

'Oil Bust' Headline Makes a Good Punch Line

By [The Mogambo Guru](#)

05/19/08 This week, the Mogambo calls the local newspaper to see why they're dropping the ball with regards to reporting inflation. Well, as it turns out, it may very well be the receptionist's fault.

Just when I thought I had completely lost my sense of humor, I ran across a MoneyNews.com article titled "Lehman Bros. Report: Oil Bust in the Cards". Hahahaha! Thanks, Lehman!! Hahaha! I needed the laugh!

Perhaps part of the humor is that this comes at the same time as the price of gasoline went up 3 cents to another record high of an average of \$3.70 a gallon. This is up 22% from this time last year! 22 percent! 22! Hahahaha!

It gets even funnier when Lehman is not just predicting lower prices, but "Lehman is now predicting prices at \$83 a barrel in 2009 and as low as \$70 in 2010." At this point I am laughing so hard that my stomach hurts, and since I am on the verge of pooping in my pants, I am desperately trying to stop laughing by sticking my own thumb in my eye, but it does no good! I just keep going, "Hahahaha! Oww! Hahahaha! Oww!"

But \$70 a barrel of oil? Hahahaha! Oww! Hell, the cost of production is higher than that! So does Lehman think that production costs are going to go down? Hahahaha! Oww!

Bill Bonner here at The Daily Reckoning, taking no notice of my anguish or my thumb, says, "Ten years ago, China imported 165 million barrels of oil per year. Today, the total is more than 1 billion. Wonder why the price of oil hit a new high last week – above \$126 a barrel? Well, China is a big part of the answer." A whopping 600% increase in ten years, and yet Lehman thinks that oil will go down in price? Hahahaha! Oww!

Kevin Kerr at Whiskey and Gunpowder says, "According to the most recent data from the U.S. Energy Information Administration, oil demand for countries in the Organization for Economic Cooperation and Development – which includes developed nations like Japan, Germany and the United States – has gone up 14% since 1980. Oil demand for the rest of the world, however, has skyrocketed 43%. That's more than three times as fast!"

And yet Lehman thinks that the price of oil will go down? Hahahaha! Owww!

So, handily summing up, you can take it from me, the Loudmouth Mogambo Prognosticator (LMP), the guy with the ready laugh and the sore eye where somebody keeps sticking his thumb in it, when I tell you that there is no way, absolutely no way, absolutely no freaking way in hell that oil will be that low next week, next month, next year or ever! Hahahaha! Oww!

I was going to go to the medicine cabinet to find something that would stop my eye from mysteriously hurting, when it fell on Sean Brodrick at MoneyandMarkets.com writing, "According to the International Energy Agency, China's overall oil demand rose by 7.8% in February from a year earlier, much higher than earlier estimates of a 5.3% gain. And gasoline demand rose by 22.8%!"

Careful Mogambo Scholars will take particular note of the use of Mr. Brodrick's use of exclamation points in highlighting the rise in gasoline demand, as this means to me a rise in the use of internal combustion engines, meaning that a lot of work is being done, which means that a lot of raw materials are being consumed.

In fact, he reports, "As a result of that surge in demand, China's crude oil imports rose 15% in the first quarter and 25% in March. Its imports are rapidly accelerating!" Again one notes the use of the exclamation point!

And in another very populous country, India, he says that "oil product sales – a proxy of demand – surged by 10.9% in February compared to a year earlier." Yow! Eleven percent in one year!

The interesting part, which is a euphemism for, "the price of oil is going to go through the freaking roof one of these days real soon, and for a long time after that, too, and if you want to make a lot of money, then get your worthless butt in gear and go out and buy things connected with oil" because all of this gigantic surge in demand is coming at a time when supply is shrinking.

This is made manifest when Mr. Brodrick reports that "oil production is already shrinking in 60 of the world's 98 oil producing countries. So it's no surprise that in March, global oil supply fell by 100,000 barrels per day, led by lower supplies last month from OPEC, the North Sea and non-OPEC Africa."

And Kevin Kerr agrees, too. "Unfortunately" he writes, "there's no way for supply to keep up." As in "no way, absolutely no way, absolutely no freaking way in hell, just as The Mogambo put it in a previous paragraph", which he could have said but didn't.

This is important stuff, so I call up the local paper and tell them that I want one of their stupid little reporters to come over for my news conference so that I can tell the world what is happening. The little receptionist asks, "Is this The Mogambo?" and I proudly say, "Yes, it is!" Then, suddenly, the line goes dead! So I call back, and the same little receptionist asks, "Is this The Mogambo?" and I proudly say "no!"

Then she says, "Is this about inflation?", and I say, yes, it will impact inflation, and before I can say another word, she says, "It's you, you Stinking Mogambo Idiot (SMI)!", and hangs up again!

So, if you never read in your newspaper how inflation is going to kill all of us, especially inflation in the price of energy, then blame the stupid little receptionist.

The inflation you can blame on the corrupt Federal Reserve, and the corrupt Congress (except Ron Paul), which encouraged them, and the corrupt Supreme Court, which let them continually ignore the part of the Constitution that requires that money be only of silver and gold.

Until next time,

The Mogambo Guru
for *The Daily Reckoning*
May 19, 2008

The Mogambo Sez: Being as sweet and brief as I can manage, under the circumstances, if you aren't buying gold and silver, you are a moron.