

THE VAN DER VALK GAS PRICE ADVISORY FOR 2-23-09

“ANOTHER DAY, ANOTHER DOLLAR DOWN FOR CRUDE OIL”

It was a case of another day, another dollar, or rather another weekend another taxpayer dollar, with the news rife that Citigroup, the US banking conglomerate will be rescued by the US government later today, with a 25% to 40% stake in the cards. That is better news than a complete takeover and the market today will reflect that somewhat more positive approach to yet another bailout.

WTI crude oil price did not retrace its December's lows last Friday when March prices expired and instead slipped just 54 cents to \$40.03 a barrel. This morning's April crude oil price reflects the overall good feeling in the market and closed at \$38.44 a barrel.

Algerian Oil Minister Chakib Khelil was active in the press over the weekend and was again talking about possible production cuts. Mr. Khelil said that cuts were very likely at the upcoming meeting on March 15th in Vienna. Despite doubts around the compliance of OPEC their actions since September have largely succeeded in stopping oil prices reaching a number much lower than \$30 a barrel.

On the gasoline pricing front we finally have some good news for a change for motorists with West Coast oil refineries coming out of their spring turnarounds. The wholesale spot market already dropped 40 cents per gallon last week and unbranded independent gasoline rack prices are back under their branded major oil company counterparts. However both the ChevronTexaco El Segundo and ExxonMobil Torrance refineries have had flaring problems during their start ups over the weekend.

Gasoline and diesel prices will be settling down and gas prices are expected to drop 2 to 5 cents per gallon in the next few days. The next spike in price will occur before Memorial Day weekend, which is usually the start of the summer driving season and demand for gasoline goes up.

My viewpoints about the petroleum industry can be found on the Seeking Alpha web site address: <http://seekingalpha.com/author/bob-van-der-valk/articles/latest> as well on my personal web page at: <http://www.4vqp.com/ourconsultants/thegasguy.html>

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