



## Enjoy the cheap petrol, while it lasts

Posted by [Big Gav](#) on April 11, 2009 - 9:31pm in [The Oil Drum: Australia/New Zealand](#)

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Traffic is so low over the Easter break that it doesn't seem worth doing a full Bullroarer for a while, but I thought I'd point to this article by "investment banker and fund manager" Michael Trifunovic as its the nearest thing to a peak oil article I've seen in the mainstream Australian press in months.

Sydney Morning Herald - [Enjoy the cheap petrol, while it lasts.](#)

With demand on the rise, existing wells drying up and a dearth of big discoveries, the oil price is only headed in one direction.

IN July 2008, the oil price hit a record high of \$US147 a barrel. In its journey from the lows of 1998 to the highs of last year, many reasons were put forward for its ascent. Explanations included a so-called "war premium" , "a terrorist premium", hurricanes and evil speculators - the list of things and people to blame for the rise in oil prices was long.

As the price rose, calls were made by political leaders and interest groups for oil producers to lift production and for a cut in taxes on oil and petroleum. Accusations of price gouging and profiteering by oil companies and producers soon emerged.

Under the glare of TV cameras, OPEC promised to lift oil production and bring prices down. Yet the price continued its march upward and production rose only marginally.

The key point that appears to have been missed was that in the decade from 1998, demand grew about 16 million barrels a day while supply struggled to keep pace, particularly during the later years.

Now that the oil price has collapsed from \$US147 to the \$US40-\$US50 region and it's off the front pages, it is yesterday's story. But is it really an old story. Have we been told the true state of play?

According to most mainstream news reports and even views presented by the investment community, oil was in a bubble and the global financial crisis has plunged the world into recession, which is leading to demand destruction for oil and hence the low oil prices.

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