



Prices Down, Production Up

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Gas prices at the pump have been falling from peak prices recently, but you may have seen projections of a global oil and gas shortage that could send us back to \$5 a gallon. The most recent IEA Oil Market Report actually anticipates a close matching of supply and demand this year, with global demand averaging 99.7 million barrels a day and world supply averaging a post-pandemic high of 100.5 million barrels a day. North Sea oil fields, Canada, Kazakhstan and OPEC have all increased the amount of crude they're selling on the markets to make up for declines in Russian oil.

U.S Crude Oil Production Levels: Recovering from the Decline



Where does the United States fit into this picture? You might think that the environmental movement has motivated oil companies to cut back on production, but in fact the U.S. remains the world's leading oil producer, and as you can see in the accompanying chart, the domestic producers dramatically raised the amount of oil they were pumping out of the ground from roughly 2007 until February of 2020—when the Covid pandemic sent all economic activity into a spiral. Since then, production has been slowly recovering, somewhat fitfully.

The world may never be quite as dependent on oil production in the future as it has been during the recent unpleasantness at the pump. Currently, renewable energy sources account for about 20% of electricity production in the U.S., and electric vehicle (EV) sales are projected to more than double from 855,000 units this year to just over three million by 2027. Battery costs have dropped 73% since 2010. The remaining challenge is to assure EV drivers that they will have charging stations that are as convenient as gas stations are today—and there we seem to have a long way to go. A recent assessment found the need for 600,000 public 240-volt plugs and 27,500 fast-charging plugs nationwide; compared with 36,000 and 3,300 respectively as of the most recent survey.

Sources:

<https://www.macrotrends.net/2562/us-crude-oil-production-historical-chart>

<https://www.iea.org/reports/oil-market-report-august-2022>

https://afdc.energy.gov/fuels/electricity_production.html

<https://evadoption.com/ev-sales/ev-sales-forecasts/>

If you have any questions about this article or want to discuss your family finances, investment portfolio, or financial planning advice, please call on me anytime at my number [\(215\) 325-1595](tel:2153251595) or you can [click here to schedule a meeting](#).

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