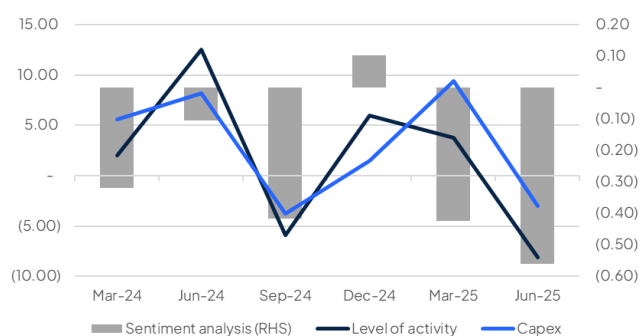


US oil and gas sector turns even more downbeat

July 4 2025 – Commodities

The Dallas Fed released their quarterly energy survey this week and showed an industry that is increasingly downbeat. The survey takes in feedback from both oil and gas producers (E&P firms) and oil field service providers and the headline measured dipped to -8.1 in Q2 2025, down from 3.8 in Q1. There was consistent deterioration in all metrics: capex, supplier deliveries, labour, and wages.

Dallas Fed Energy Survey

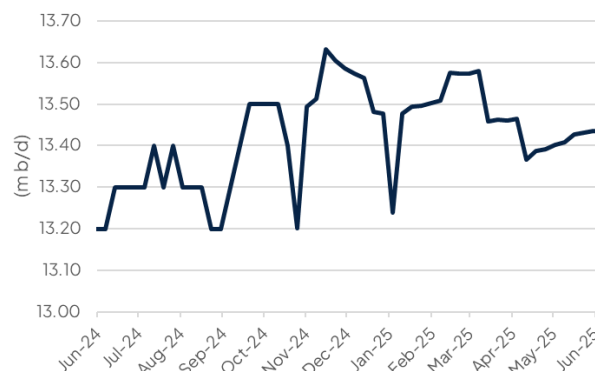


Source: Dallas Federal Reserve Bank, Emirates NBD Research.

Along with the survey which is calculated in a similar way to a diffusion index, the Dallas Fed also releases commentary from oil and gas companies. We have analyzed this data to look at positive and negative sentiment and there has been a clear negative shift in H1 this year. The drop is notable given there was a burst of optimism in Q4 2024, seemingly on the election of US President Donald Trump who portrayed himself as an ally of the industry.

But since the start of the year oil prices have dropped with WTI down nearly 7% year-to-date as policy measures around tariffs and taxes have fuelled more uncertainty than confidence. US oil production has actually declined since the start of 2025, down from a peak of 13.63m b/d hit in early December last year to 13.43m b/d as of the end of June.

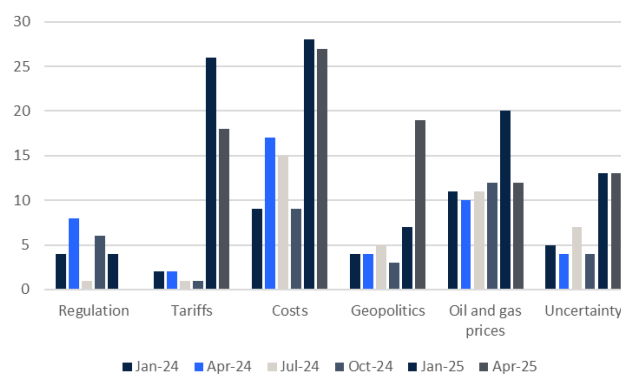
US oil production slides lower ytd



Source: Bloomberg, Emirates NBD Research.

Companies have clearly become much more anxious about costs and the impact of tariffs as well, particularly on steel which is a key capital input for the oil and gas industry. Geopolitics spiked in importance in Q2 2025 as the industry focused on supply security during the Israel-Iran war while concern over prices and regulation dipped.

Mentions of key themes 2024-25



Source: Dallas Fed, Emirates NBD Research.

The Q2 Dallas Fed data and our assessment of sentiment in the oil and gas industry in the US reinforces our assessment that the sector is much more responsive to market conditions than perceived political support from the administration.

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