

## Blue Monday for Crude Oil and Gasoline Prices

By: Bob van der Valk

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April WTI crude oil is down over \$3 to \$41.50 a barrel so far this morning. That should be good news for oil refiners as long as the prices of gasoline and diesel do not start coming down again. Even though wholesale spot market pipeline prices for gasoline and diesel on the West Coast dropped 8 cents per gallon this morning, retail gasoline prices in the U.S. increased over the weekend. Increases in pump prices will unfortunately be a continuing trend regardless on where crude oil prices are heading at least for the next two months.

U.S. oil refiners have been able to keep their foot firmly on the hose to keep from flooding the market with surplus gasoline. The spring refinery turn-a-rounds, switching from winter to summer gasoline, are now in full swing. This morning energy consultant Peter Beutel predicted another 30 cents per gallon increase for gasoline prices to come in the U.S. by the middle of May this year.

The U.S. economy once again felt more downward pressure on Friday, reporting 6.2% reduction in the fourth quarter, this included a downward revision of -3.8% and helped all the vulnerable equity and energy markets to start Monday on a negative note. On top of that AIG received another \$30 billion bailout today from the U.S. treasury to keep them afloat.

The Dow Jones Average dipped under the \$7,000 mark on all the negative economic news with no strengthening in sight for equity markets. That will drag down crude oil prices even more, even though an Energy Information Agency report showed that gasoline demand was back up slightly in January.

To end this on a positive note, remember part of the lyrics of the Fats Domino Blue Monday song includes: "Saturday mornin', oh Saturday mornin', All my tiredness will be gone away!"

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