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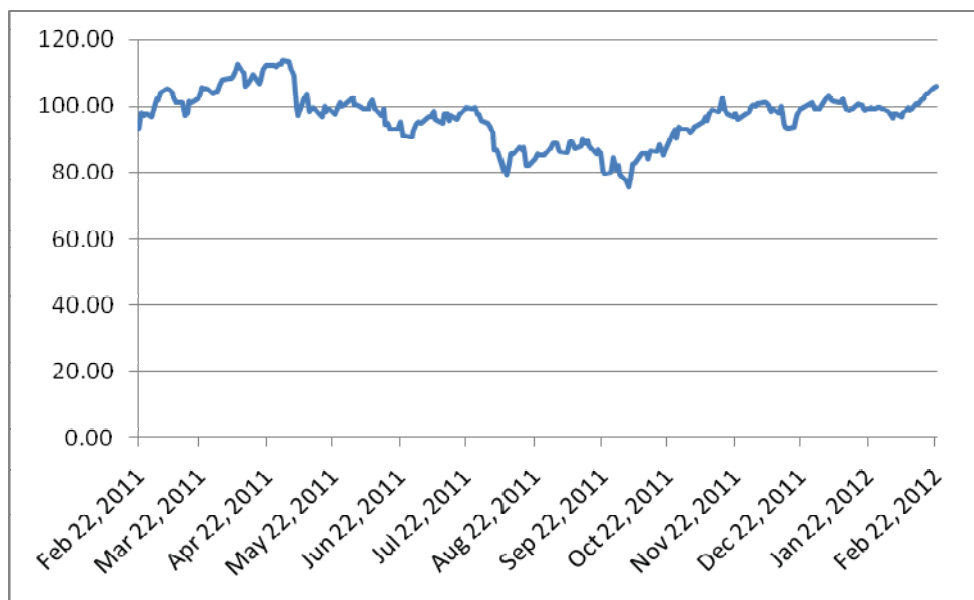
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Worldflow Flash Report

Crude Oil Spikes to Nearly \$110 per Barrel on Iranian Tensions

February 28, 2012 (Wakefield, MA) – The price of crude oil surged to almost \$110 a barrel on Friday, February 24 as uncertainty about Iran and its nuclear program continued to impact oil prices. Tensions were exacerbated by Iran’s announcement on February 19 that it was cutting off exports to the United Kingdom (UK) and France. While Iran’s oil does not account for a major amount of the oil supply of the UK and France, Iran has been exporting about 300,000 barrels per day (BD) to European Union countries. Iran’s move was in response to the European Union’s announced intention to cut off Iranian oil imports and freeze central bank assets, beginning in July.

Price in dollars per barrel of West Texas Intermediate (WTI) Crude Oil -- Cushing, OK: Feb. 22, 2011 to Feb. 22, 2012



Source: EIA



The last time we published a Flash Report on oil prices, almost exactly a year ago, the news was that oil prices were had exceeded \$100 per barrel, due to unrest in the Middle East and Northern Africa. The most immediate cause of this spike in oil prices was reduced production from Libya. The Libyan situation has at least been partially resolved in favor of democratization, and oil wells are coming back online.

Other areas in the Middle East that have been hot spots include Bahrain, Syria, Egypt, and Tunisia. The news this time is much more dramatic, with oil prices exceeding

\$100 for the first time since October 2, 2008. Energy demand is increasing along with the improving economy, and this increasing demand is helping to push prices higher. But the main driver of the current spike in oil prices unrest is the Middle East and Northern Africa, including Egypt, Bahrain, Algeria, Tunisia, Iran, and especially Libya.

Oil prices peaked in the range of \$140 per barrel in mid-July 2008. They then went into a steep decline, bottoming out at less than \$40 per barrel in December 2008. Oil prices increased to more than \$60 per barrel in June 2009. From October 2009 until March 2010, prices fluctuated between \$70 and \$80 per barrel. Finally, beginning on March 3, 2010, oil prices closed above \$80 per barrel. Since that time, oil prices have been creeping up past \$90 per barrel. It was the one-two punch of events in Egypt and Libya that pushed prices over \$100 per barrel.

Now the crisis in Libya puts things in clearer perspective. Oil prices have spiked to more than \$100 a barrel, and the instability in Libya and some other countries in the region is continuing. While the crisis in Egypt caused prices to rise by about \$3 a barrel, there are some important differences between Egypt and Libya.