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CIO thinks the panic over shale oil is exaggerated, given it does not expect oil prices to necessarily remain under USD 65/bbl. (UBS)

Oil chiefs warn of end to US shale boom

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Tariff-associated input cost increases and downward pressure on oil prices from raised OPEC+ quotas and growth concerns have weighed on US shale drillers, according to a report in the Financial Times.

Against this backdrop, shale producers have expressed fears over the future of the industry. According to the Dallas Fed, shale production only becomes profitable where crude oil trades above USD 65/bbl. At the time of writing, the two crude benchmarks, WTI and Brent, are trading below shale's breakeven threshold.

Our view: We think the panic over shale oil is exaggerated, given we do not expect oil prices to necessarily remain under USD 65/ bbl. Nonetheless, low prices could weigh on production growth in US shale regions. The slowdown in shale production growth is not new, however, with US oil liquids production growth—of which a major driver is shale—decelerating in recent years. We recently lowered our US oil liquids supply forecast for 2025 by 0.1 million barrels per day (mbpd) to 0.4 mbpd, with less growth expected in the second half of the year.

Original report - **Equities rebound as trade optimism returns, 28 May 2025.**

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