

Flu Bug Bites Oil Market

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Petroleum traders have been keeping a weary eye on the news about the swine flu spreading to other parts of the world. But by now they are used to having the least amount of bad news effect crude oil and in turn fuel prices.

However, the current scare may be short lived as the real story behind the headlines is just beginning to develop. Another medical authority in the field, Dr. Jay Gordon from Santa Monica, CA, has been sending out Twitter messages in the last few day to let people know that the World Health Organization has only able to confirm 7 deaths in Mexico, from the new H1N1 swine flu virus strain, not the 20 being reported far and wide by various media outlets.

Dr. Gordon says that the reason the swine flu pandemic being hyped by the media is to get people to obtain unnecessary vaccinations with Tamiflu to prevent from getting this disease.

The WTI crude oil price is went another 22 cents to 49.92 a barrel on fears that this new flu strain is going to further depress already bleak oil demand. Gasoline and diesel spot market prices on the West Coast dropped 1 - 3 cents per gallon. Pump prices will follow and the average price may even get back down below \$2.30 per gallon for regular unleaded gasoline by the end of this week in California. The average price of \$2.05 per gallon for gasoline will dip by about the same amount to \$2.02 per gallon for the whole of the US.

Oil prices tumbled yesterday under a sea of panic as "swine" flu fever gripped the world's media and the worlds oil markets. Although the probabilities of this evolving into a world wide killer pandemic are still small, the fears of such an occurrence happening are enough to spark short selling in the energy markets. Air travel has already been affected, with the current media hype exaggerating the outbreak of this new strain, as people avoid areas with outbreaks of the flu.

The other shoe will drop on diesel and jet fuel prices if this havoc continues any longer. Jet fuel will start backing up into the distillate stream of the refineries and cause a free fall in both jet and diesel fuel prices.

In other news the Shell refinery in Anacortes, Washington is still struggling to get back up into full operation and is now expected to be up as soon as tomorrow. The Shell and the Tesoro refineries in Anacortes went down on Friday, April 24th due to an unexpected power outage. That will keep fuel prices up and supplies tight in the Northwest US.