

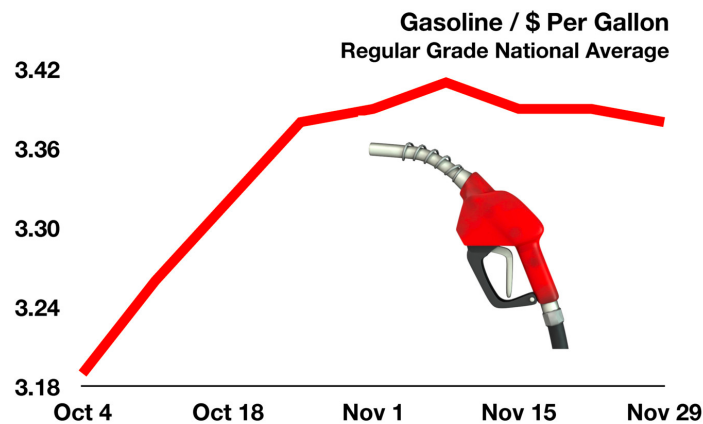
Release of Oil Reserves Hasn't Reduced Gas Prices Much If Any - Oil Sector Review

The administration announced in November that it had authorized the release of 50 million barrels of oil from the strategic petroleum reserve (SPR) in order to help alleviate rising gasoline prices across the nation. Markets reacted to the release as non-consequential, since the 50 million barrels of oil amount to roughly 5 days of U.S. oil production.

Some industry advocates argued that additional production might be warranted in order to ease pricing pressures. OPEC, as well as U.S. based oil producers, are reluctant to ramp up production due to the threat of another sudden global slowdown similar to what occurred last March and April 2020. Oil prices fell below \$20 per barrel and traded negative at times in April 2020 as demand for oil collapsed. A severe shortage of oil storage in the weeks following the demand collapse drove several drillers and producers out of business.

Ironically, the energy sector, which is primarily made up of oil industry companies, is the leading performing sector of the S&P 500 Index so far this year.

Sources: U.S. Energy Information Administration



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