

Rising Use of Biofuel may drag Crude Prices below US\$ 40 per Barrel

With oil consumers turning towards using biofuels to help reduce pollution and govt.'s willingness to subsidize biofuels distributing companies, crude oil prices are likely to drop to US\$ 40 per barrel in near future.

New Delhi, Delhi, January 8, 2007 /[India PRwire](#)/ -- In New York prices of crude oil are expected to slide to US\$ 40 per barrel, with rising supplies of biofuel shaving demand growth of traditional auto fuel, as per Tetsu Emori – chief commodities strategist with Mitsui Bussan Futures of Japan.

Oil consumers who want to contribute in reducing pollution are increasingly using fuels & additives derived from soybean, corn, oilseed, and sugarcane. This switch might result in money to shift from oil futures on New York Mercantile Exchange to Chicago's grain futures market.

Biofuels are expected to make up nearly 7% of worldwide transportation energy by the year 2030, if International Energy Agency's policies are implemented by the government for promoting alternatives to oil.

Emori said that biofuels could mark the beginning of a great revolution, perhaps ending the vertical increase in crude oil prices that's been observed over the past few years. Thereby, attracting pension & commodity fund managers to invest money into grains. "A US\$ 78.40 per barrel record that was set on July 14 could be the zenith of oil over the years until the end of 2010", further added Emori.

As per a Research Analyst's view at RNCOS, who has recently done a report named "**Biofuel Market Worldwide (2006)**", "Growth in demand for diesel and gasoline may slow down dramatically, if the govt. subsidizes firms distributing biofuels & further pushes to promote the use of eco-friendly fuel."

About the Report:

"**Biofuel Market Worldwide (2006)**" report provides an updated and detailed overview of the world Biofuel market. The figures and facts that are provided in this report help the clients to assess and analyze:

- The trends in market performance.
- Regional markets differ on the basis of their policies & trends.
- The prospects exist for Biofuel in the global market.
- Pinpoint sectors of growth and identify driving factors.
- Identify market, brand leaders and understand the competitive environment.
- What are the various government support programs and Major Biofuel projects?
- What are the key Challenges and Strategies?

For more information visit: <http://www.rncos.com/Report/IM043.htm>

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Notes to Editor

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