

Is OPEC losing control on world's crude oil prices?

Terry, Montana

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Since October 16, 2013 West Texas Intermediate (WTI) crude oil decreased in price from \$102.49 to \$94.11 a barrel, for an 8.2 percent loss, with more to come on the horizon. Good news for consumers with oil companies having enough on hand in cash reserves to make it through yet another pricing adjustment as happened in July 2008.

The question on the Oil Producing Export Countries (OPEC) controlling the world's energy market has been resolved. It has been exactly 40 years since Saudi Arabia and other members of OPEC imposed an embargo on exports of crude oil. Since 1973 US consumers have seen gasoline prices go from \$.369 to almost \$5 per gallon.

Crude oil has rallied back up over to \$100 a barrel since the early days of 2009 when West Texas Intermediate crude oil bottomed out at \$32 a barrel. Since then the price has been influenced by wars and rumors of wars as well as being threatened by domestic terrorist attacks such as the Boston Marathon bombing earlier this year.



More downside should be expected for crude oil and the dive is just beginning now. Major technical support lies at \$60-\$62, and oil may not bottom until it falls to as low as \$40

The weekly Department of Energy inventory report shows a rise for seven straight weeks. Last week, they rose 5.2 million barrels. Over the past four weeks, inventories have risen by 22 million barrels, the second largest increase since February 2009.

DOE Statistics for the Week Ending November 1, 2013:

DOE Stocks	11/1/2013	10/25/2013	11/2/2012	Stocks v. Last Week	Stocks v. Year Ago
Crude Oil (Excluding SPR)	385.4	383.9	374.8	1.5	10.6
Gasoline	210.0	213.8	202.4	-3.8	7.6
Distillates	117.8	122.7	118.1	-4.9	-0.3
Propane/Propylene	62.1	64.8	73.6	-2.7	-11.5
Total Petroleum Products	731.5	741.4	724.2	-9.9	7.3
Total Petroleum Stocks	1,116.9	1,125.3	1,099.0	-8.4	17.9

Natural Gas (Bcf)*	3,814	3,779	3,926	35	-112
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Table covers crude oil and principal products. Other products, including residual fuel oil and "other oils" are not shown, and changes in the stocks of these products are reflected in "Total Petroleum Products". Statistics Source: Energy Information Administration "*Weekly Petroleum Status Report*" available at www.eia.doe.gov

With domestic oil production on the rise, the good news is North America will become energy secure by the end of 2014. OPEC has slowly been losing control on pricing the world's crude oil requirements.

NOTE: When asked by an associate "Are you able to forecast the likely results of what you have said above then list the impacts and expected dates they may be felt?", Bob provided what is shown in the chart below.

	Impacts upon	Impacts Felt	Estimated Year(s) felt
1.	Major Oil Companies	Lower crude oil prices	6 years
2.	Motoring Public	Lower fuel prices	6 years
3.	Gas Station Owner-operators	Increased profit margins	No time estimate
4.	United States Foreign Policy	The Middle East and North Africa will lose grip on being able to set crude oil prices at will.	6 years
5.	The country of Israel	They will be the biggest beneficiary with their Arab neighbors no longer be able to use oil as a weapon to keep their anti-Israeli policy over the world.	One year unless Iran gives up their nuclear program. They will be the ones to attack those installations when they come on line.
6.	U. S. Auto makers	Trucks and gasoline powered automobiles will be back in demand with the electric and flex fuel vehicles taking a back seat.	10 years
7.	Alternate Fuels for our automobiles	Will not be competitive enough to be able to sustain any percentage of automobiles being fueled by them	6 years
8.	EXPRESS Exterior Car Wash Biz.	Those being co-op'ed with gas stations and truck stops will thrive as they are convenient and economic for motorists to use.	20 years

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