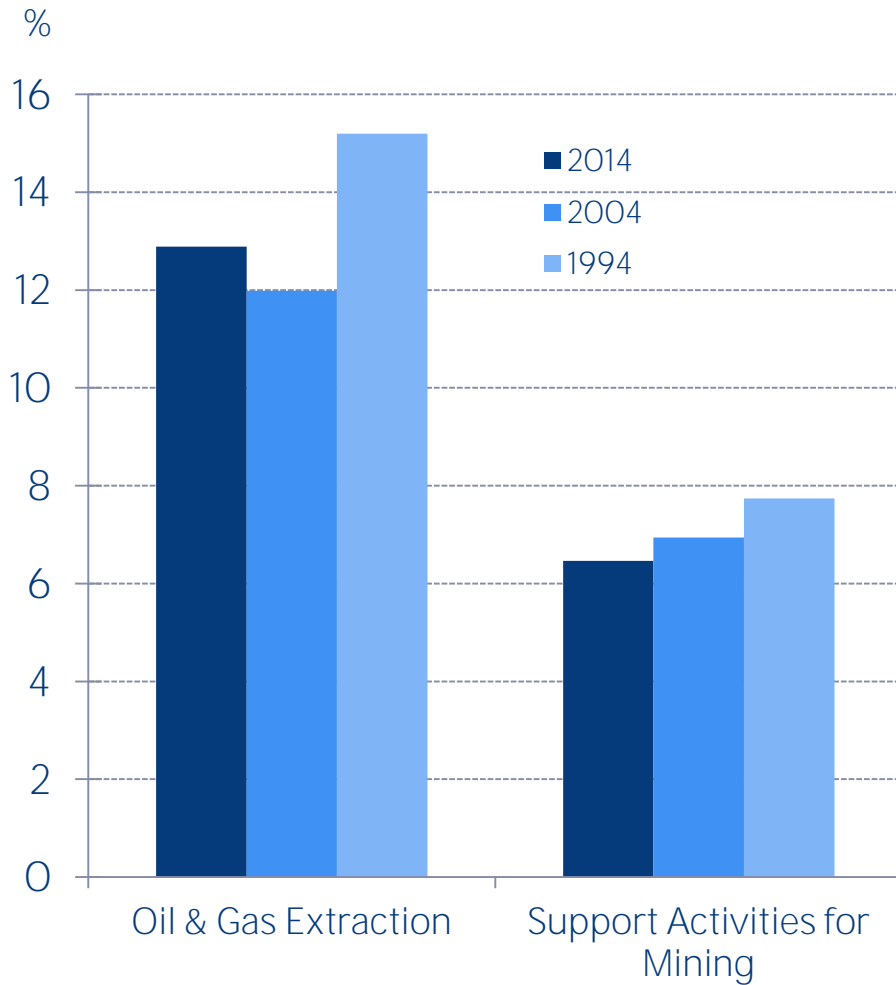
Texas Rig Count

Texas Active Rotary Rig Count

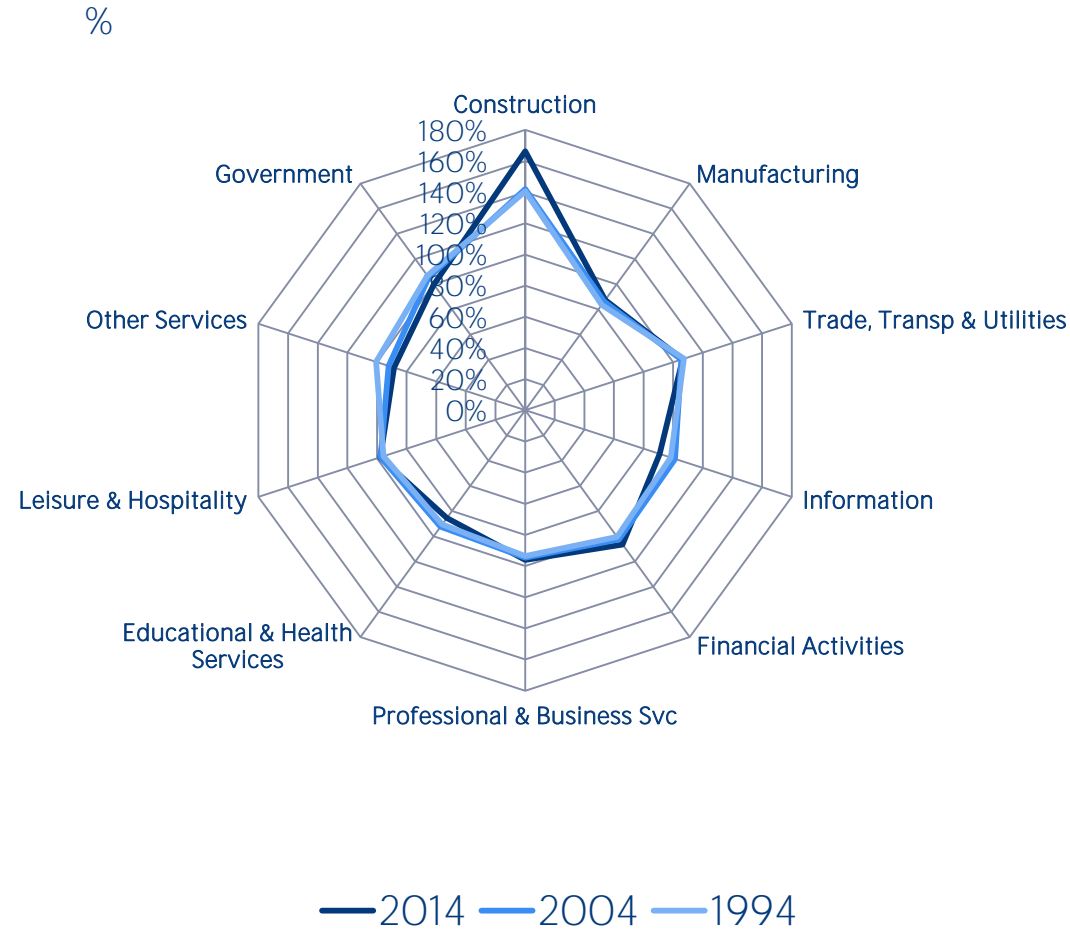


Texas Employment

Location Quotients



Location Quotients

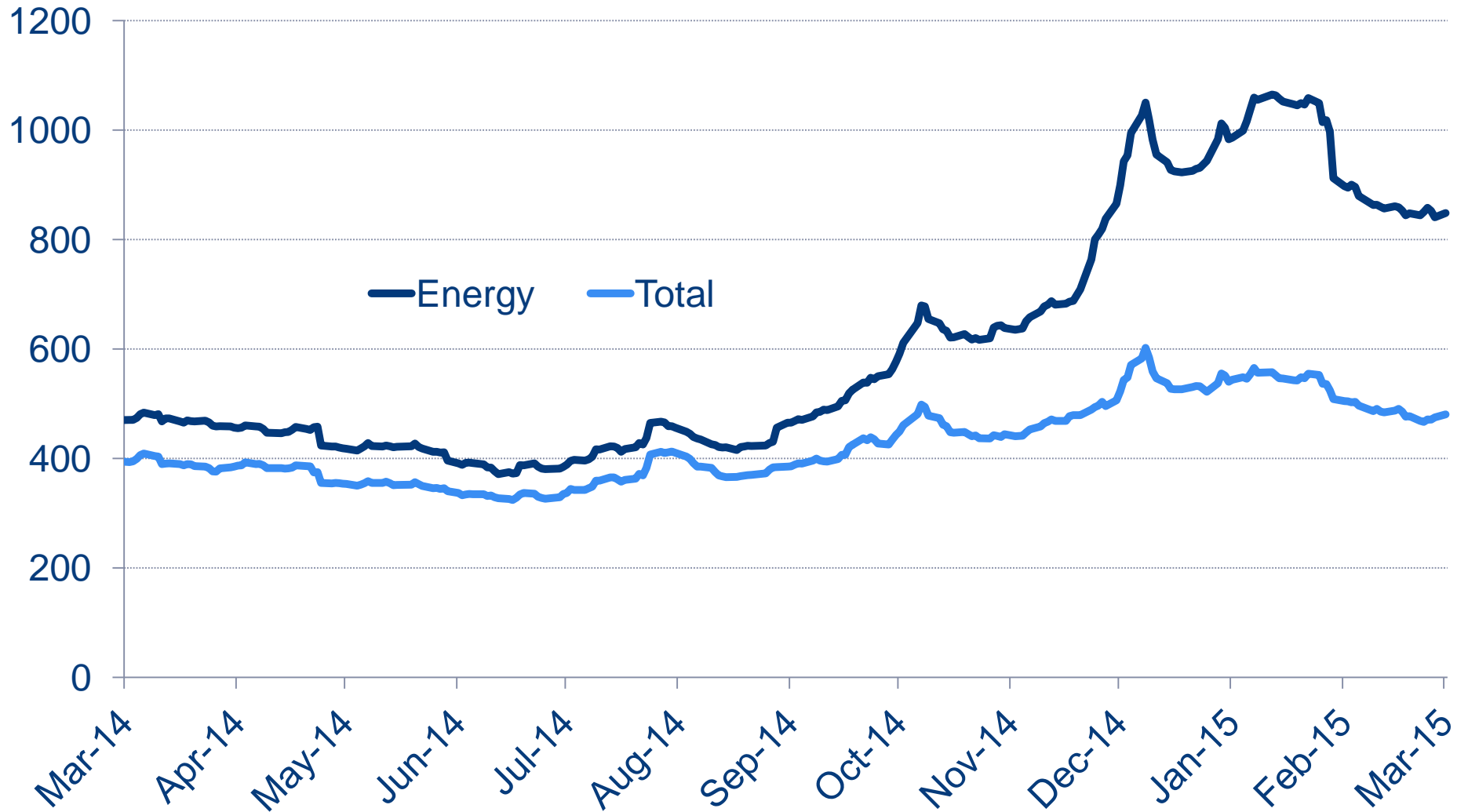


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Energy Industry

Debt

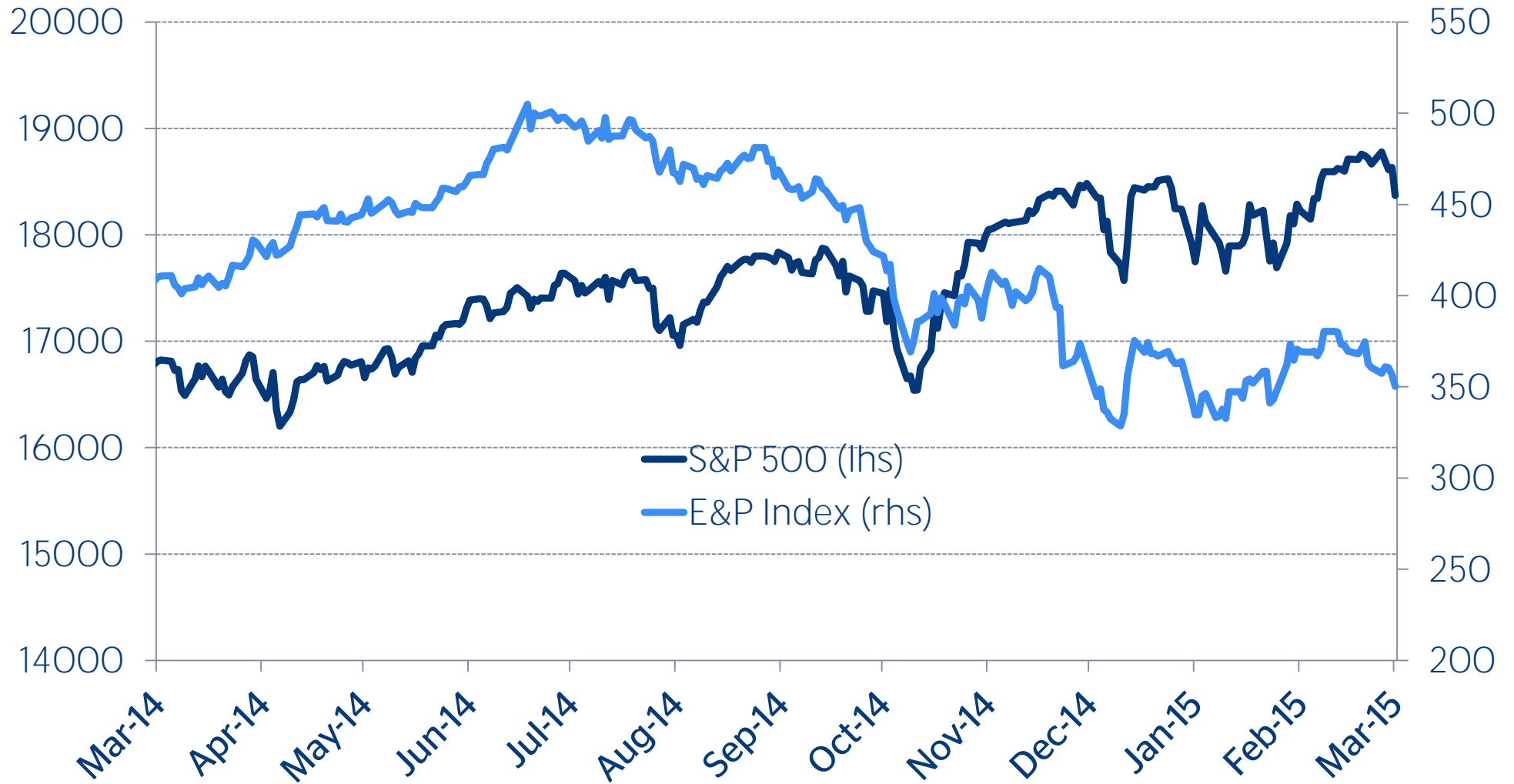
High Yield Bonds (option adjusted spreads relative to U.S. treasuries)



Source: Bloomberg

Stock Markets

S&P Daily Stock Market Capitalization (Bill.\$)

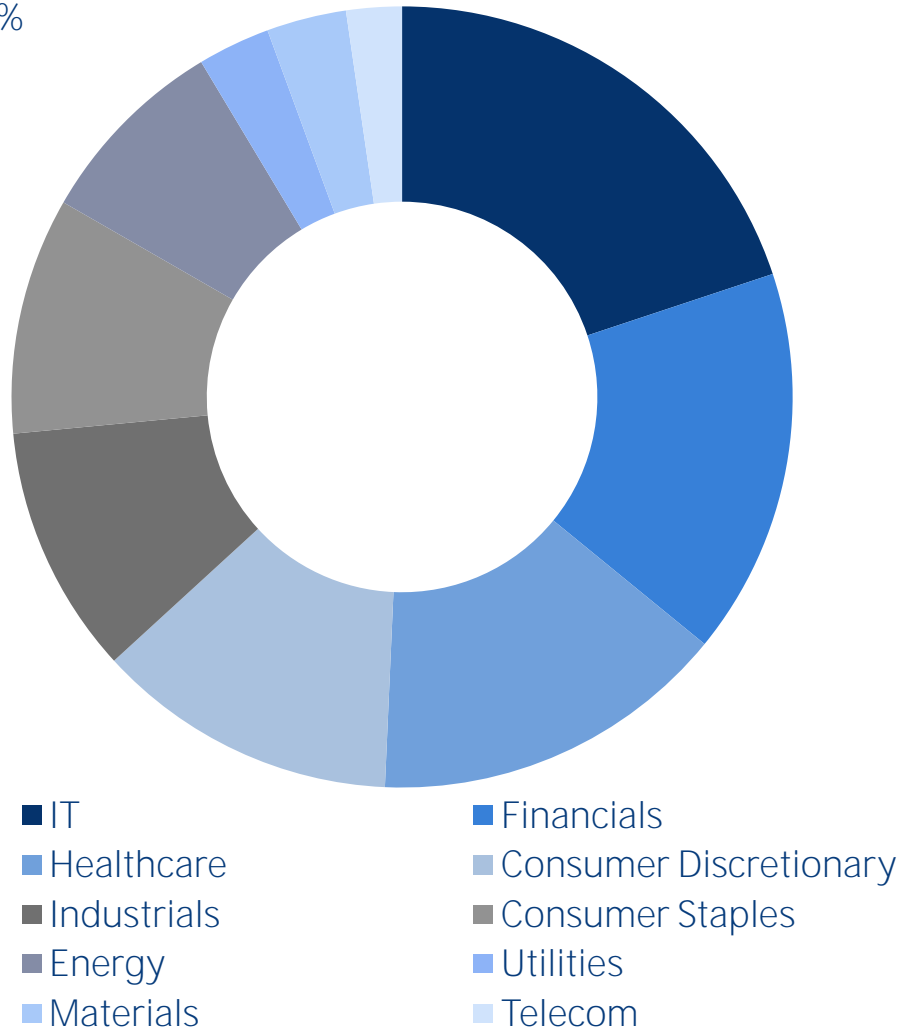


Source: Haver Analytics

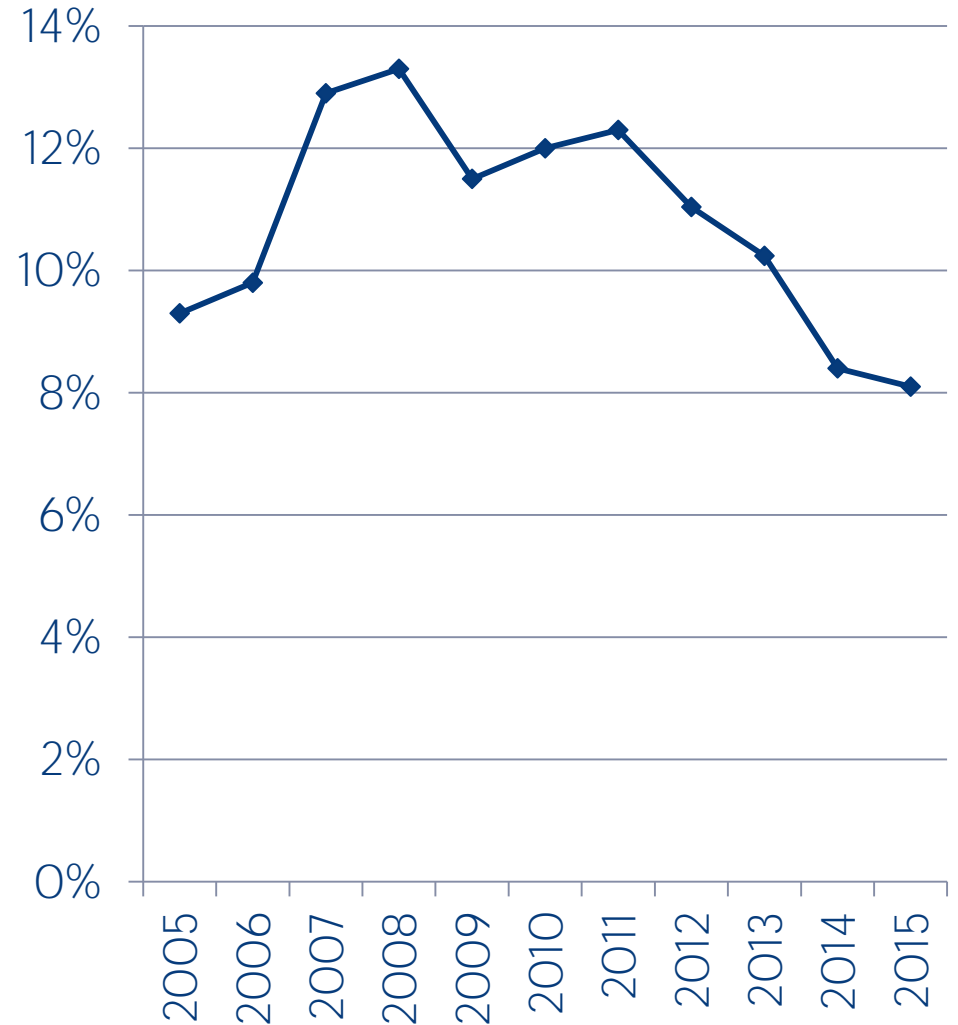
Stock Markets

Market Weightings, S&P 500, 2015

%



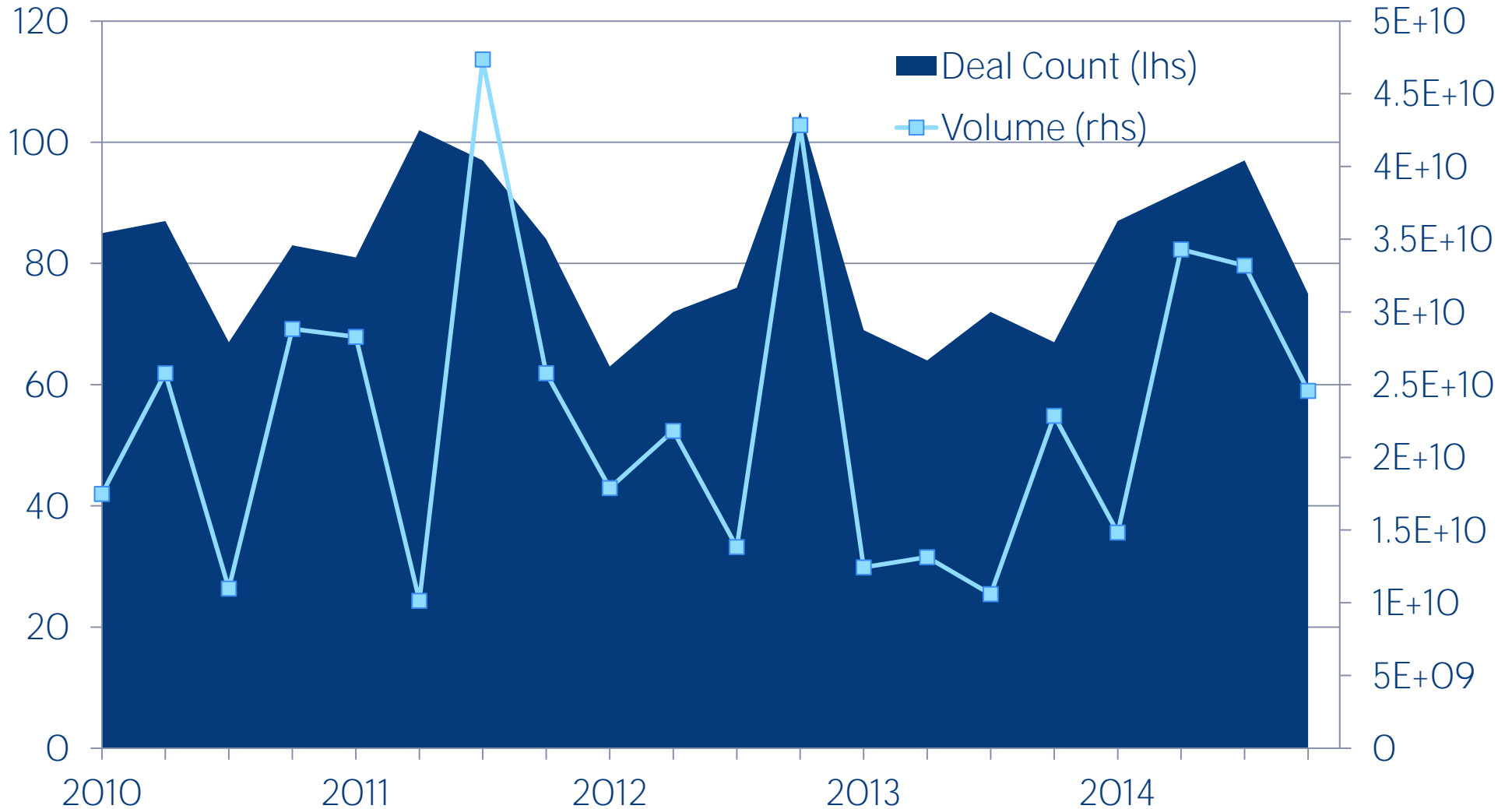
Historical S&P Weighting, Energy Sector



Source: S&P Dow Jones Indices, Seeking Alpha

M&A Activity

U.S. M&A Number of Deals and Volume



Source: Bloomberg

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