

One thing we have learnt this week – oil prices

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Oil prices are moving up again.

They have been increasing slowly and steadily for the last [6 months](#) but of course have surged in the last week. The reasons for the recent increase are fairly self explanatory. Rising tensions between Iran, the US and Israel. The Strait of Hormuz runs past Iran's coast and would be relatively easy for them to disrupt. 20% of the worlds oil moves through this waterway. In a straight fight between Western Aircraft carriers and Iranian forces they would lose but they have midget subs, missiles and fast motor boats. There is more to this issue than that. An attack on Iran would disrupt not just this but also potentially the oil production itself. Hopefully calm heads will prevail. The international agreement with Iran although not perfect should be respected by the US. You cannot just tear-up international agreements. After all if try to negotiate new ones in the future who will believe you? The rise raises a number of issues. First, the middle east is still very important to the oil supplies and will continue to be so for many years (for all the talk of US fracking). Saudi Arabia has an enormous renewables program. Some of us think this is to reduce their dependence on their gas production (which overlays their oil), allowing them to cut production and force prices up. Second. If high oil prices persist it will be interesting to see what happens. Will US fracking take off again? Fracking in the US probably has about 5 years before production peaks. Third. Why have oil prices been moving up over the last 6 months? There is no real answer. Stocks were said to be high. Many of the global trends are against oil use. It could be because of rising tensions over this time. Last. If these high oil prices are maintained for any length of time what does it mean for energy prices, renewables and electric vehicles. In principle it should accelerate development of all these. At the moment there are many questions but few answers.... Neil

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