The International Crude Oil Market Handbook

It’s a fair bet that most of what you think you know about oil prices is wrong. Despite the massive price fluctuations of the past decade, the received wisdom on the subject has remained fundamentally unchanged since the 1970s. When asked, most people – including politicians, financial analysts and pundits – will respond with a tired litany of reasons ranging from increased Chinese and Indian competition for diminishing resources and tensions in the Middle East, to manipulation by OPEC and exorbitant petrol taxes in the EU. Yet the facts belie these explanations. For instance, what really happened in late 2008 when, in just a few weeks, oil prices plummeted from $144 dollars to $37 dollars a barrel? Did Chinese and Indian demand suddenly dry up? Did Middle East conflicts magically resolve themselves? Did OPEC flood the market with crude? In each case the answer is a definitive no – quite the opposite in fact. Industry expert Salvatore Carollo explains that the truth behind today’s increasingly volatile oil market is that over the past two decades oil prices have come untethered from all classical notions of supply and demand and have transcended any country’s, consortium’s, cartel’s, or corporate entity’s powers to control them. At play is a subtler, more complex game than most analysts realise (or are unwilling to admit to), a very dangerous game involving runaway financial speculation, self-defeating government policymaking and a concerted disinvestment in refinery capacity among the oil majors. In Understanding Oil Prices Carollo identifies the key players in this dangerous game, exploring their competing interests and motivations, their moves and countermoves. Beginning with the1976 oil embargo and moving through the 1986 Chernobyl incident, the implementation of the US Clean Air Act Amendments of 1990, and the precipitous expansion of the oil futures market since the turn of the century, he traces the vast structural changes which have occurred within the oil industry over the past four decades, identifying their economic, social and geopolitical drivers, and analysing their fallout in the global economy. He explores the oil industry’s decision to scale down refining capacity in the face of increasing demand and the effects of global shortages of petrol, diesel, jet fuel, fuel oil, chemical feedstocks, lubricants and other essential finished products, and describes how, beginning in the year 2000, the oil futures market detached itself almost completely from the crude market, leading to the assetization of oil, and the crippling impact reckless speculation in oil futures has had on the global economy. Finally he proposes new, more sophisticated models that economists and financial analysts can use to make sense of today’s oil market, while offering industry leaders and government policymakers prescriptions for stabilising the market to ensure a relatively steady flow of affordable oil. A concise, authoritative guide to understanding the complex, oft misunderstood oil markets, Understanding Oil Prices is an important resource for energy market participants, commodity traders and investors, as well as business journalists and government policymakers alike.

Provides a brief discussion of world oil market developments since the early 1970s, identifying the fundamental characteristics and features of the market through to the end of this century. It also examines the history and current structure of world oil demand, analyzed in terms of demand for crude oil products in the various regions. A number of key factors and fundamental trends in crude oil consumption are identified, which can be expected to play an important role in future oil demand. In addition, the study provides an examination of the history and current structure of world crude oil supply, emphasizing the methodology employed in representing crude oil production, reserves additions and productive capacity development within the analytical framework. A series of sensitivity cases are presented together with the reference case crude oil market scenario generated by the integration of the demand- and supply-side analyses. Finally, the study's authors draw together the critical conclusions arising from the analysis.

This is a book about the international oil market. It takes a historical perspective on how the market emerged, developed, and became what it is today—the biggest commodity market in the world. It is mature and complex, but far from perfect. Throughout most of its 150-year history, the oil market has been monopolised by companies and governments. For only a fraction of that, oil traded in a relatively free market. As a result, we had to live with ‘big oil’, economic shocks, high oil prices, instability and wars. Using a simple concept of market power, this book will explain the meaning of ‘oil price’ and how it is established while offering a valuable lesson for other commodities. Market power is the key to understanding the ‘price of oil’. This book uses a simple concept of price-makers and price-takers to examine the evolution of oil markets, their structure, and prices. The early decades of the oil industry were competitive with low barriers to entry. Barely 25 years later, the Standard Oil company created a refining monopoly, buying oil at its own ‘posted’ price. In the following century, the cartel of major oil companies, helped by their governments, did the same at the international level. OPEC helped producing governments regain control of their own resources, but the organisation was never able to retain a similar level of control. After 1986 price collapse, OPEC abdicated the price-making function in favour of the market. While it never gave up attempts to influence prices, OPEC had to link their official prices to one of the global oil benchmarks. Modern international oil markets function because of oil benchmarks such as Brent, WTI and Dubai. This book showcases: • How oil traders played a prominent role in development of the industry • How policies of consuming nations helped oil cartels • Why and how the US price of oil was negative • How AI has changed the way markets operate and the way in which the markets are likely to change in future This book explores how oil markets grew, functioned, and have occasionally failed to do their job. The ecosystem of derivatives or ‘paper barrels’ trading in far greater volume than physical oil plays a very important role in mitigating risk. With this core tenant, setting the ‘price of oil’ is explained in detail.

The Brent Market and the Formation of World Oil Prices

Analysis of the Pricing of Crude Oil and Petroleum Products : Report to Congressional Requesters

World Oil Market Outlook

China's Oil Industry and Market

Oil Market Developments and Issues

Report to the Congress

In the U.S., the term ¿ big oil co. ¿ is likely to be taken to mean the major private international oil co., largely based in Europe or America. However, while some of those co. are indeed among the largest in the world, a majority of the largest oil co. are state-owned, national oil co. (NOC). NOC hold the majority of petroleum reserves and produce the majority of the world ¿ s supply of crude oil. NOC hold exclusive rights to exploration and development of petroleum resources within the home country, they also can decide on the degree to which they require participation by private co. in those activities. Contents of this report: Market Position of NOC; Objectives and Characteristics of NOC; Policy Analysis. Tables. This is a print on demand report.

"The future of energy is of enormous strategic importance, and the current energy market faces major uncertainties and risks. The goal of this study is to provide a risk assessment of the global oil market. Cordesman and Al-Rodhan study six major oil-producing regions of the world: the Middle East, Africa, Asia and the Pacific, Europe and Eurasia, North America, and South and Central America. In each case, the authors outline national oil developments and focus on four major areas of risks and uncertainties: macroeconomic fluctuations, geopolitical risks, oil production uncertainties, and the nature of resources."--BOOK JACKET.

 PREFACE This book has been kicking around my desk for quite some time. On and off I returned to my work on the role of the state in the economy and the international oil market, but for a long time I was not satisfied with the shape it was in. I understand now that I needed the insights developed over the past couple of years on the role of the state, regulation, liberalization, privatization, and the recent events in the international oil industry to bring all my ideas together in a more coherent format. It was the events that followed the Asian financial crisis that drew me back to finish writing this book. The early beginnings of this book were developed at the Institute of International Affairs, Chatham I-louse, in London, where I was a research fellow with the Energy and Environment Programme in 1992 and 1993. At the Colorado School of Mines, I had the opportunity to test my ideas in a graduate class, and continue the research.

The International Crude Oil Market

A Case of Trilateral Oligopoly

The Pricing of Crude Oil

The Correlation Between Physical and Financial Crude Oil Markets

Review and Outlook for the World Oil Market

A Reinvestigation of Globalisation Vs. Regionalisation

The discussion in this paper of the causes and consequences of recent oil price increases, and the appropriate policy response, is framed by the volatility and uncertainty that characterize the oil market. Volatile prices arise from supply and demand that are both highly inelastic in the short run, with the result that even small shocks can have large effects on price. The difficulty of predicting long-run supply and demand creates uncertainty about future prices. Further, even current supply and demand data are lacking, which results in additional uncertainty. These features of uncertainty and volatility of prices make it difficult to reach simple conclusions about how oil producers and consumers should respond to price changes.

The world oil market has undergone a series of changes that have reduced the share of oil in the global energy balance and, with it, the influence of Middle Eastern oil exporters. In spite of oil s loss of ground, however, Middle Eastern countries remain at the center of world oil developments. This paper focuses on the developments in the international oil market, the role of Middle Eastern countries therein, and the policy challenges arising from the dependency on oil.

The United States Exerts Limited Influence on the International Crude Oil Spot MarketReport to the Congress

40 Classic Crude Oil Trades

Technical Analysis of the International Oil Market

The World Petroleum Market

The Middle East and North Africa in a Changing Oil Market

Energy Security and Policy

World Crude Oil Markets

This study investigates the dynamic integration of the international crude oil market and explores the leading/lagging relationship between the world's major crude oils -- WTI, Brent, Dubai, Tapis and Nigeria -- using a time-varying average distance measurement and an error correction model combined with a directed a cyclic graph technique. The results indicate a long-term equilibrium relationship between the major crude oil markets from 2000 to 2010, which supports the international crude oil market being integrated. The world's crude oil market began to diverge at the end of 2010, as demonstrated by the increasing average distance between the prices. WTI has been separated from the international crude oil market system and now reflects more local supply and demand situations. WTI behaved as the price setter before 2010, while Brent has played the leading role in the crude oil market since 2011. Conversely, Tapis always behaves as a price taker, following other crude oil prices.

After the collapse of the Soviet system, the immense problems of environmental pollution in Central and Eastern Europe were widely publicized. Less well known were its effects on health in the region, which have led to a serious health crisis. This report examines the degree to which the pollution adversely affected human health, putting it in the context of other health determinants such as socioeconomic factors, health care standards and availability, and lifestyle factors. Among the numerous pollutants, the report points to lead, dust, toxic gases, and nitrates in rural water supplies as having a significant impact on health in Central and Eastern Europe. The author suggests possible avenues for international action. However, an analysis of the determinants of health reveals that addressing the pollution problems alone will not solve the health crisis. Improving health in this region will depend on the changing economic fortunes of individual countries and the ability of each to create a supportive social environment for its citizens.

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The Global Oil Market

Oil Markets and Prices

The International Oil Market

Production and Pricing Patterns in the International Crude Oil Market

The History and the Future of Boom-Bust Oil Prices

Understanding Energy Issues in the World Economy

This authoritative book on China's oil demand and government policies and practices rests on two essential foundations: first and foremost on the author's considerable knowledge of China's oil situation and prospects, together with his access to Chinese energy literature and data; and secondly, on that insight afforded to him and, therefore, his readers from his fluency in Chinese. The author analyzes the Chinese oil market and the rising pressure on Beijing to reform policies which constrain China's ability to meet soaring demand and to pay for crucial imports at a time of growing political and economic uncertainties. Dr Wang acknowledges the importance of China meeting its growing domestic oil demand, if at all possible, through national production. The sheer weight of China's population, and its burgeoning requirements as industrialization spreads into most regions, dwarfs the needs of others and places unprecedented strain on international oil trades. The author stresses the fact that the outcome is hard to define, yet the time required to tackle the nation's energy needs is not limitless. Moreover, he reminds the reader of the perennial difficulty in meeting widely disparate economic and energy needs in different regions of the vast country.

"The day-to-day world of crude oil traders is not usually open to outsiders. Few non-specialists appreciate how oil traders approach the markets, what their backgrounds are, and how they make money. This book brings the oil trading world to vivid life by introducing the reader to 40 real-life trades or strategies that were carried out by named market participants. The 40 chapters cover different geographies and different crude oil markets, providing an unparalleled insight into how crude oil traders work and think. Oil trading developed in its current form in the 1980s and the chapters cover these early beginnings through to the present day. The trades have been grouped in sections that relate to the nature of each trade and its broader use as an example of a successful trading style. Sections cover approaches to arbitrage trading; the impact of geopolitics; logistics and storage plays; short-term versus longer term trading; managing new crude oil grades; trading crude oil derivatives. The book provides plenty of inspiration for current or prospective crude oil traders or analysts. It will also be valuable for academic researchers, business school case studies, and for anyone wanting to learn more about the individuals that shape the world's most important commodity market"--

Research Paper (undergraduate) from the year 2007 in the subject Business economics - Economic Policy, grade: 1,0, University of Applied Sciences Berlin, course: General Economics, language: English, abstract: Oil prices are an important determinant of global economic performance. Crude Oil prices ranged between $2.50/bbl and $3.00/bbl from 1948 through the end of the 1960s. As of this day, the price for crude oil is $89.82/bbl. In general, spikes in oil prices are not unusual and are, to some extent, symptomatic of a gradual upward trend in daily oil price volatility. Volatile prices arise from supply and demand that are both highly inelastic in the short run, with the result that even small shocks can have large effects on price. But especially within the last few years, the oil price has continuously increased sharply – and to some extent unexpected. This recent sharp increase in the oil price prompts several questions: Why have oil prices risen? What is the impact on the global economy and on individual countries? How do oil importing countries cope with the higher prices? What are appropriate policy responses to stabilise the economy in face of high oil prices? And last but not least, what role does the Organisation of Petroleum Exporting Countries really play? To begin with, there is no doubt that the recent increase in oil price is mainly demand driven, combined with historically low excess capacity and heightened concerns about supply disruptions. And even without macroeconomic knowledge, everyone is aware that higher oil prices affect the economy as a whole and all its market participants. In the following, this paper analyses in detail the current main oil price drivers, their economic consequences and the possible policy responses - always framed by the volatility and uncertainty that characterise the oil market.

Recent Dynamics of Crude Oil Prices

Dynamic Integration of World Oil Prices

Risks and Uncertainties

Oil Price Developments – Drivers, Economic Consequences and Policy Responses

Growth and Development of International Oil Markets

Using the Example of the Price Developments in the Past 10 Years

Examination of the international oil industry from an economic vantage point.

This paper examines the relationship between monetary policy and oil prices within a world oil demand and supply model. Low price and high income elasticities of demand and rigid supply explain high price volatilities and producers' market power. Exchange and interest rates do influence oil market equilibrium. The relationship between oil prices and interest rates is a two-way relationship that depends on the type of oil shock. During a supply shock, rising oil prices caused interest rates to increase; whereas during a demand shock, falling interest rates caused oil prices to rise. Record low interest rates led to high oil price volatility in 2005. Data shows that world economic growth and price stability require stable oil markets and therefore more prudent monetary policies.

Seminar paper from the year 2012 in the subject Business economics - Miscellaneous, grade: 1,6, Humboldt-University of Berlin (School of Business and Economics), course: Power Games in Energy Markets, language: English, abstract: Crude oil is currently the most important source of energy in the world. Thanks to advanced production and extraction methods, and due to new discoveries, the available reserves have grown over the last ten years. During this period of time, oil prices rose considerably. These increases in price are associated with the increasing energy demands of growing economies across the planet and a shifting of weight between the physical and financial oil market. The goal of this work is to examine the correlation between physical and financial crude oil markets as well as establish an explanation for the drastic increase in crude oil price in the past decade. The work is organized as follows: To begin, the characteristics of crude oil as well as its value chain are presented and examined. This is followed by an explanation of the physical and financial oil trade. To conclude, the fundamentals of the world oil market and the financial oil trade are examined to determine the relevance of causation with respect to the recent price increase.

A Decade of Decline

Trading and Price Discovery for Crude Oils

The New Global Oil Market

Monetary Policy and the Recent Oil Shock

OPEC and the International Oil Industry

This edited volume provides an authoritative and comprehensive view of changing oil markets through informative discussions on global oil reserves, production and consumption trends, futures markets, refining, the political economy, and global environmental concerns.

The United States Exerts Limited Influence on the International Crude Oil Spot Market

Crude oil prices have been on a run-up spree in recent years. Their dynamics were characterized by high volatility, high intensity jumps, and strong upward drift, indicating that oil markets were constantly out-of-equilibrium. An explanation of the oil price process in terms of the underlying fundamentals of oil markets and world economy was provided, viewing pressure on oil prices mainly as a result of rigid crude oil supply and an expanding world demand for crude oil. A change in the oil price process parameters would require a change in the underlying fundamentals. Market expectations, extracted from call and put option prices, anticipated no change, in the short term, in the underlying fundamentals. Markets expected oil prices to remain volatile and jumpy, and with higher probabilities, to rise, rather than fall, above the expected mean.

Stability Within Uncertainty

The State and the International Oil Market

A Guide to What Drives the Price of Oil in Today's Markets

The Oil Market in the 1980's

Global Implications of Lower Oil Prices

International Crude Oil and Product Prices

This contributed volume examines the far-reaching effects of the weakening of OPEC's cohesion and influence in the 1980s, the resulting decline of oil prices, and the accompanying economic reversals. These events resulted in both fortune and misfortune for oil users and producers and dramatically changed energy economics worldwide. Moreover, as revealed in this volume, the decade of the 1980s demonstrated that oil producers and oil importers can prosper in an atmosphere of mutual respect, cooperation, and moderation. The work examines major oil-related topics such as the experiences of OPEC and non-OPEC oil suppliers in the 1980s, adjustment and response of oil importers to changes in the oil market, the impact of oil price changes on both the developed and developing world, and possible future developments in the global oil market. This volume will be of interest to scholars of energy and international economics, as well as professionals in the area of energy development and markets.

As OPEC has loosened its grip over the past ten years, the oil market has been rocked by wild price swings, the likes of which haven't been seen for eight decades. Crafting an engrossing journey from the gushing Pennsylvania oil fields of the 1860s to today's fraught and fractious Middle East, Crude Volatility explains how past periods of stability and volatility in oil prices help us understand the new boom-bust era. Oil's notorious volatility has always been considered a scourge afflicting not only the oil industry but also the broader economy and geopolitical landscape; Robert McNally makes sense of how oil became so central to our world and why it is subject to such extreme price fluctuations. Tracing a history marked by conflict, intrigue, and extreme uncertainty, McNally shows how—even from the oil industry's first years—wild and harmful price volatility prompted industry leaders and officials to undertake extraordinary efforts to stabilize oil prices by controlling production. Herculean market interventions—first, by Rockefeller's Standard Oil, then, by U.S. state regulators in partnership with major international oil companies, and, finally, by OPEC—succeeded to varying degrees in taming the beast. McNally, a veteran oil market and policy expert, explains the consequences of the ebbing of OPEC's power, debunking myths and offering recommendations—including mistakes to avoid—as we confront the unwelcome return of boom and bust oil prices.

The global crude oil market is critically important in many respects. It is the fuel that drives the global economy and, as such, is the focus of climate policies. Moreover, crude oil is the basis of a tradable financial asset. It is therefore connected to several outstanding macroeconomic developments of recent years, including financial market fluctuations, the financial crisis and the exceptional conduct of monetary policy. This book investigates the impacts of monetary policy and the financial system on the global crude oil market. Furthermore, it outlines how monetary policy may also be used to guarantee stability and to contribute to ecological sustainability. This unique and innovative book will appeal to students and economists interested in macroeconomics, the environment, energy and monetary policy. It will also be essential reading for policy makers and those interested in economic policy that will benefit both society and the environment.

Storage in the International Oil Market

The United States Exerts Limited Influence on the International Crude Oil Spot Market

Market Power and Imperfect Information

Prices, Production and Consumption

Monetary Policy and Crude Oil

The International Crude Oil Market Handbook 2004

The sharp drop in oil prices is one of the most important global economic developments over the past year. The SDN finds that (i) supply factors have played a somewhat larger role than demand factors in driving the oil price drop, (ii) a substantial part of the price decline is expected to persist into the medium term, although there is large uncertainty, (iii) lower oil prices will support global growth, (iv) the sharp oil price drop could still trigger financial strains, and (v) policy responses should depend on the terms-of-trade impact, fiscal and external vulnerabilities, and domestic cyclical position.

In 1979, the world oil market was in disarray. Crude oil prices more than doubled. Unified pricing by the Organization of Petroleum Exporting Countries (OPEC) crumbled as many of these countries first placed surcharges on the price of their oil, and then in a number of cases, imposed whatever prices they believed the market would bear. At the height of this turmoil, the international crude oil spot market drew the attention of the highest levels of government in oil-consuming countries. In June 1979 in Tokyo, concern about the wider effects of the spot market on oil prices in general led the United States and six other major oil-importing countries to pledge, among other things, to encourage oil companies to moderate their involvement in the spot market, and to refrain from buying oil for government stockpiles when this would place undue pressure on oil prices. No U.S. policy or program had been designed to influence directly the spot market. Nonetheless, some programs designed for other purposes have indirect, and sometimes marginal, implications for that market or for U.S. oil company activity in it. Occasionally, the Department of Energy (DOE) has taken actions which also affected the spot market. The effects of these actions and programs on the spot market at times have worked in different directions. The United States suspended purchases for its Strategic Petroleum Reserve in April 1979, citing the possible effects of crude oil acquisition on the volatile international spot market. In early 1979, DOE also privately advised U.S. oil companies to restrain their crude oil spot purchases. However, fearing that imports had been sharply reduced, DOE in May of that year advised companies that spot purchases might be necessary. In late 1979, DOE sold oil from the Elk Hills Naval Petroleum Reserve, accepting bids approaching the highest international spot prices. Some countries then raised their oil and gas prices citing the DOE sale as justification. Additionally, DOE programs can simultaneously encourage and discourage companies from participating in the spot market, and it can affect a company's acquisition costs variously at different times. The Crude Oil Entitlements Program provided modest financial incentives to companies which relied on the pre-1979 spot market when spot prices were less than average contract prices. DOE took action in 1979 to increase U.S. imports and inventories of distillate oil. The Mandatory Crude Oil Allocation Program was used to provide supplies to small refiners which otherwise have had to compete on the spot market. Crude oil price deregulation, being phased in through September 1981, could have a two-sided effect, either by being a source of upward price pressure or by moderating demand and prices on the international spot market.

The market for North Sea Brent Oil directly determines the price of over one-half of the world trade in crude oil. This study analyzes the workings of the oil market and describes how crude oil prices are determined throughout the world. It covers OPEC pricing, futures markets for oil, the impact of the UK taxation regime, and the mechanisms by which the world price of oil is determined. The text should be of benefit to those working in the areas of futures and forward markets, OPEC behaviour, North Sea oil, oil taxation and oil prices.

Crude Volatility

Petroleum Intelligence Weekly's International Crude Oil Market Handbook

Competition and the Changing Ownership of Crude Oil Assets

Role of National Oil Companies in the International Oil Market

Evolution of the World Oil Market

Economic and Strategic Guidelines for an International Energy Policy