



# CORNERSTONE ANALYTICS SPECIAL ENERGY UPDATE

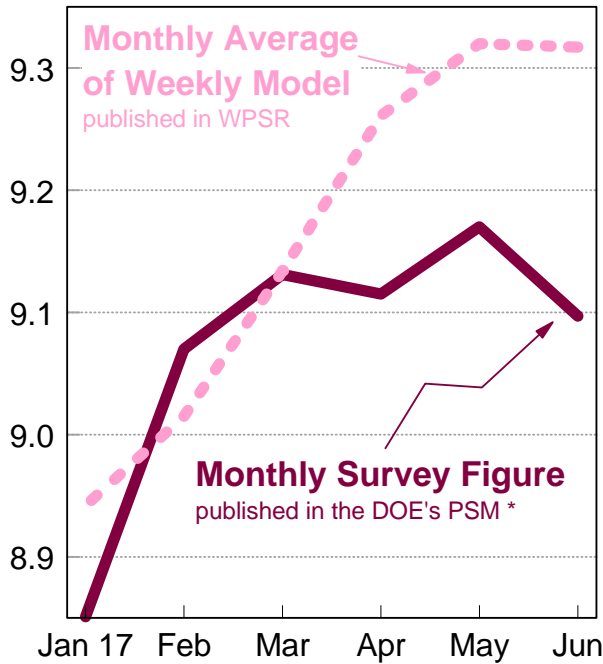
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MICHAEL ROTHMAN +1 908-573-5870 MIKE@CORNERSTONEANALYTICS.COM

## STRAWS AND A CAMEL'S BACK

### US Crude Production

DOE Weekly versus 914 data, MM b/d



The DOE just released the monthly 914 data for June and US crude production is shown to have declined 73,000 b/d month/month. The data went completely contrary to market expectations with June's production coming on 220,000 b/d lower than what the IEA's weekly model figures had suggested. The June data also marked the 2<sup>nd</sup> time in 4 months that US production registered a month/month decline (also contrary to the consensus' expectation). Moreover, it seems worth noting that June's output drop was attributed to a reduction in on-shore output which we discuss further.

Over the past 12 months, the gain in US on-shore crude production totaled just 295,000 b/d. This is literally a quarter of what most believed the growth rate would be. While we've placed a great deal of emphasis on inventory changes as a key variable to help shift still negative market sentiment, perhaps the prospect that US crude production growth continues to disappoint the consensus' expectation may be a catalyst.

### US On-shore Crude Oil Production

Million b/d

