

The van der Valk Gas Price Advisory for May 26, 2009

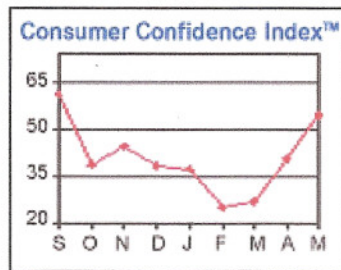
Will Motorists Suffer a Memorial Day Gas Price Hangover?

Dateline: Terry, Montana
By: Bob van der Valk
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The July WTI crude oil price is a basic no change down 21 cents to \$61.46 a barrel. The spot market gasoline price is up 1 cent per gallon and diesel no change so far this morning. The average price for regular unleaded gasoline is \$2.421 per gallon in the U.S. with the West Coast at \$2.667 per gallon.

U.S. motorists were expected to drive a little more this Memorial Day weekend with renewed optimism that the economic slump has hit bottom. Expectations of gasoline use were put at 1.8% higher than Memorial Day last year with the economy in the recovery mode.

The consumer confidence index for May jumped to 54.9 from 40.8 in April 2009. The index is now at its highest since September 2008. The following graph published by the Confidence Board based on research done by TNS, Taylor Nelson Sofres PLC is the world's largest custom market research company in 80 countries, shows the following:



Over the weekend we did have some bad news with the possibility that Nigerian violence will cut oil output. ChevronTexaco was forced to cut off about 100K barrels of crude oil supply representing about one fourth of the total output for Nigerian crude oil. Most of that crude oil is destined for U.S. refineries and any interruption in the supply of crude oil will have an immediate impact on prices.

On top of that North Korea successfully set off an underground atomic blast and also fired off a couple of missiles over the weekend. This was in an apparent attempt to prove that they are going to be capable of launching an atomic weapon at any of their enemies.

By far the most positive comment for stability in the immediate future of oil prices was the statement released by the Saudi Arabia oil minister Ali al-Naimi over the weekend. He stated that OPEC will likely stay the course with regards to production cuts at the upcoming meeting this Thursday in Vienna. This was an advance signal for discussions between him and Steven Chu, the U.S. Energy Secretary, to show support their in assisting the economic recovery.

Take a little "Hair of the Dog" if you are having a weekend hangover but keep your gas tanks full as gasoline prices are not expected to come back down before the fall of this year.