



## Why Oil Prices May Fall in the Next 24 Hours

### Description

Most market enthusiasts have their eyes on oil and are wondering how much lower prices will go. While some (including myself) thought a \$70 per barrel price tag would be ridiculous and would not likely happen, I am afraid I have to admit that number is now a possibility.

And that fall in WTI oil price most probably will happen tomorrow. Why? One word: OPEC.

Tomorrow, oil ministers from the 12 nations consisting of the Organization of Petroleum Exporting Countries (OPEC) will meet to discuss whether they will cut supplies as crude prices continue to decline for over over six months – plunging 32% since June.

As I write this article, WTI oil is trading at \$73.31. Earlier this week, oil hit a four-year low.

### Next 24 hours is crucial for oil

But the next 24 hours will be crucial for oil prices as Saudi Arabia (the strongest player in OPEC) hinted it won't cut production and therefore the surplus in oil (which is the primary reason for the decline in prices) will continue.

Saudi's oil minister has implied the country would not cut production, while the oil minister of another member country, the U.A.E., has said the group will not panic as the market will eventually fix itself.

### All about perception

Although the cartel today holds 80% of world oil reserves, the U.S. and other countries are also becoming big producers of oil. Some oil experts argue that OPEC has far less power today than we give it credit for. They argue that perception plays a huge part in oil price movement and the notion that OPEC is still powerful enough to manipulate prices is no longer a fact.

### Investment strategy

No matter what happens to the price of oil in the short term, right now, this "oil price war" is something

investors need to take advantage of. Oil stocks have been beaten down and now is the time to pick up bargains on quality blue-chip companies on the TSX, like **Suncor Energy Inc.** ([TSX: SU](#))([NYSE: SU](#)).

Companies like Suncor can weather the oil-price storm as their growth prospects are likely to remain positive, even if hit with lower oil prices. For Suncor, there are a lot of growth opportunities in the long-term. The company projected its 2015 guidance that highlighted an annual production growth of 5% at the midpoint estimate (with 1% at the low end.) That's still a positive. The company will also be boosting its capital budget by roughly 10% to about \$7.5 billion.

And if it's any consolation, legendary investor and big boss of **Berkshire Hathaway Inc.** Warren Buffett recently increased his stake in Suncor, buying over 2 million shares of the company.

## CATEGORY

1. Energy Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:SU (Suncor Energy Inc.)
2. TSX:SU (Suncor Energy Inc.)

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## Date

2025/07/22

## Date Created

2014/11/26

## Author

sandram

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