



## Getting prepared

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Suddenly the weather is changing into summer, schools and universities are approaching the end of the teaching year, and thoughts turn to the summer vacation. The world, to a great degree is prosperous, and so cars will drive, planes will fly and there is no immediate blot on the horizon to expect that this might not be a very pleasant three months.

For, this time, there will be enough gas to fuel the travel. Prices may be up a little but with the world producing oil as fast as it can, a short term surplus of supply has developed, as reported by [Petroleum World](#). Iran's OPEC governor has pointedly remarked that the world is presently more than comfortably supplied with oil. At the same time stocks have been built up to the point in the US that

US crude stocks rose by 2.6-mil barrels to 327-mil barrels in the week to Apr 29, the highest since the end of March 2002, the DOE said. Inventories in the critical Cushing, Oklahoma, region, the delivery point for the New York Mercantile Exchange's futures contract, climbed by 600,000 barrels to 22.78-mil barrels, leaving about 2.2-mil barrels of storage space free.

"Inventories are getting to the limit of their capacity," Kazempour said.

So, at the start of the season we have the world producing oil just about as fast as it can, and with a reserve in place about as large as it can possibly be. The combination should, no doubt, get us through August and into the fall.

We are however falling into the territory of the speculator. At this point no-one is anticipating that the supply will fail to match demand before some time late in the fall. Yet prices have not come significantly down. The reason comes with the growing awareness that this is a problem that is not going to go away. Yes it is true that this topic hasn't got the rivetted attention of the politician or the press on a consistent basis (though stories are now bubbling up with more frequency in the same way that they are [beginning to take hold in blogistan](#)). But it has caught the attention of the investing class. And since no-one is offering a solution to the approaching shortfall, it does not take a rocket scientist (grin) to realize that there is a significant ROI on its way and to plan accordingly. Which likely will mean that the price will go up faster than currently anticipated, and also higher.

Which might suggest, for those planning a vacation, earlier in the summer might be better than early in the fall.

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