

Given that Trump adores oil and views it as a key source of national wealth, you'd think his election would be a boon for the oil industry. If he is aiding the industry, that doesn't stand out in looking at the stock market. Oil stocks went up the day after he was elected, and again after he was sworn in. That suggests some market sentiment in his favor. But, as our former President would have said, here's the thing: the market sagged back down just as quickly. What's the deal here?

Addendum: Further proving my point, several weeks after this post went up, *E&E News* reported: "Both Exxon and Chevron, the two largest oil majors in the United States, announced their lowest first-quarter profits in years as higher production costs and weakened demand have hit their businesses." (May 5, 2025)]

Oil prices, along with the industry's stock prices, are volatile and affected by a host of factors like the general state of the economy and Middle East politics. But I would have expected that Trump's policies would provide dramatic benefits to the industry, enough so to leave a clear signature in the [Dow Jones U.S. Oil and Gas Index](#). I'm just not seeing that.

Here's what's been happening to oil shares. From the end of last October to November 22, the index rose about 75 points (about 10%), which could have been due to Trump. But over the next month, it dropped by about 100 points. It began to recover again and by the end of February was back about where it had been just before the election. After Trump's tariff announcement in April, it dropped 100 points again. There may be a beneficial Trump effect lurking here, but like I said, the market doesn't seem to be expecting a huge surge in profits due to him.

There could be several reasons for this, one of them being that the price of oil is set in global markets, and U.S. government policy is just one of many factors. Another is that Trump may not be able to increase production by much. The primary factor driving production is the cost of oil. If that goes up, it becomes profitable to do more drilling. The availability of additional sites for drilling may not be as important. In addition, some of Trump's policies like U.S. tariffs on steel may raise industry costs. Tariffs could also indirectly limit markets for U.S. oil due to retaliation by other countries. Those cost changes could depress production.

No doubt, the industry would rather have Trump in office than Harris. But the effect on industry profits may only be incremental. It may be just as important, for instance, how quickly China ramps up sales of electric vehicles, given that China is still a major source of demand. It would be great to see a rigorous statistical analysis by a finance expert. I certainly can't rule out the possibility of a significant Trump effect; I can only say that any

effect can't be too huge.