

THE VAN DER VALK GAS PRICE ADVISORY FOR 12-16-08

It's a good thing Santa's sleigh has eight reindeers, who do not run on gas... because today's low pre-Christmas gas prices may vanish faster than you can say: "Please pass the fruitcake".

What we predict: Gasoline prices are climbing but will remain below \$2 per gallon before the end of the year.

What happened? Last Friday, the price of crude oil raised \$5.47 to close at \$46.28 per barrel on the Nymex. The prices fell \$1.77 yesterday to settle at \$44.51 after briefly spiking above the \$50 mark. The price is back up about \$1 per barrel so far today.

What we predicted last Friday: Crude oil will stay somewhere between the low of \$25 and the high of \$50 per barrel by year's end. Gasoline prices will remain below \$2 per gallon. Gasoline and diesel prices will be firming up again the week before Christmas.

The gasbuddy.com showed the following snapshots for the average price of unleaded regular gasoline as this today:

Los Angeles Area Price Snapshot

Today	1.691
Yesterday	1.698
One Week Ago	1.774
One Month Ago	2.390
One Year Ago	3.002

Seattle Area Price Snapshot

Today	1.790
Yesterday	1.785
One Week Ago	1.836
One Month Ago	2.234
One Year Ago	3.002

Holiday travelers will have a special Christmas surprise waiting for them next week trying to buy gasoline at today's low prices.

Nobody has a crystal ball and is able to predict the future for the price of crude oil but when OPEC meets tomorrow in Algeria they will agree on some kind of a cut in their production. Currently they are expected to cut at least 1.5 million barrels a day, but that has already been factored into today's price for crude oil.

Any increase in that number will send shivers throughout the crude oil trading world when combined with Russia now rattling its saber and threatening to join OPEC with a production cut of their own.

Meanwhile, back on the West Coast of the U.S., we have seen wholesale prices for gasoline increase an amazing 36 cents per gallon in the last week. The break even price for independent unbranded gasoline is now right at \$2 per gallon at the pump.

In addition, BP/Arco and Valero both reportedly have had LA refinery problems this week and spot market gasoline have subsequently raised to a three week high yesterday. That is not good news for the consumers as it forebodes a big increase in the price of gasoline.

The price of crude oil staying relatively stable is good news for the West Coast refiners as they are now back into positive profit territory for producing gasoline.

So you better watch out, you better not cry, and just remember to keep your fuel gauge on high! You would not want to miss out on any of the good fruit cake at Grandma and Grandpa's home for Christmas because gas prices are sure to be going back up.

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