

Crude oil falls below \$30 for the first time in 12 years

The price of crude oil has fallen below \$30 for the first time in 12 years, and is currently \$29.80 for WTI and \$29.88 for Brent.

Analysts are currently rewriting their price predictions downward as even \$20 is being spoken about as a distinct possibility. Add into the mix Iran looking to restart exporting oil as they are rushing to comply with all the conditions required under their nuclear program..

Where will the oil price fall stop?

The price of oil is continuing to freefall, with no signs of a let up currently.

Just as a base looked to be trying to build, the \$30 level has now been breached, and everyone wonders whether we will see \$20 oil in short order?

The weakness in the Chinese economy is fueling concerns that demand will throttle back even more, thus increasing the size of the existing glut, but that is not the only major concern.

The Iranians are racing to comply with the terms of their nuclear deal with the west in order to restart their exports again, which will add 1 – 2 million extra barrels of supply to

an already saturated market.

A new concern is storage capacity, and the fear of it running out, and production having to cut down as there is nowhere left to store it! It's not an urgent problem, yet, but is now being talked about as another potential problem if the glut continues.

The warm winter (until now at least) in Europe has also contributed to falling demand, and it remains to be seen if the sudden cold snap is prolonged and causes demand to rise as a result.

Oil and the countries exporting it look to be in a really hard place, and therefore investing in oil and gas producers looks to be a risky business at the moment, so maybe a time to keep powder dry and wait for some kind of deal to be done to reduce capacity and increase the price?

I personally feel that eventually people will be forced to call a meeting and agree some cutting of quotas, including non OPEC producers such as Russia.