



## DrumBeat: August 11, 2008

Posted by [Leanan](#) on August 11, 2008 - 10:05am

Topic: [Miscellaneous](#)

[A big surprise on gas](#): *You may not believe it, but fuel is more affordable than it was during the early '60s.*

Barack Obama thinks the government should intervene on gas prices to "give families some relief," and last week called for releasing 70 million barrels of crude from the Strategic Petroleum Reserve. John McCain proposes an end to the ban on offshore drilling and has pushed for a gas-tax holiday because "we need it, we need it very badly."

But both candidates and the public are evidently unaware of a basic fact: Gasoline is more affordable for American families now than it was in the days of the gas-guzzling muscle cars of the early 1960s. Prices are beginning to come down somewhat, but this was true even when the national average was at its summer peak.

### [Oil falls to three month low](#)

NEW YORK (CNNMoney.com) -- Oil prices fell Monday after Iran called for renewed nuclear talks and China reported a decline in crude imports, countering threats to supplies in Eastern Europe from the Georgia-Russia conflict.

U.S. crude for September delivery fell 75 cents to settle at \$114.45 a barrel on the New York Mercantile Exchange, extending a multi-week slide that has knocked oil 22%, or about \$34, from its peak.

Crude briefly dipped below \$113 Monday before recovering some ground later in the session.

### [Media Ignores Russia's Role in Oil's Decline](#)

Did you hear this weekend about that giant country that invaded the other country? The business media apparently haven't -- or at least they don't think it's worth a mention.

But we'll get to their oily oversight in a moment. First, a review, because it's all part of a

pattern.

### [Silly Top Signs](#)

Did you see oil's top?

One didn't have to be a rocket scientist to *know* oil was in a speculative bubble. The price of a barrel had doubled from August 2007 to July 2008. This jump was too quick, too high to be explained by growing global demand.

Bubbles are really easy to see. Calling a bubble's top, of course, is much harder. Bubbles follow their own mad logic.

### [An upside to high prices at the pump: Why paying less for fuel could mean paying more for your next trip](#)

Soaring fuel costs can potentially save us real money on our next vacation — if not in the short term, then down the road. The effects were already being seen across the board: hotel rooms, car rentals and counterintuitively, even airline tickets. If nothing else, paying more at the pump would have encouraged travelers to do things that will make travel more sustainable in the future.

### [Giant Retailers Look to Sun for Energy Savings](#)

Retailers are typically obsessed with what to put under their roofs, not on them. Yet the nation's biggest store chains are coming to see their immense, flat roofs as an untapped resource.

In recent months, chains including Wal-Mart Stores, Kohl's, Safeway and Whole Foods Market have installed solar panels on roofs of their stores to generate electricity on a large scale. One reason they are racing is to beat a Dec. 31 deadline to gain tax advantages for these projects.

### [Flush With Energy](#)

The Arctic Hotel in Ilulissat, Greenland, is a charming little place on the West Coast, but no one would ever confuse it for a Four Seasons — maybe a One Seasons. But when my wife and I walked back to our room after dinner the other night and turned down our dim hallway, the hall light went on. It was triggered by an energy-saving motion detector. Our toilet even had two different flushing powers depending on — how do I say this delicately — what exactly you're flushing. A two-gear toilet! I've never found any of this at an American hotel. Oh, if only we could be as energy efficient as Greenland!

### [Does queueing theory explain oil's wild price swings?](#)

To paraphrase Mark Twain, rumors of the oil bull market's demise have been greatly exaggerated. With crude oil down a mere \$30 from its recent peak, many economists and financial analysts are proclaiming the end of the oil bull market. They seem to have forgotten that not too long ago the entire distance from zero to the oil price was only \$30. While no one can predict the future of oil prices with certainty, there are explanations for the recent price decline consistent with an ongoing bull market.

### [Call for Oil Price Probe](#)

Iranian Foreign Minister Manouchehr Mottaki said the "root causes" of the oil bubble must be investigated before blaming producers for a price hike that sent a barrel of oil rocketing to \$147 in 2008, Fars News Agency reported.

"Exactly at the very same time Saudi Arabia provided the market with a further 350,000 barrels of oil, we witnessed the increase in oil price," Mottaki told journalists in Colombo after a summit meeting of South Asian leaders who had raised concerns of an "energy crisis".

"It proves that the increase of oil and petroleum (prices) is not following the rules of demand and supply," he said.

### [Kuwait: Oil revenues lift budget surplus last fiscal year 2007/08 to an all-time high](#)

In its latest economic brief on public finance, National Bank of Kuwait reports that the Ministry of Finance has recently released the closing accounts of the government budget for the 2007/08 fiscal year (FY07/08). It showed the fiscal surplus reaching a record high KD 9.3 billion, before the allocation of 10% of revenues to the Reserve Fund for Future Generations (RFFG). The surplus was up 23% from last fiscal year, and equivalent to 29% of 2007 GDP. Oil revenues were the major contributor to the growing surplus. A smaller contribution came from the fall in government spending due to the absence of extraordinary transfers to the Public Institution for Social Security (PIFSS). Non-oil revenues recorded remarkable growth as well, besting their strong performance of last year.

### [Iran Announces 3.7B Barrel Oil Discovery in Four Fields](#)

Iran has discovered four new oil and gas fields holding about 3.7 billion barrels of oil and 1.5 million cubic meters of gas, the country's oil ministry's Web site, or Shana, reported Saturday.

## [CNOOC, Sinopec to Bid for Marathon Oil Angola Assets for \\$1.5B](#)

China National Offshore Oil Corp., or Cnooc, and China National Petrochemical Corp., or Sinopec, are joining forces to bid for an Angolan oil and gas asset owned by U.S.-based Marathon Oil Corp. (MRO) that is expected to fetch about US\$1.5 billion, the South China Morning Post reported Monday, citing unnamed sources.

## [Energy Fictions](#)

A toxic combination of \$4 gasoline, voter anxiety and presidential ambition is making it impossible for this country to have the grown-up conversation it needs about energy.

## [We need to end our phone addiction!](#)

Ridiculous, you say? Is it really any more ridiculous than the statement "We need to end our oil addiction?" Just look at the hazards being created by telephones today; avoidable auto accidents, filling our landfills with non-biodegradable plastics and electronics from disposable phones, polluting our air with radiation from cellphones and cellphone towers, loss of productivity due to excessive phone babble, and disruption of peace and quiet by people walking around in public places talking loudly into these tiny boxes.

So you see, if you want to make a case for the need to end our addiction to telephones, you can do that. But the truth is - we are not addicted to phones anymore than we are addicted to oil. Both provide us with the means to maintain our comfortable standard of living and productive economy. We depend on them in our daily lives - we are not "addicted" to them.

## [Always cycling with the wind behind you](#)

You still need to peddle but the battery helps. The electric bike is all the rage on Dutch cycle paths this summer, and enthusiasts have nothing but praise for it. "This invention deserves a Nobel prize."

## [Lead may lurk in backyard gardens](#)

As backyard vegetable gardens undergo a renaissance, environmental officials and scientists are warning homeowners to be careful before planting the carrots and chard: There might be lead in the soil.

Flakes of lead paint from old homes often create a halo of contamination around houses that vegetables can take up. Remnants of leaded gasoline might also be in the soil, especially near busy roads. While the problem is pervasive in urban areas, suburban homes that were built on or near apple orchards are also at risk because lead arsenate

was once used regularly as a pesticide. The heavy metal can remain in soil for hundreds of years.

### [China July crude imports in biggest fall since Jan 05](#)

BEIJING (Reuters) - China's crude imports unexpectedly fell 7 percent in July to a seven-month low, its steepest monthly drop since January 2005 as refiners balked at soaring crude costs amid lagging domestic fuel prices.

The July decline follows a weak 3 percent rise in June imports at a time of mounting concern that the U.S. economic slow-down is taking a bigger than expected toll on other markets, potentially undercutting oil use in the world's No. 2 consumer and weighing on world prices still partly buoyed by Asian demand.

### [Saudi keeps Sept crude supply steady to Asia](#)

TOKYO (Reuters) - Saudi Arabia, the world's top crude exporter, will supply full contracted volumes of crude oil to Asia in September, steady from August levels, sources at the refiners said on Monday.

Traders had expected no change in supply for September, although the market has been looking for signs of where incremental volumes are headed since the kingdom began raising output earlier this year in response to more demand and to quell what it sees as unacceptably high prices.

### [Energy crisis to be spotlighted](#)

The United States is based on "the presumption of everlasting cheap oil, and that day has come to an end," said author Michael Klare, a political science professor, in advance of his address in Waterville.

"It's not that oil is disappearing exactly," he said, "but cheap oil is gone forever, and we'll never get back to that place. And we haven't really planned for this day."

### [Commodity crunch](#)

While consumers and manufacturers welcome the drop of oil and other commodities, most experts believe prices would remain at levels higher than those of two or more years ago. Oil, for instance, is not expected to fall far below US\$100.

The "peak oil" theory still holds, which retains the view that the supply of oil is not being

increased but demand in the emerging economies would continue to increase.

### [Thirty Reasons Why Organizations Must Get Off Petroleum Now](#)

Don't get me wrong -- I am very concerned about global warming and climate change. In the long run, that's one of the most serious challenges that humans face as a species. But in the short run, the world is no longer able to produce petroleum in sufficient volume to satisfy its demand. Soon it will not be able to produce petroleum in sufficient volume to satisfy its needs.

### [Energy debates need long-term context](#)

Peak oil is real. There is a finite volume of oil and we are approaching the point where half of the world's possible supply will have been consumed. At the peak, oil prices will escalate regardless of how much effort there is to produce unless demand drops in ways inconsistent with all historical data. Advocates of the peak oil perspective project a range of possible points for the global peak. Pessimistic estimates indicate 2010 to 2012. More optimistic projections indicate the peak would not arrive until after 2030.

### [Rising costs fuel economic stress](#)

Economic stress caused by rising fuel and mortgage costs is creating the need for massive investment in public transport systems, according to research undertaken by Griffith university.

...Researchers Dr Jago Dodson and Dr Neil Sipe said fuel and mortgage stress had crept steadily inward from the fringes.

"In our earlier study, areas of stress were largely located at the outer suburban mortgage belts where car dependency is high," Dr Dodson said.

"In this study we have seen the number and geographical range of vulnerable households creep inwards as fuel costs and interest rates rise."

### [Georgian oil ports Batumi, Supsa partly operating](#)

LONDON (Reuters) - Georgia's oil port of Supsa is operating only partially and oil tankers are not going into its Batumi port, a shipping agent said on Monday following fighting between Russia and Georgia.

The slowdown of activity follows an unrelated explosion last week in Turkey on the Baku-Tbilisi-Ceyhan (BTC) pipeline, which has cut Azeri oil supply to world markets. Supsa and Batumi are also outlets for Azeri oil.

### [Opec crude supply faces disruptions](#)

TEHRAN: Rising Opec output has cut the group's spare capacity and left the oil market vulnerable to any surprise supply disruptions, Iran's Opec governor said yesterday.

..."The drop in oil price has come at the expense of supply security," Iran's Opec governor Muhammad Ali Khatibi said.

Consuming countries benefiting from the price fall should be aware that it could easily be reversed by any surprise supply outages, he said.

### [Jordan, Shell in talks to extract oil from huge shale reserves](#)

AMMAN (AFP) - Energy-poor Jordan said on Sunday it was in talks with Anglo-Dutch group Royal Dutch Shell on an agreement to extract oil from the desert kingdom's 40-billion-tonne oil shale reserves.

### [Gas drops 15 cents in the last two weeks](#)

CAMARILLO, Calif. - A national survey shows gas prices continue dropping across the nation.

The average price of a gallon of regular gasoline at self-serve stations was \$3.85 Friday, down almost 15 cents from two weeks ago.

### [Slept Through Rice Age, Awoke to Commodity Bear](#)

``We have to invent a rationale," says Aronstein, who thinks the seven-year bull market in commodities is over, not taking a breather.

He thinks the real price of oil should be the equivalent of the real price of plow horses.

``The crux of the matter is, can we replace a 100-year-old technology -- the internal combustion engine -- that has way outlived its place in the world?" Aronstein says.

``There are hordes of people with 140-plus IQs working on this. It's absurd to be against it."

### [Slump in demand should offset peak oil](#)



Warnings that the supply of oil has peaked have supported the meteoric rise in the price of oil and gasoline this past year. But amid the clamor, less attention is being paid to the concept of peak demand—and it is on that side of the supply-demand equation that relief will appear over the next year. We've seen this before, as almost exactly 30 years ago the high price of oil drove a reduction in global demand of stunning proportions. We aren't there yet, but contrary to popular opinion, we believe the world will reach similarly low demand in the months and years to come.

### [Transit States](#)

Russia's relations with countries that host pipelines shipping oil and gas westwards, many former Soviet Union states, have been characterised by frequent disputes.

### [Earthquake shakes Venezuelan oil region](#)

CARACAS (Reuters) - A 5.1 magnitude earthquake shook eastern Venezuela early on Monday morning, the U.S. Geological Survey said, but no damage or injuries were reported in the oil producing region.

### [EPA to Crack Down on Ethanol Cheats](#)

The Environmental Protection Agency (EPA) is stepping up its policing of ethanol in gasoline. With ethanol prices running about \$1.30 a gallon less than gasoline, oil companies and fuel distributors have tremendous incentive to put more ethanol in gasoline than the 10% allowed under current Clean Air Act regulations.

"We believe some retailers are either taking inadequate precautions to assure that fuel containing greater than 10% ethanol is not dispensed into motor vehicles and engines certified for gasoline only -- or are selling fuel labeled as 'gasoline' that actually contains greater than 10% ethanol in violation of the Clean Air Act," an EPA spokesman says.

### [21 US cities will measure and disclose their CO2 emissions](#)

WASHINGTON (AFP) - Twenty-one US cities, including New York and New Orleans, have announced they will measure their greenhouse gases emissions, in a joint effort to seek ways to halt and reverse global warming.

### [World Bank criticized for helping fossil fuel plants](#)

WASHINGTON: When the new Tata Ultra Mega power plant in western India is fired up in 2012 and fully operational, it will be one of the world's 50 largest greenhouse-gas emitters. And the World Bank is helping to make it possible.





This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](http://creativecommons.org/licenses/by-sa/3.0/).