

Fed Pumps Gas Prices to Soaring Heights

Contributed by Tom McGregor
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The United States Federal Reserve Banks has just agreed to pump in \$40 billion per month as stimulus for the global economy. That would mean American voters should expect more pain at the gas pump, since oil prices are already rising. Reuters reports that, "oil rose in robust trading on Thursday, with Brent futures rising a sixth session, after the U.S. Federal Reserve launched another stimulus program in which it will buy \$40 billion of mortgage debt per month until the outlook for jobs improves."

Oil speculators, including George Soros, are counting on oil prices to go much higher, since the Fed move would encourage investors to push cash into riskier assets such as commodities and equities.

Reuters quotes John Kilduff, partner at Again Capital LLC in New York, as saying that, "the seemingly open-ended purchase of mortgage-backed securities at \$40 billion per month gives the markets the QE3 that had been priced in to a great degree."

He added, "the Fed's policy moves will likely push oil prices higher, but you must be mindful that the policy considerations are a reaction to underlying conditions that are not favorable to a robust demand environment for oil, at the same time."

To read the entire article from Reuters, link here: Tmcgregordallas@yahoo.com