

Title:

Oil Prices May Crash

Word Count:

503

Summary:

Oil has been rising for the past 10 years as the world has come to the understanding that there is only a limited supply and national economies are tied to it. To many people the rise in oil price is a good bet because of its limited nature. It may be possible that oil will take a dive in price as it comes close to \$100 per barrel as people begin to feel uneasy.

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Keywords:

businesses, investing, mining oil, oil prices, stocks

Article Body:

Oil has been rising for the past 10 years as the world has come to the understanding that there is only a limited supply and national economies are tied to it. To many people the rise in oil price is a good bet because of its limited nature. It may be possible that oil will take a dive in price as it comes close to \$100 per barrel as people begin to feel uneasy.

It is possible that people have made so much money on oil stock, futures, options and other investments that people or large investment houses may dump their investments and take the winnings. If this happens even a small decline could trigger and en masse exodus from the market forcing a quick downward trend on the price per barrel of oil causing the market to crash. A market crash could be as much as a 40% decline in the price per barrel.

There are a number of forces around the world that may make a dip in the market in the near future. The Middle East may become more stable in the near future as the ending to the Iraq war becomes more likely. Even though there is no guarantee that the country will become stable it is a possibility it may become this way as one side beats out the other. It isn't likely to have an immediate affect.

Since companies have found the oil market to be so lucrative they have been

scouring the world over for new deposits. In their interest they have been able to find these new deposits and in a couple of years will be able to tap them, which will put more money into the market. When this oil goes into the market the demand will decrease because world wide production has increased.

Since oil prices have been on the rise over the past decade countries have been investing in alternative fuel sources. For example, in the United States ethanol plants have been springing up all over the place, cars are expected to increase efficiency and the government is trying to cut dependency on foreign oil. This will have a downward affect on the price of oil as the need for it decreases.

Many market analysts also believe the oil price of investments is also higher than its true costs. It is an overheated market that may be waiting for a crash. They believe that it won't be long before people start taking their money out because they believe it can't go much further. When people take out their money this is when big changes in the market are going to be seen.

\$100 is a psychological barrier for most people. Oil prices have never been this high in history and most people simply can't imagine a time when oil will be this high. Therefore, when the \$100 threshold is met people may naturally become uneasy and begin to sell their oil shares which could free up the markets and temporarily reduce the costs.