America’s natural gas and oil sector earnings can benefit millions of American households through individually owned stocks, mutual funds, retirement accounts and other financial instruments, but the industry’s cyclical nature means its earnings can see lower lows and higher highs than the broader market.

Oil & gas sector’s operating margins have remained slightly below the S&P 500’s in the past couple of quarters
Quarterly earnings per dollar of revenue (percent)

Earnings allow American companies to help strengthen the broader economy by investing in facilities, infrastructure, new technologies and new production that supports millions of American jobs. Natural gas and oil company earnings generate lots of attention, especially when viewed in the small context of quarterly reports issued by companies. Looking at quarterly 2019-2024, oil and natural gas earnings per dollar of revenue (percent) have been near or below the broader S&P 500 for much of the period. The oil and gas industry is cyclical and many factors can impact earnings. The sector’s downswing in 2020 and early-2021, corresponded with a sharp drawback in global oil demand from COVID lockdowns. In 2022, the oil and gas sector’s operating margins exceeded the S&P 500’s as energy supply concerns and rising geopolitical factors roiled energy markets.
Between Jul. 2019 & 2024, oil and natural gas companies had annualized returns of roughly 8% while the S&P 500 had annualized returns of 13%.

5-year annualized returns by S&P 500 sector (percent)

- Information technology: 25%
- S&P 500 (All): 13%
- Communication services: 13%
- Health care: 10%
- Industrials: 10%
- Consumer discretionary: 10%
- Financials: 9%
- Materials: 9%
- Oil & natural gas: 8%
- Consumer staples: 6%
- Utilities: 3%
- Real estate: 2%

Notes: S&P indices use “historical constituent-level data (e.g., historical price, dividends, market capitalization, and corporate action data).”
Source: Bloomberg

Between Jul. 2019 and 2024, the oil and natural gas industry’s annualized returns, as measured by their S&P index, were lower than the S&P 500 average. While the oil and natural gas sector can outperform the market during specific time periods, over the most recent 5-year period its annualized returns were lower than many other industries.
Financial institutions and investment advisors, including those who manage investor assets for a fee, also hold significant portions of oil and gas stocks. These include endowments, governments, hedge fund managers, banks, insurance companies, corporations, private equity firms, holding companies and others. The percentage owned by individuals – corporate officers and retail owners – is just 2.4%, counteracting the repeated claim that large amounts of natural gas and oil industry stock are owned by oil and gas corporate officers.
Who owns America’s natural gas and oil companies? Millions of Americans – through retirement funds like 401-Ks and private and public pension funds (typically accessible by groups including teachers and firefighters).

Seventy-Seven Percent of the World’s Oil Reserves are Controlled by State-Owned Companies in 2020.

“Big Oil” is a relative term. As shown above, 16 of the top 19 oil companies in 2020, ranked by percent control of global reserves, were state-owned companies – including the top 11, and they controlled 77% of the world’s crude oil reserves. This underscores the critical importance of America’s natural gas and oil industry to ensuring U.S. energy security. Maintaining and growing a robust American oil and natural gas sector reduces U.S. dependence on foreign suppliers who don’t share America’s values and priorities.
It is vital that America have a strong natural gas sector to meet energy needs at home and to provide opportunities to supply allies abroad with natural gas – for their security and for the environmental benefits afforded by cleaner natural gas.

The picture is similar for the world’s natural gas reserves. As shown above, 13 of the top 19 natural gas companies in 2020, ranked by percent control of global reserves, were state-owned companies, controlling 93% of the world’s natural gas reserves. Similar to the point in the previous chart, it is vital that America have a strong natural gas sector to meet energy needs at home and to provide opportunities to supply allies abroad with natural gas – for their security and for the environmental benefits afforded by cleaner natural gas.