



## Greenspan on PO...

Posted by [Prof. Goose](#) on July 20, 2005 - 11:18am

As [Mike Watkins](#) says in the comments below: "PO folks should also read the comments of Federal Reserve Chairman Alan Greenspan in his [semi annual testimony on Monetary policy before Congress today](#)" (thanks Mike):

Selected snips below the fold...

In recent weeks, spot prices for crude oil and natural gas have been both high and volatile. Prices for far-future delivery of oil and gas have risen even more markedly than spot prices over the past year.

Apparently, market participants now see little prospect of appreciable relief from elevated energy prices for years to come.

Global demand for energy apparently is expected to remain strong, and market participants are evidencing increased concerns about the potential for supply disruptions in various oil-producing regions.

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But, going forward, because of the geographic location of proved reserves, the great majority of the investment required to convert reserves into new crude oil productive capacity will need to be made in countries where foreign investment is currently prohibited or restricted or faces considerable political risk. Moreover, the preponderance of oil and gas revenues of the dominant national oil companies is perceived as necessary to meet the domestic needs of growing populations. These factors have the potential to constrain the ability of producers to expand capacity to keep up with the projected growth of world demand, which has been propelled to an unexpected extent by burgeoning demand in emerging Asia.

Now Mr. Greenspan is not signalling he's a peak oil believer at all, only identifying what he sees as the major risk - geopolitical turmoil preventing adequate investment overseas to find and develop more capacity.

This just underscores something we all likely intuitively know...Peak oil has an additional time pressure working against it - if its too hard to get at some of the remaining capacity, PO time frame advances...

Technorati Tags: [peak oil](#), [oil](#)



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