

MARKET COMMENTARY: QUICK TAKE

Rise in U.S. Production Tempers Oil Price Fears

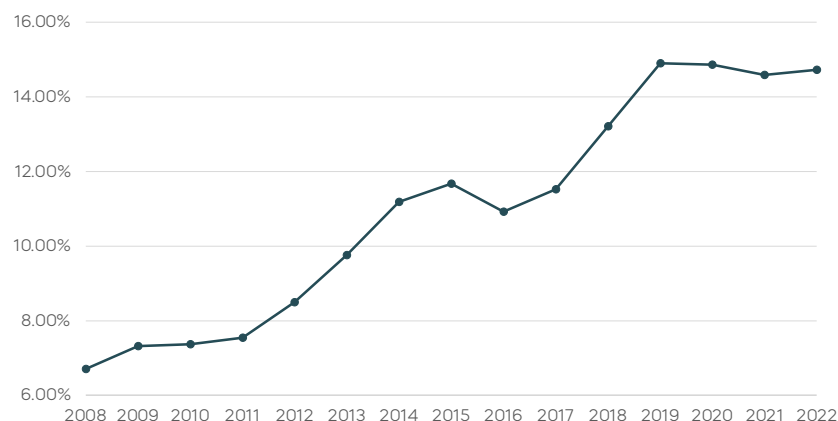
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With renewed conflict in the Middle East, attention naturally turns to oil prices and the potential impact on the U.S. and global economy. In 1973, an OAPC embargo nearly quadrupled the price of oil and was a significant contributor to the economic malaise of the 1970s. Again, at the end of that decade, the Iranian revolution nearly tripled the price of oil. Fast forward to today: oil prices rose following the Russian invasion of Ukraine, but fell during the intervening years despite that ongoing war and rising tensions in the Middle East. One key component of lower prices: The U.S. has been the world's largest producer of oil for the last six years, according to Reuters.

U.S. Share of Global Crude Oil Production



Source: Statista. Data 2008–2022.

There is, of course, a risk the conflict between Israel and Iran will expand, but the economic impact of a confined conflict is less likely to significantly impact oil prices than it would have a generation or two ago.

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