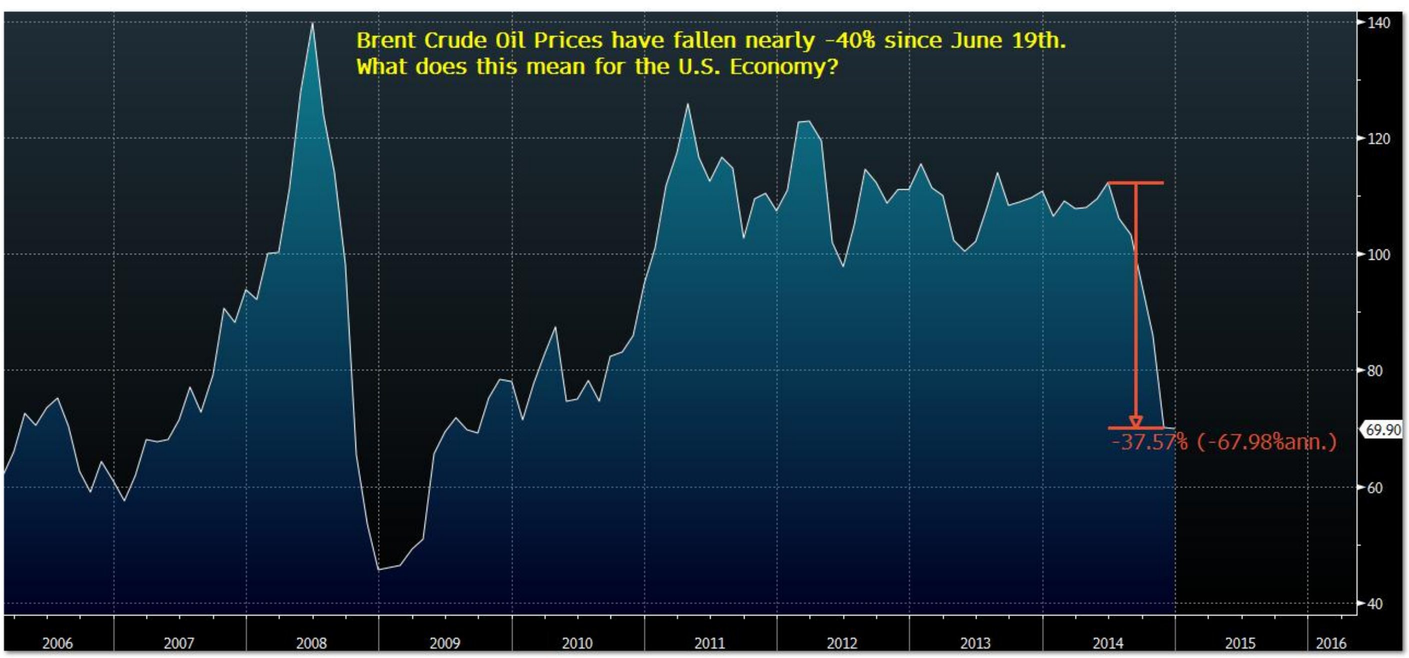
#OilMyMy

Oil Prices have dropped by over 38% since June 19th. The ripple effects from the dramatic selloff in crude prices are sure to be far reaching. How will industries, countries and governments that rely on oil production at higher prices maintain themselves? Are lower prices *boon* or *bane* for the U.S. economy? What do lower energy costs for consumers mean to discretionary spending or savings? These are a few of the outstanding questions that will be openly discussed in the weeks and months ahead. Let's take a glance at one sure fire winner in the falling energy price game, the consumer. The Energy Information Administration (EIA) reports that the average U.S. household spends nearly $3,000 per year for gasoline. If crude prices represent 67% of the price of gasoline at the pump (refining, miscellaneous & taxes are 33%) and a barrel of oil is now 38% cheaper, will gasoline prices at the pump in turn fall from their mid-summer highs of $3.70 to $2.70 per gallon? I certainly hope so. A $2.70 per gallon price could bring the annual cost for consumers down one-third to the $2,000 dollar range. In other words, every household may well find an extra $20 per week in their pockets. Where will that extra money go? It will either be used for discretionary expenditures or savings and investment. From my perch, it looks like it is going to be a very Merry Holiday Season for the American consumer!



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