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Several key items around oil and energy have been developing as I write this update. The first and foremost is the talks with Iran and America which have started. If the talks are favourable and America's concerns are met, Iran could see oil production ramp up from the current 2.8 million barrels a day to 10 million barrels a day. Libya has also been steadily increasing oil production to impact Brent crude oil prices. Oil reserves in North America have hit 80 reserve hits and reports from the American Petroleum Association indicate that reserves in Cushing, Oklahoma continue to grow albeit at a slower pace. Based on these factors, the potential for oil prices to further fall are high. Forecasts point to touching a new low of below \$40.00.

As with the liberation of Kuwait, which saw oil prices reach all time lows and global markets gush with oil, I see a similar pattern to present day. Adding Iranian and Libyan oil to the global supply chain would see global supply ramp up with America already posting record supply levels and still growing.

So with all this expected demand, why are gasoline prices climbing not declining. The American Petroleum Association workers in Texas are on strike. West Texas refines nearly all the gasoline for North America. To combat increasing stockpiles of gasoline and declining costs, most of the refineries have been running at less than capacity since November 2014. The refineries have been running lean which means no ability to absorb labour disruption shocks. How long will the strike continue?

Gasoline supplies are still strong and given that the refineries are able to sell their product at higher prices, do not expect a quick resolution. Prices in America have risen by 40 cents a gallon in the last 10 days which represents a 21% climb in gasoline prices since hitting all time lows.

Just like the strike with dock workers at sea ports in California created great disruption and cost so will this disruption. However, unlike the dock workers strike that saw billions of dollars of goods lost and the manufactures of goods paying dearly, the oil refineries come out smiling. How many business sectors can turn a profit while their employees strike!