



## The U.S. Released 180 Million Barrels of Oil: What it Means for TSX Oil Stocks

### Description

On March 31, President Joe Biden officially announced the U.S. will release 180 million barrels of oil from the Strategic Petroleum Reserve (SPR) over six months. This announcement reduced the WTI crude price by 6.9% from US\$107.82 to US\$100.28/barrel. TSX oil stocks **Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)), **Suncor Energy** ([TSX:SU](#))([NYSE:SU](#)), and **Cenovus Energy** ([TSX:CVE](#))([NYSE:CVE](#)) fell 2.6%, 3.5%, and 3.8% this week.

The United States has taken a bold move, as it acts on the Russian oil ban. This will impact global oil stocks, Canadian stocks in particular, as the United States accounts for 99% of its oil exports.

### How much is 180 million barrels of oil?

To understand the intensity of the news, you need to know how much 180 million barrels of oil is. It is around two days of global oil consumption and nine days of U.S. oil consumption. (Fun fact: The U.S. is the largest consumer of oil, consuming 20 million barrels/day.) The release of 180 million barrels is the biggest in SPR's nearly 50-year history. This is the third time in six months that the U.S. government has tapped into SPR.

Biden is releasing oil into the market to ease the supply crunch coming from sanctions on the world's largest oil exporter, Russia. His plan is simple: The U.S. is putting more oil in the global market to bring down costs. When supply increases, prices fall, thereby rebalancing the market. But it is not a solution to the [Russian oil alternative](#). Russia contributes about 10% to the global market.

"There is no capacity in the world that could replace seven million barrels per day."  
*OPEC chief Mohammed Barkindo* [told reporters at the Cerawee conference, according to Reuters](#).

### What is OPEC doing about oil supply?

The U.S. will release one million barrels of oil per day for six months to temporarily ease rising energy prices. On the one hand, Biden is pulling oil from its emergency reserves. On the other hand, oil companies are reluctant to boost supply and continue enjoying higher oil prices. Biden has been requesting the Organization of the Petroleum Exporting Countries (OPEC) to boost supply, but OPEC refused to abide by requests. This is adding to the supply squeeze.

“We have no control over current events, geopolitics, and this is dictating the pace of the market,” said Mohammed Barkindo.

## What do U.S. actions mean for Canadian oil stocks?

The United States is acting aggressively and is stressing domestic production instead of oil imports. Not that it matters to Canada, as it already exports 99% of its oil exports to America. Biden stated that it would refill its emergency oil reserve when the prices fall. This would give oil companies an incentive to boost production.

Biden has called on Congress to levy fees on all oil and gas companies that are just hoarding approved oil wells and not producing any oil. This action triggered a dip in Canadian oil stocks. However, Canadian Natural Resources, Suncor Energy, and Cenovus Energy have the majority of their reserves in Canada. So, they need not worry about the fees.

The recent dip is temporary. These stocks could jump depending on how long the war lasts. The winters could see a surge in natural gas demand and drive oil and gas stocks to new highs. All three oil stocks witnessed a significant rally this year. Two of the three stocks increased dividends, thereby sharing the gains with investors.

TSX oil stocks are trading near their peak. This dip could be your chance to ride the oil price rally. But if you already own these stocks, keep holding them, as a rally is likely coming.

### CATEGORY

1. Energy Stocks
2. Investing

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2. NYSE:CVE (Cenovus Energy Inc.)
3. NYSE:SU (Suncor Energy Inc.)
4. TSX:CNQ (Canadian Natural Resources Limited)
5. TSX:CVE (Cenovus Energy Inc.)
6. TSX:SU (Suncor Energy Inc.)

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