

# N.A. Energy Independence

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**This is an interim update of our research series on North American Energy Independence. For a more comprehensive report on the theme, please see our recent report dated 14 June 2017.**

Theme positioning: In the coming 12 months, we project ongoing improvement in global oil market fundamentals. This should be supportive of oil prices, though oil prices may be capped in the near term by growth in supplies from the US and elsewhere in the second half of 2017. As such, we focus on the industry participants that are best positioned to sustain long-term, valued-added growth with oil in the USD 50's/bbl.



Source: UBS

**A version of this report is available with specific security recommendations for the US onshore investors. For a copy, please consult your UBS Financial Advisor**

## **Theme synopsis**

We project North America will be energy independent by the end of this decade, and that the US will no longer be reliant upon imported oil from OPEC nations. Our thesis centers on three primary tenets: 1) higher US oil production; 2) rising crude oil imports to the US from Canada; and 3) efficiency, conservation, and diversification away from oil and other non-renewable energy resources. All three tenets support significant expansion for North America-based energy providers and energy infrastructure in the US over the next several years.

In the five years since we introduced our thesis, the trends have been supportive of our view. Despite weaker oil and natural gas prices, our thesis for North American energy independence is intact. In fact, productivity and efficiency gains achieved by US operators increase our conviction that energy independence is achievable.

We see investment opportunities around North America's emerging energy independence. As oil market fundamentals improve, we project resumption of growth in most phases of the US onshore oil and gas business, particularly exploration and production, oil services, and energy infrastructure. Alternative energy suppliers and developers of technologies to improve energy efficiency should also continue to experience growth, and fit well into our theme.

## Appendix

### Terms and Abbreviations

Term / Abbreviation	Description / Definition	Term / Abbreviation	Description / Definition
A	actual i.e. 2010A	Shares o/s	Shares outstanding
CIO	UBS Chief Investment Office		

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