

Oil falls to near \$76 as us crude supplies grow

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In the weekly supply data reports of the Energy Information Administration of the Energy Department, some analysts predict that record crude inventories will weigh on oil prices, as low demand persists in developed countries. In the fourth quarter, National Australia Bank (NAB) lowered its crude prices' forecast from 84 dollars a barrel to an average of 82 dollars. The bank reports that world oil production remains robust, even as growth in the demand in crude oil continues to fade in many developed economies, a situation that has continuously created an abundant global supply of oil, particularly in countries where economic activity is still most languid.

In another Nymex trading in contracts for October 2010, at 2.121 dollars, heating oil was down 0.76 cents a gallon while gasoline dropped 0.97 cents to 1.959 dollars a gallon. For every 1,000 cubic feet, natural gas dropped 1.4 cents to 3.952 dollars. Additionally, on the ICE Futures exchange, Brent crude dropped 43 cents to 78.84 dollars a barrel in London.

The author of this article demonstrates a wavering of oil prices in a relatively tight range. I concur with him that world oil production remains robust despite the fact that growth in the demand for crude oil continues to languish in many developed economies. The article, therefore, accounts for the constant surplus in oil supply globally. In my view, Kennedy has succeeded in making explicit the factors behind the fall in oil prices.