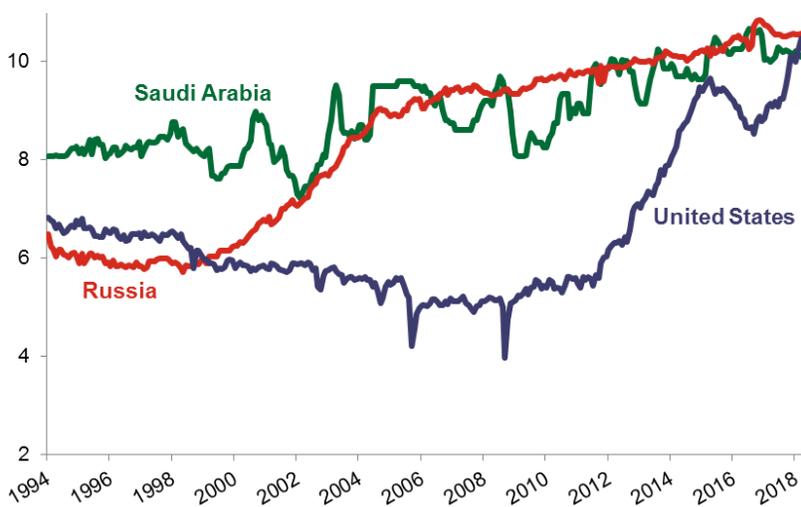


U.S. overtakes Russia, Saudi Arabia as world's largest crude producer

Chart of the Month - September 2018

Anyone with a memory of the gasoline lines in the 1970's could be forgiven for thinking this headline a hoax. But, it's true. The U.S. Energy Information Administration (EIA) reported this month that in June U.S. crude oil production had surpassed that of Saudi Arabia and Russia.

Monthly crude oil production, January 1994-June 2018

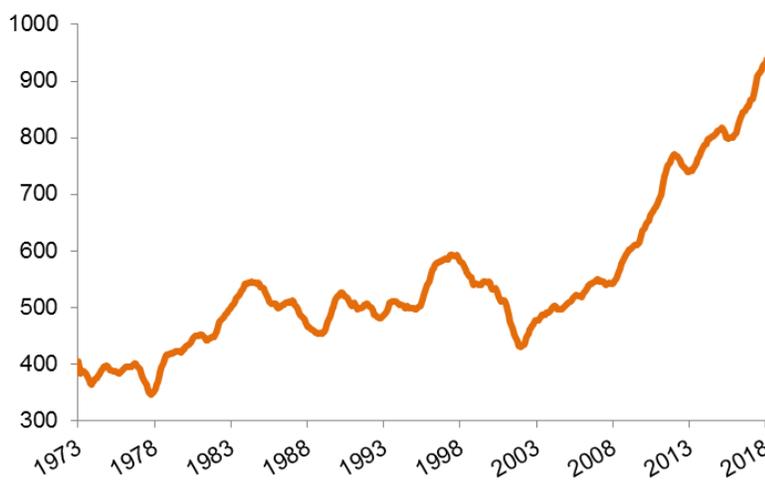


Data Source: U.S. Energy Information Administration

A few months ago, we outlined the waning energy intensity of the U.S. economy. The picture on the supply end is similarly favorable. OPEC, despite expanding to 15 members from five at its founding in 1960, has seen its share of global production reach a 27-year low^a – while the U.S. has ramped production, countries like Venezuela and Iran have seen declines.

Meanwhile, another energy renaissance is unfolding as technology continues to drive the cost of renewable energy lower. One can see in the chart below that the United States has doubled production of renewable energy since 2002 and the trend looks set to continue and perhaps even accelerate.

Total Monthly Renewable Energy Production



Data Source: U.S. Energy Information Administration

Times have changed. Once upon a time, OPEC member gatherings were followed as closely as Federal Reserve meetings. Now, we typically ignore OPEC and anticipate the next announcement from Elon Musk. OPEC, a cartel, used to call the shots. Now, entrepreneurs and technologists have opened up multiple sources of energy to power our future. This changing of the guard is welcome economic news.

Market Performance^b

Index	August 2018	Year to Date (1/1/18-8/31/18)	One Year (9/1/17-8/31/18)
S&P 500 Index	3.3%	9.9%	19.7%
MSCI EAFE Index	-1.9%	-2.3%	4.4%
Barclays U.S. Aggregate Bond Index	0.6%	-1.0%	-1.1%
JP Morgan Global Aggregate Bond Index	0.1%	-1.6%	-1.4%
Bloomberg Commodity Index	-1.8%	-3.9%	0.5%
Gold (\$/oz)	-1.9%	-7.8%	-9.1%

Notes and Disclosures

a. "OPEC, Like a Dying Star, Is About to Go Supernova", Julian Lee, Bloomberg, 9/23/2018, <https://www.bloomberg.com/view/articles/2018-09-23/opec-like-a-dying-star-is-about-to-go-supernova> b. Source: Bloomberg. Total Return indices.

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Past performance is no indication of future returns. Investors cannot invest directly in an index.

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