

## Welcome to the Bountiful Age of Crude Oil

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This week's DOE inventory statistics came in way over expectations for crude oil stocks rising almost 4 million barrels, twice the number predicted by industry analysts. For the time being, we've got plenty of crude oil on hand but will it continue to be enough for the future?

Finished product prices have remained flat and crude oil prices on the Nymex remained unchanged. In plain language, that means while crude oil prices meander up and down, gasoline and diesel prices are staying firm due to the expected increase in summer demand.

The June WTI closed up roughly 30 cents at \$48.85 a barrel today. That price had jumped up a whole \$2 a barrel from the May crude oil price, which had settled at \$46.64 a barrel on Tuesday afternoon.

Short sellers came into the market on Monday squeezing crude oil prices down almost \$5 a barrel before it started recovering late Tuesday. Goldman Sachs, the only investment company with positive earnings in the last quarter, led the charge causing prices to reflect the advice they had issued to their investors over the weekend.

Gholamhossein Nozari, Iran's OPEC governor, spoke at a recent news conference and declared that the oil cartel may decide to cut production at their forthcoming meeting being held in Vienna, Austria at the end of May. He also said that the market continues to remain oversupplied due to the high level of crude oil inventories being stored in consumer countries.

The International Energy Agency (IEA) in Paris, France announced a week ago that global demand for oil will decline by 2.4 million barrels per day (bpd), giving credence to economists' consensus that the world's economy will not recover until 2010.

The IEA stated that such a decline in demand has not been seen in almost 30 years. At the current level of 83.4 million bpd, the world's demand for oil is already a full 1 million bpd lower than expected.

The petroleum market awaits the eventual recovery of the US and world economies. But, as our economy shows signs of healing, crude oil and fuel prices will start rising steadily again. It means that you can relax and enjoy your time of plenty with gasoline staying between \$2 and \$2.50 per gallon for about a month.

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