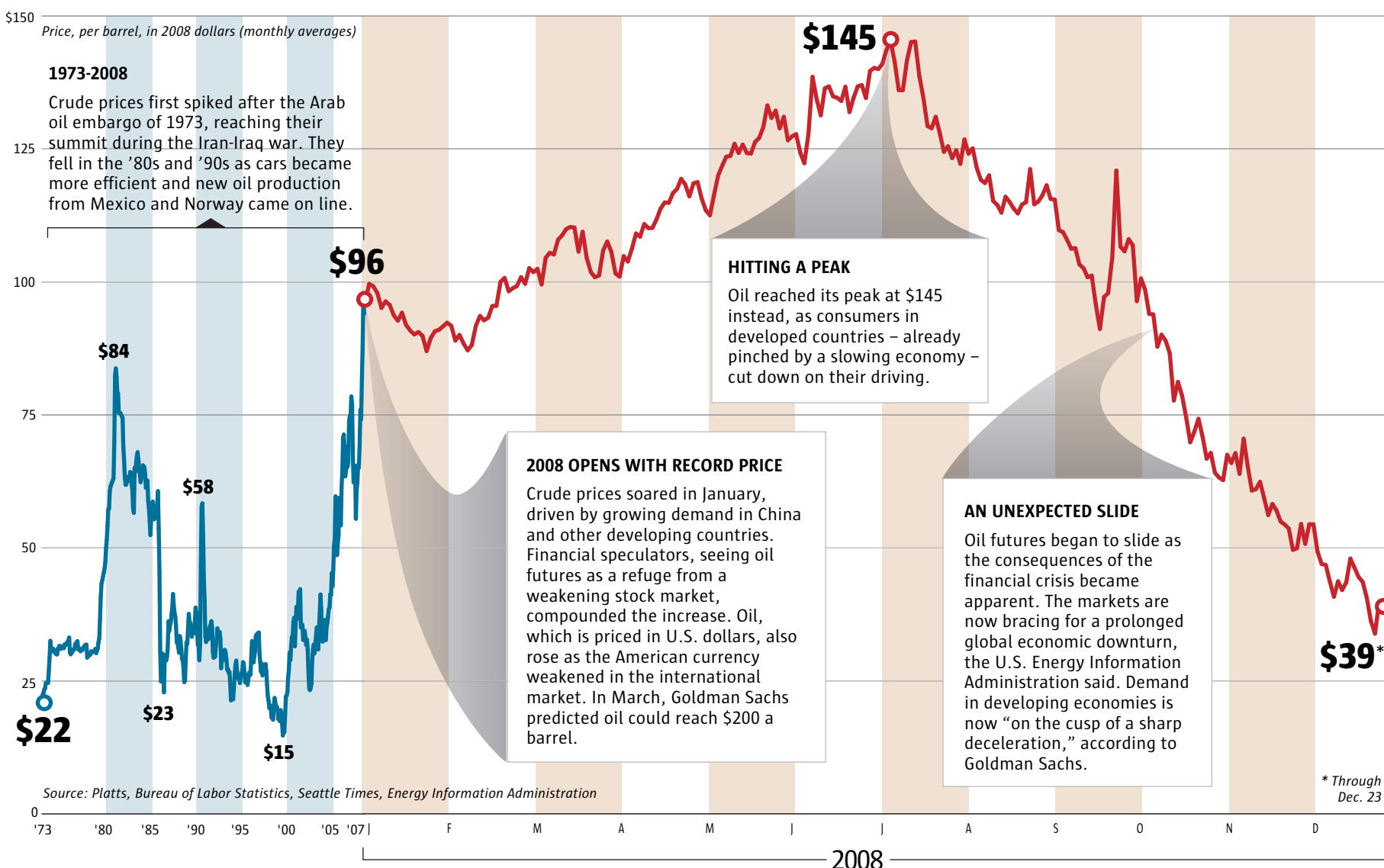


A wild ride for Texas Tea

In July, when crude oil reached a record-setting \$145 a barrel, it seemed like the upward swing would never end, fueled by the world's unquenchable thirst for the stuff. Consumers moaned at \$4-a-gallon gasoline, politicians railed against Big Oil, and alternative-energy entrepreneurs became heroes. Analysts predicted the price of oil would soon hit \$200 a barrel. Little did we know that energy prices, along with the rest of the economy, would soon fall off a cliff.

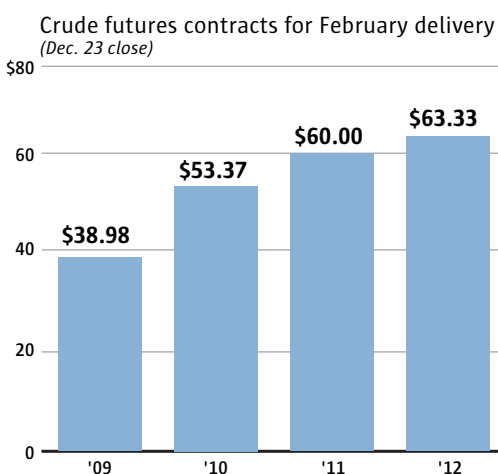
U.S. gasoline demand began to falter in the summer, in part as a reaction to sky-high oil prices. But a massive drop in consumption mirrored the unraveling of the credit crisis into a global recession. That's prompting Goldman Sachs to forecast prices as low as \$30 a barrel in the next three months — more than \$70 below last January's level.



Is cheap oil good news?

Lower prices are a relief for consumers at a moment when many are losing their jobs. But the plunge in crude is prompting some companies to delay investment, not only in developing new oil fields but also in the alternative-energy technologies that may one day help replace petroleum-based fuels. Goldman says a “decline in investment today reduces supplies years from now,” and sees prices rising again in 2010.

Markets bet that crude will rebound



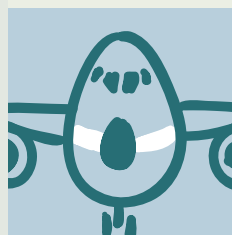
Source: Nymex

Industries whipsawed by oil's ups and downs:



AUTOMOBILES

The spike earlier in the year helped drive a stake through the heart of Detroit automakers that relied on gas-guzzling SUVs for much of their profits. The return of lower prices doesn't mean Americans are driving more, at least not yet. They drove 3.5 percent fewer miles in October than in the same period last year, the U.S. Department of Transportation reports.



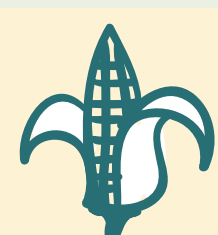
AIRLINES

Cash-crunched airlines came up with all sorts of fees to compensate for rising jet-fuel prices. American Airlines, for example, charges \$15 per checked bag. Those fees aren't likely to go away despite lower oil prices. American said it expects to spend \$3.5 billion less on fuel in 2009 than in 2008, but the economic downturn and credit-market turmoil means the company also has to address falling demand.



ALTERNATIVE ENERGY

Concerns about future energy supplies drove alternative-energy investments to the top of the venture-capital pile in 2009. Now, just like in the 1980s, falling oil prices are taking some of the wind out of the sector's sails. It remains to be seen whether President-elect Obama — who promised to invest \$150 billion in green ventures — will help the wobbly industry stay on its feet.



FOOD

Rising energy costs and rapidly growing demand in the Third World made agricultural commodities such as wheat and corn more expensive. Lower production costs could help bring those prices down, but Goldman Sachs says demand falls more slowly for these commodities than for oil or steel.