

Economic Growth, Where We Are And Where We Head Continues To Be Clear. So Is A Much-Needed Oil & Natural Gas Supply Investing Boom.

Figure 1

Number of people employed in America, total nonfarm
Seasonally adjusted, from the Establishment (CES) Survey
(Src: U.S. Department of Labor, Labor Stats)

Millions

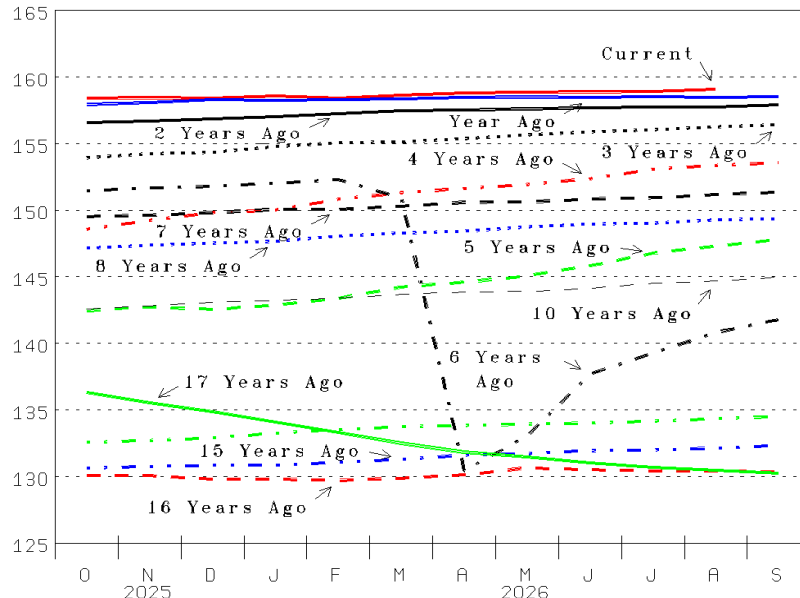
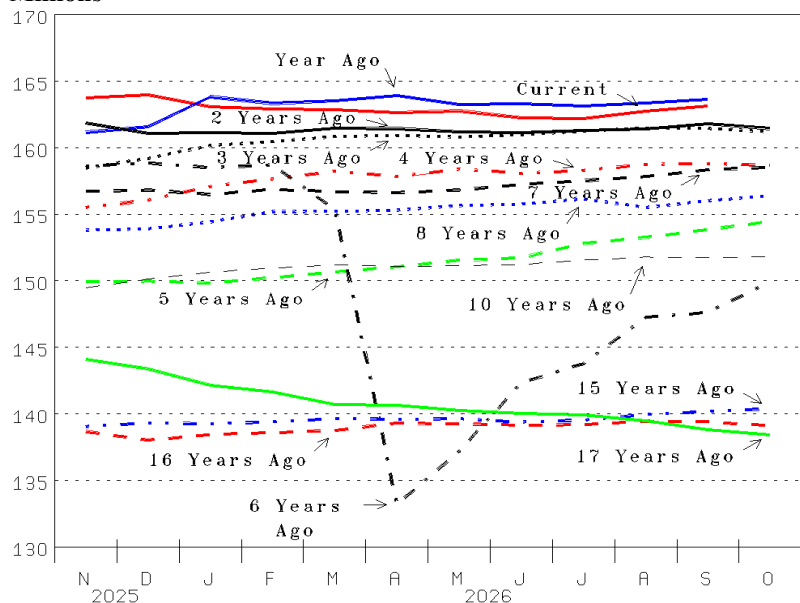


Figure 2

Number of people employed in America, 16 years and over
Seasonally adjusted, from the Current Population (CPS) Survey
(Src: U.S. Department of Labor, Labor Stats)

Millions



Today's Jobs Report headline, that only 29,000 jobs were added in September is a good reason to be bearish.

This morning's Employment Situation Summary said, "Both nonfarm payroll employment (+29,000) and the unemployment rate (4.2 percent) changed little in September." The Survey of Establishments reporting 159.044 million in September (Figure 1, red line) is only 29,000 more than 159.015 in August. Also, July was revised down 31,000 and August down 29,000. Counting the downward revisions, the report is a net -31,000 as some have noted. Rather than the 84,000 increase the consensus expected.

However, the other Survey, The Population Survey, shows

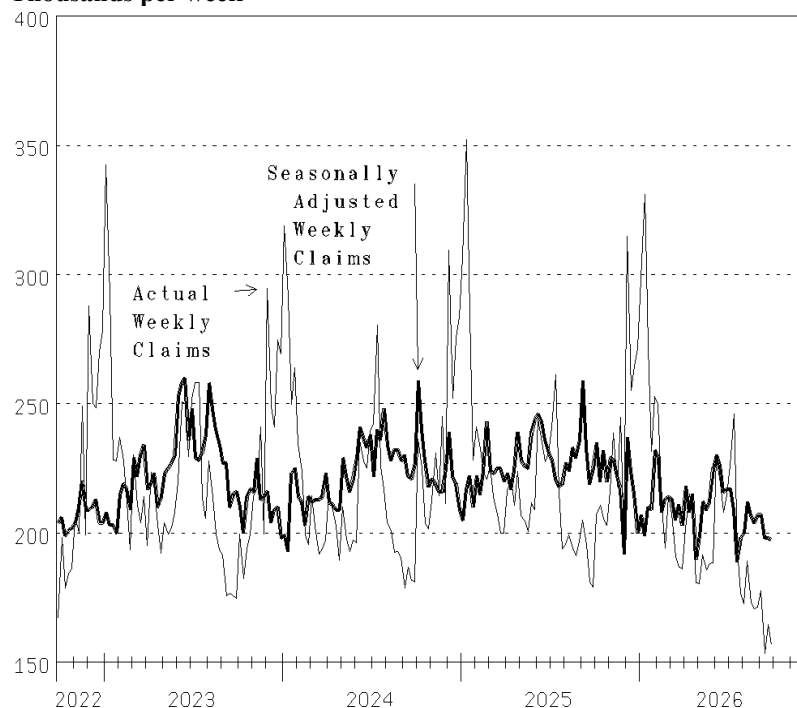
406,000 jobs added in

September. 163.152 million is the number employed in September (Figure 2, red line) according to the Current Population Survey of Employment. That is 406,000 more than 162.746 million in August. **While 162.746 million is 504,000 less than 163.656 million in September of last year, we credit that to employment in the country becoming more efficient.**

Federal Government

employment in September is 2.682 million, **232,000 fewer** than 2.914 million in September last year.

Figure 3
Initial Unemployment Insurance Claims – United States
Seasonally Adjusted Data
 (Src: Calculated from U.S. Dept of Labor Statistics)
 Thousands per week



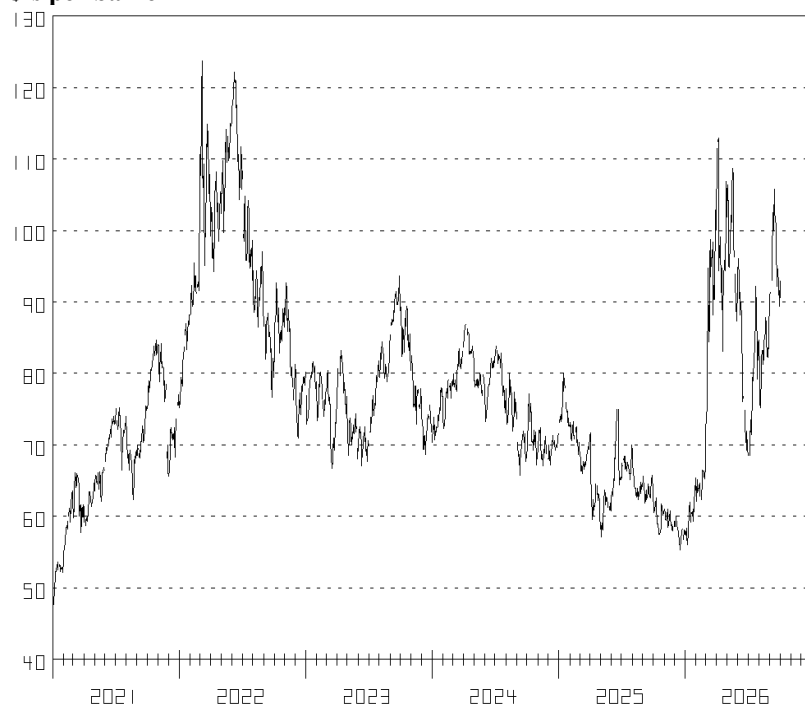
Employers recognizing much needing to be done and working hard at it is evident in weekly unemployment insurance claims down extra low. 197,000 is yesterday morning's report of initial unemployment claims filed last week (Figure 3, bold line). It is a strong indication of economic growth happening. 200,000 is the average for the four weeks of September 2026. That favorably compares to 234,000 for 2025, 225,000 for 2024 and 217,000 for 2023.

Figure 4
Range for the S&P 500 Stock Index
 (Src: Standard & Poor via finance.yahoo.com)
 Index



Much needing to be done, being done is also evident in value increasing; stock prices growing higher. The S&P 500 began this year around 6,800 (Figure 4, bold line). 7,798.99 the closing high August 13 and it above 7,700 today highlights up the direction we head. We credit the nation's culture emphasizing Freedom to Do/Be/Have for the accomplishments that have it above 7,700 now, from 1,400 when the 20th century began.

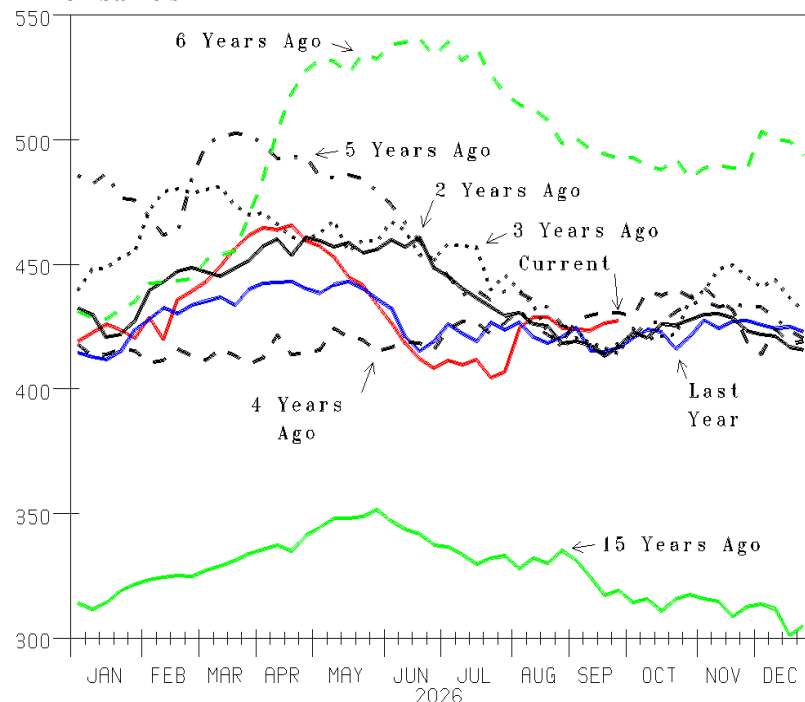
Figure 5
Near Month Closing Futures Contract Price of WTI Crude Oil
 (Src: Wall Street Journal)
 \$'s per barrel



A Drilling Boom needed is evident in the price of WTI crude oil above \$80 per barrel.

The closing futures contract price of West Texas Intermediate (WTI) crude oil was less than \$60 per barrel when year 2021 began (Figure 5). Supply throttled when Russia invaded Ukraine tugged it above \$120. A return to policies encouraging producing more had it back below \$60 when this year began. Then the effort to finally end the decades-long war by those ruling Iran, throttling supply again jumped above \$110. News of a new effort by the G-7 economies, to supply more oil from Strategic Reserves, deflated it below \$90 today.

Figure 6
U.S. Commercial Crude Oil Inventory
 (Src: Department of Energy)
 Million barrels



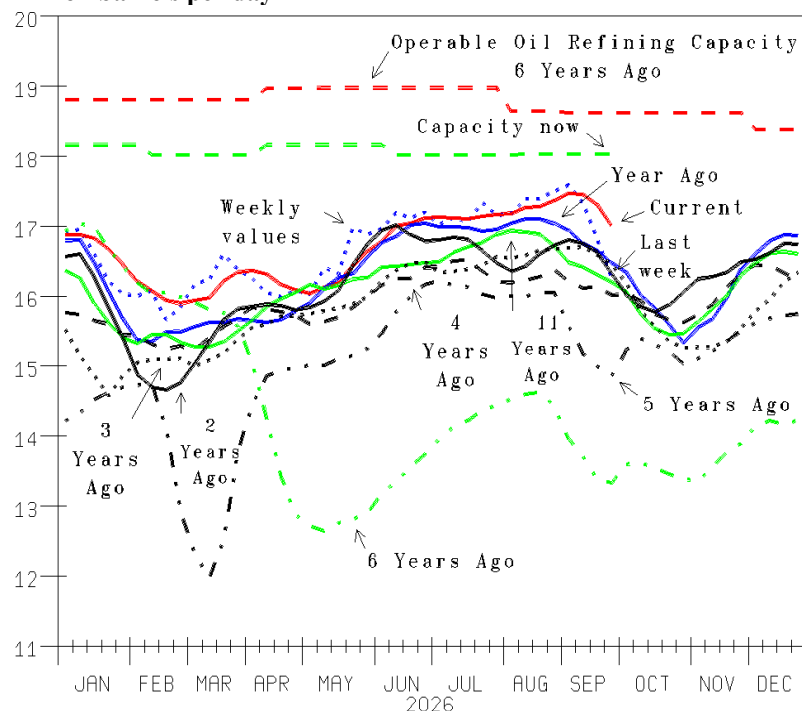
WTI crude oil below the Russia Invasion and end-Iran's-Rulers-War highs reflects U.S commercial crude oil inventory up YOY, because 131 mmb has been supplied from the U.S.

SPR. U.S. commercial crude oil inventory increased 0.9 million barrels (mmb) last week to 427.3 (Figure 6, red line). It was down at 404.5 mmb in July, 22.2 less than 426.7 last year (blue line). 427.3 last week is more than last year. Up 10.8 mmb year-over-year (YOY). The switch from down YOY to up YOY reflects 23.9 mmb supplied from the nation's Strategic Petroleum Reserve (SPR). At 427.3 now especially reflects 131.4 mmb supplied from the SPR since February.

Figure 7

U.S. Oil Refinery Runs – 4-week averages and the latest weeks
(Src: Department of Energy data and calculated from it)

Million barrels per day

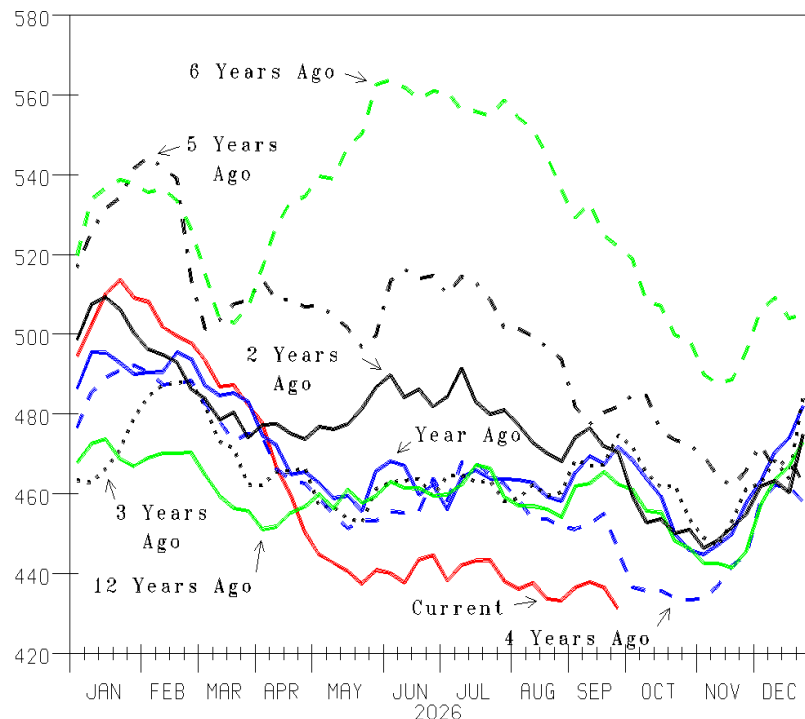


Commercial crude oil inventory up 4 mmb the last three weeks also reflects refinery runs declining seasonally. U.S. oil refineries processed crude oil at a 17.586 million barrels per day (mmbd) rate at the beginning of September (Figure 7, blue dot). Down at 16.257 last week, 0.554 less than the week before is 3.9 mmb fewer needed. Maintenance plus the seasonal turnover from Summer needs to Winter needs has more decline to go that will help provide crude oil price relief.

Figure 8

U.S. Distillate, Gasoline, Jet Kerosene & Unfinished Oil Inventory
(Src: Calculated from Department of Energy data)

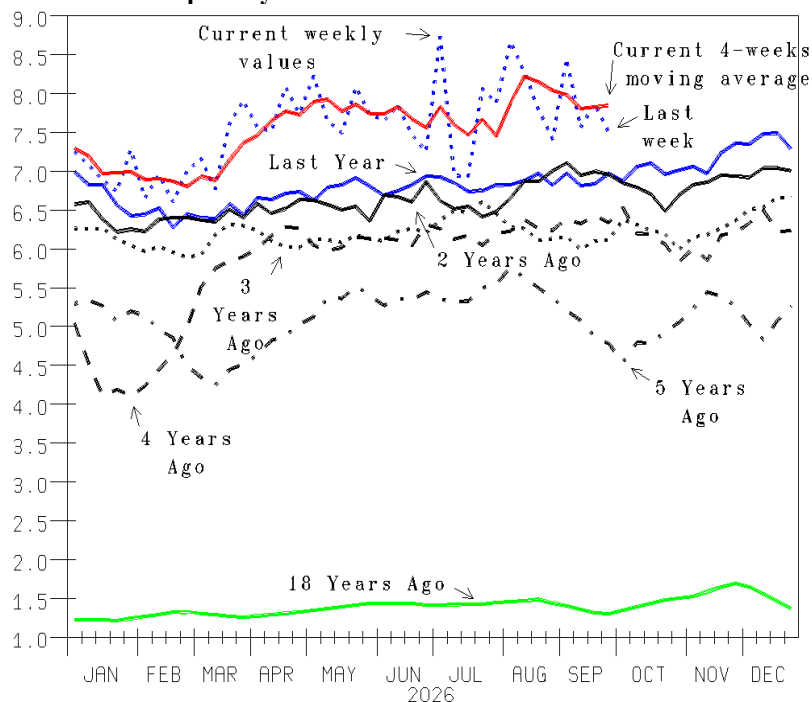
Million barrels



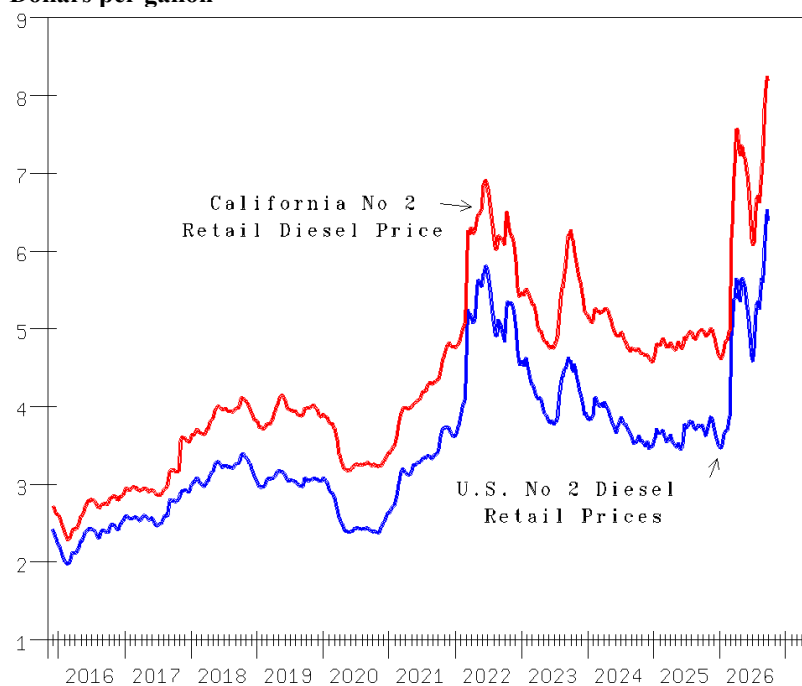
However, improving affordability requires a nice number of years of profitable oil-supply investing. The U.S. not having petroleum product Strategic Reserves is evident in petroleum product inventory setting new lows (Figure 8, red line). The seasonal refinery run decline will have this inventory decline further. Therefore, today's announcement that the G-7 countries plan to release up to 100 mmb that includes diesel fuel is welcome news. Nevertheless, long lead times, especially for increasing refinery capacity, and restoring damaged facilities needs profitable investing. Recognition of it will be helped by more people becoming aware of how much of their desired livelihood is oil fueled.

Figure 9

U.S. Total Petroleum-Product Exports,
Latest weekly and 4-weeks moving averages
 (Src: Calculated from U.S. Department of Energy data)
Million barrels per day

**Figure 10**

United States Weekly Retail Diesel Prices
 (Src: U.S. Department of Energy)
Dollars per gallon



Finally ending Iran's Rulers decades, long war helping hundreds of millions more in the world live better will continue consensus-beating, oil and natural gas demand

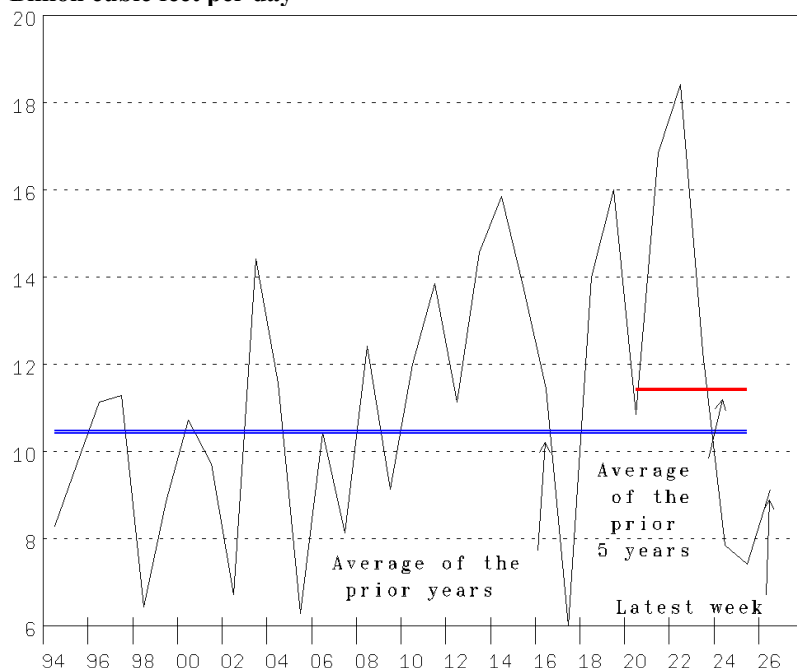
growth. The Fracking Revolution made to work for oil here in the U.S. is evident in U.S. petroleum-product exports about seven times greater now than what they were before (Figure 9, red line versus green).

While preventing nuclear capability is most of end-the-war discussion. We believe ending the decades of steady killing, of hundreds of million to be in power, is the right goal and worth its cost. Not just preventing nuclear capability.

The effort to finally end the decades-long war by those insisting they rule is most evident in U.S. diesel oil prices (Figure 10). Now higher than the highs from Russia's Ukraine invasion. It is especially evident in the California retail price at \$8.181 per gallon (red line), \$1.79 (28%) more than the U.S. average (blue line). A U.S. average exaggerated by the California price so much higher. This also highlights opportunities to improve affordability by improving policies. While the California retail price is \$1.79 higher, yesterday's low-sulfur diesel spot market price for Los Angeles, \$4.81 per gallon, is only 21 cents more than the Gulf Coast spot market price of \$4.60.

Figure 11

U.S. Working Natural Gas Inventory Withdrawal
Latest week comparison (Src: calculated from
U.S. Energy Information Administration (EIA) data)
Billion cubic feet per day



Fracking amazingly working for U.S. natural gas supply and weather conditions mostly minimizing natural gas demand have many set up to soon be caught natural gas short. U.S. working natural gas inventory increased 64 Bcf last week to 3,415 on November 25. That is a 9.14 Bcf per day increase (Figure 11, line). Although it is more than 8.0 last week last year it is 2.29 less than the average the last 5 years (red line) and 1.32 less than the average over the prior 32 years (blue line).

Last week's 9.14 Bcf/d inventory increase, 10th smallest in 33 years, reflects gas needed for both cooling and heating.

Expectations low have the probability of surprise high with most in the world heading to Winter. Cold air in the North Central and North-East U.S. needing some natural gas for heating and the South-Central and Central hot needing it for cooling (Figure 12) had last week's inventory increase 10th smallest despite record high production growth. **Much of late minimizing, infrastructure trends, AI activity increasing, Over There growing too with work to end/restore war destruction, conventional energy expectations low, + much poorly understood has conventional-energy-Bullish happening.** We rate nat gas, crude oil, oil-focused E&P and Drilling & Oil Service Overweight Strong Buy; and Oil-Refining BUY.

Figure 12

National Oceanic And Atmospheric Administration (NOAA)
National Climate Data Center; National Temperature Maps

