

FOR IMMEDIATE RELEASE
May 5, 2010

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ESAI Press Release: ESAI Sustainable Oil price is \$70-90 per Barrel

BOSTON—May 5, 2010— “The fundamentally sustainable oil price range for the next two years is \$70-90 per barrel,” begins ESAI’s 2-year outlook for the global oil markets. According to the report, this price range is driven by a combination of factors. The marginal cost of crude oil such as Canadian oil sands encourages a floor around \$70 and spare refining and oil production capacity encourages a ceiling around \$90. More importantly, the report points out, Non-OPEC production should be stronger in the coming years than recent history would suggest. Along with impressive growth in OPEC NGLs and alternative fuels, the call on OPEC crude will only grow slightly.

“Obviously, the price can break out of this range, and we see more potential for a break out on the upside,” says ESAI president, Sarah Emerson, “but that will require either a supply side event(s) or signals from outside of the oil patch.”

Those outside signals will be transferred to oil prices through the financial markets’ trade in oil. ESAI’s report includes a discussion of the impact of financial markets on oil prices and points out that paper trade in oil ties the oil market and oil pricing to much larger or faster moving equity and currency markets and much more closely to the signals of the broader economy. “Sometimes these “other” markets are the dog wagging the oil market tail.”

For a copy of ESAI’s 2-year outlook on the global oil markets, contact Soner Kanlier at skanlier@esai.com

About ESAI: ESAI, founded in 1984, provides market research and strategic advisory services to [energy](#) and [power](#) markets. ESAI provides a framework for interpreting and prioritizing empirical market data and industry information. ESAI provides detailed analysis of energy and power markets and explains future market trends.