



Investment Outlook for Energy Sector Remains Strong, Finds RBC Capital Markets Survey

NEW YORK - 28 June 2011 - Over the next 12 months, institutional investors and energy industry executives expect oil field equipment, services and drilling to be the best performing energy sector relative to the S&P 500 and Exploration & Production (E&P) spending to remain robust, through 2012, according to a survey conducted by RBC Capital Markets at its Global Energy & Power Conference, held earlier this month in New York.

Opportunities in the Oil Patch

“Given the relatively high price of crude, the investment outlook for the energy sector is very favorable,” said Kurt Hallead, Managing Director and Co-Head of Global Energy Research at RBC Capital Markets. “While high crude prices bode well for certain segments of the market, other segments which are challenged by high commodity prices may be less favorably impacted.”

Of those surveyed, 41 percent expect oil field equipment, services and drilling to be the best performing energy sector over the next 12 months relative to the S&P 500, followed by 15 percent expecting E&P to deliver the strongest return. Master limited partnerships were favored by 14 percent of respondents, major integrated oil companies by 12 percent and power generation, pipelines and energy infrastructure by 10 percent. Only 3 percent of those surveyed expect refining and marketing companies to deliver the best performance.

“With gasoline representing a growing percentage of families’ disposable income, investors are concerned about the potential for decreased demand,” said Hallead. “High crude oil prices generally do not bode well for refiners and the results of the survey indicate that investors recognize this.”

The survey found that 64 percent of respondents expect crude oil to trade at between \$100 and \$150 a barrel in twelve month’s time, with just 35 percent anticipating that crude oil prices will drop below \$100. Perceptions on the impact of \$4 per gallon for gasoline on GDP were somewhat mixed, with 53 percent expecting this price level to be recessionary, and 46 percent seeing no impact.

Strong Outlook for E&P Spending

More than two-thirds (76 percent) of those surveyed expect E&P spending in North America to increase by more than 10 percent in 2011 as compared to 2010, with 18 percent expecting an increase of greater than 20 percent. Internationally, 57 percent expect E&P spending growth in 2011 to exceed 10 percent, with 16 percent anticipating growth of more than 20 percent.

About the Survey

The survey of 175 institutional investors and senior executives of major energy companies was conducted by RBC Capital Markets at its Global Energy & Power Conference, held on June 6-7, 2011 in New York City.

About RBC Capital Markets' Energy Group

RBC Capital Markets' Energy group is a top-3 platform globally with a presence in the U.S., Canada, Europe and Australia. Its Energy research group employs 23 analysts and 40 professionals based in major energy hubs around the world, covering almost 300 energy stocks.

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