

[Oil prices have fallen, but will they stay low?](#)

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Contributed by: pennenergy.com

Oil prices fell dramatically this week from the mid-\$90s to \$75 a barrel on worries that the global economy is headed for a double-dip recession.

With some positive jobs numbers, West Texas crude prices rose above \$84 a barrel on the New York Mercantile Exchange Thursday. Brent crude in London has seen a similar drop and slight recovery, trading at more than \$106 a barrel.

While the price of oil increased, [investors are weary demand may drop](#) if the economy is headed for a downfall. Stock markets also fell drastically, leaving many worried about the future.

While multiple economic data combine to affect the price of oil, including jobs, home sales, purchasing, imports and inventories, the most-recent drop was [pinned on the reduction in the United States' credit rating](#).

While OPEC has dropped demand looking forward, which casts out any suspicion that the oil cartel might up production, many analysts see the current drop in oil prices as temporary – and \$100 oil a long-lasting reality.

Oil Demand to Increase Worldwide

The fact of the matter is that demand and consumption in the United States is going to become less of a price driver – or at least not the biggest factor to be considered.

The US has held the spot as the world's largest oil consumer for some time, but the growing and industrializing massive populations of China and India will soon take the spotlight for demand.

Additionally, demand continues to rise despite spikes in oil prices in countries where oil subsidies exist, including many Latin American, Middle Eastern and Asian countries. Meaning, consumers that pull back on demand when prices at the pump escalate are outnumbered by those who do not see an increase.

As markets continue to absorb these fundamental changes, the market will see less volatility based on US consumption changes due to the price at the pump, summer driving season or even risk from hurricanes.

Emerging Oil Resources for a Growing Demand in the US

Nonetheless, the appetite for oil in the US continues to grow, and emerging reserves in new regions could soon prove major sources of future energy in the nation. Namely, the [development of shale oil resources](#) in the US is growing drastically in the [Eagle Ford](#) and [Bakken Shale](#), and [new liquids-rich shale plays](#) are being aggressively sought.

Additionally, the development of [Canada's vast oil sands](#) resources could prove a major source of future oil for years to come. Currently, the [US government is working to approve the development of a major pipeline](#) that could increase imports of oil sands into the US.

Finally, the burgeoning [oil resources offshore Brazil](#) will likely supplement the demand in the US. Multiple basins in the pre- and post-salt reservoirs offshore Brazil are proving high productivity; and [Petrobras \(NYSE:PBR\)](#) and others are leading the way in developing these resources.