

Energy Economic Outlook

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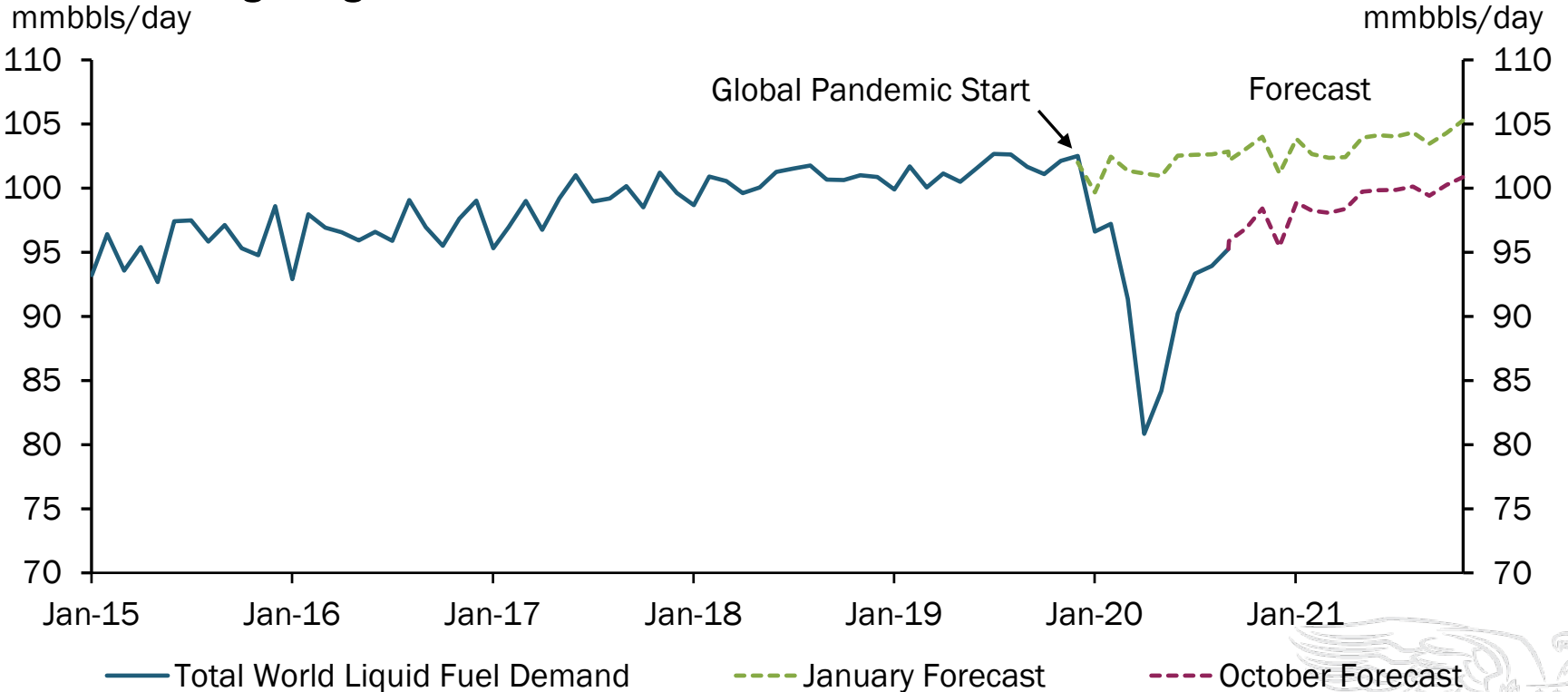


Energy Outlook Themes

- The oil and gas sector experienced a profound demand shock following the onset of the global pandemic, resulting in historically low global and domestic oil prices.
- Lower energy prices add financial stress, accelerate consolidation, and result in more bankruptcies for oil and gas firms.
- The oil and gas sector was undergoing structural changes prior to the pandemic and the arrival of COVID-19 accelerated trends towards lower capital and labor utilization.
- The energy sector is facing elevated uncertainty for demand and energy prices going into 2021.



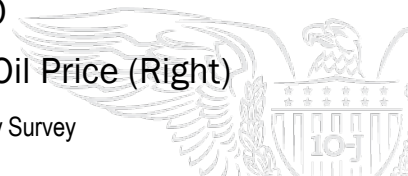
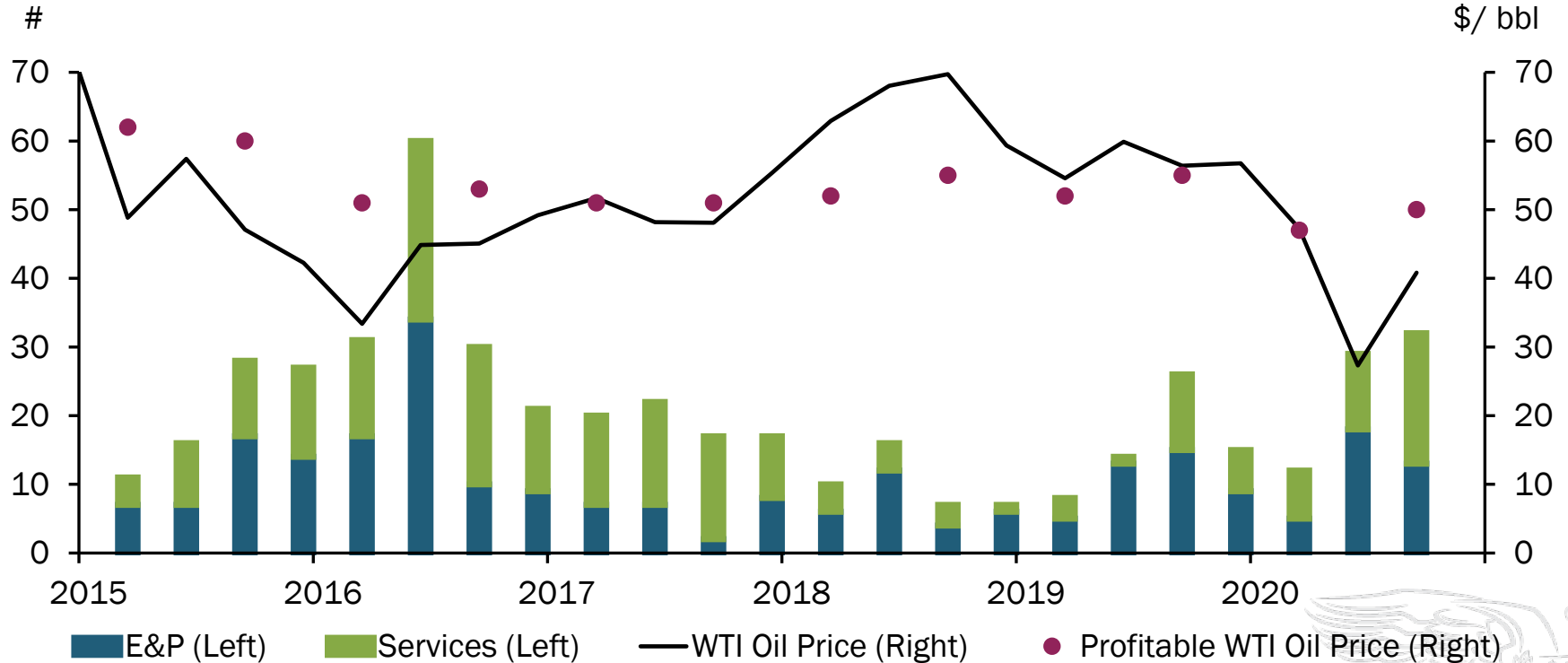
The energy sector witnessed a historic demand shock this year that is on-going.



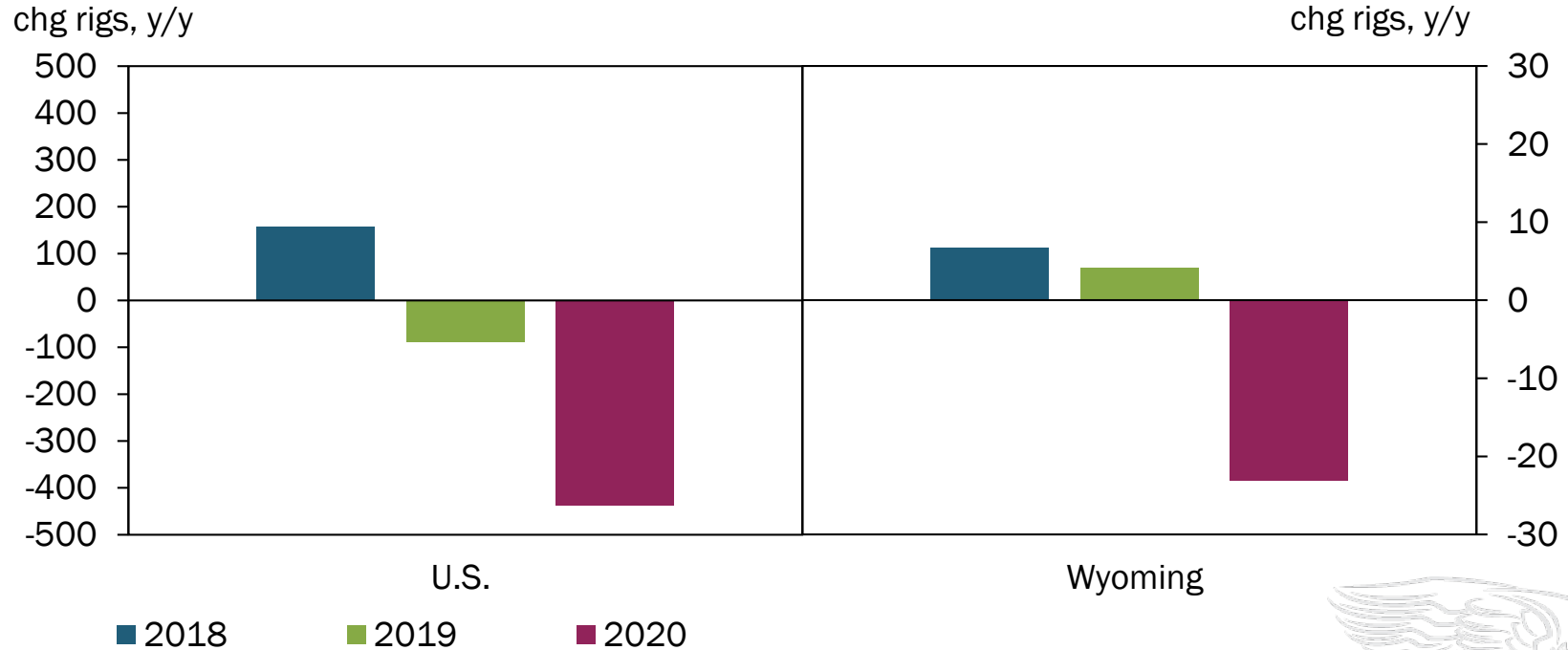
Sources: EIA, Haver Analytics



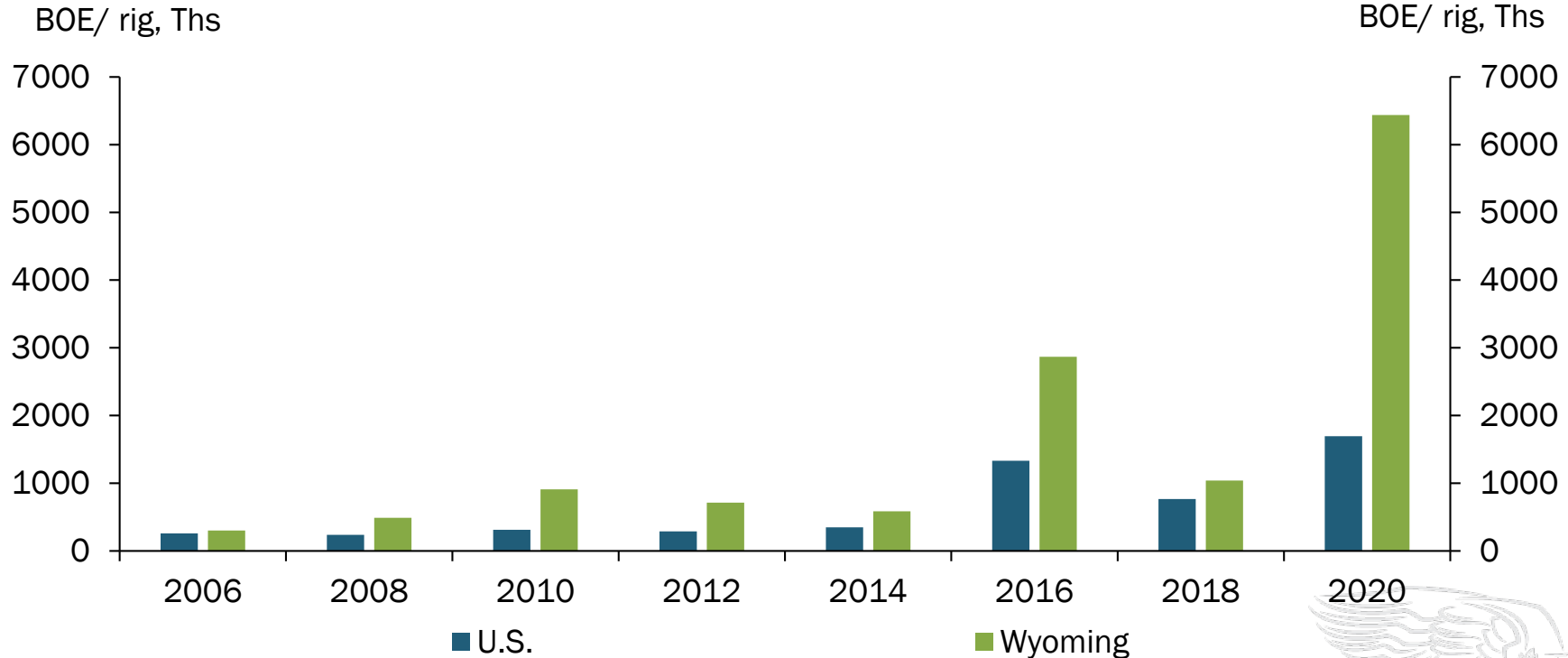
Low prices and diminished profitability are leading to more bankruptcies and consolidation.



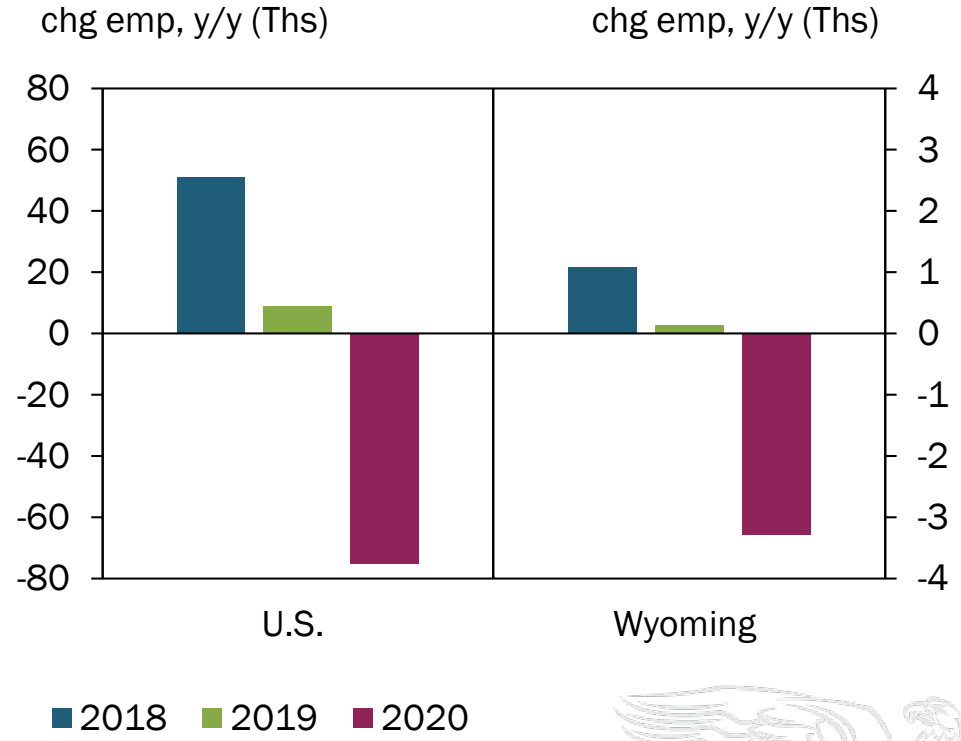
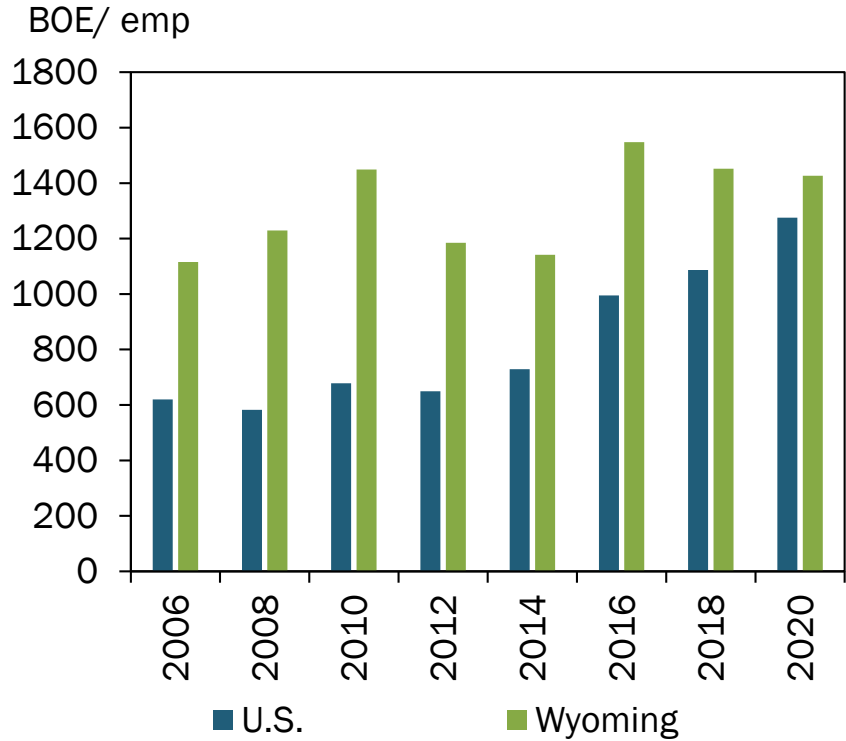
The striking demand shock lead to reduced drilling activity and investment.



The oil and gas sector realized efficiency gains in the last decade, which accelerates during periods of low oil prices.



The trend in labor efficiency paints a bleak outlook for oil and gas employment.



Transportation activity fell sharply this year and the outlook is uncertain.

