

OIL PRICES

The price of crude oil, from which oil products such as gasoline are derived, is influenced by a number of factors beyond the traditional movements of supply and demand, notably geopolitics. Some of the lowest cost reserves are located in sensitive areas of the world. In addition, technological advances can have a significant influence on crude oil prices, for example by making new oil fields profitable to exploit or by providing substitute energy sources such as biofuels. So far though, the transport sector, driving global oil demand, remains heavily dependent on oil products. Therefore, demand for oil and

Overview

The 1973 Arab oil embargo had a major price impact with Arabian Light prices surging from USD 1.84/barrel in 1972 to USD 10.98 in 1974. The next spike came with the 1981 Iranian revolution, when prices rose to a high of nearly USD 40/barrel. Prices declined gradually after this crisis. They dropped considerably in 1986 when Saudi Arabia substantially increased its oil production. The first Gulf crisis in 1990 brought a new peak. In 1997, crude oil prices declined due to the impact of the Asian financial crisis.

Prices increased again in 1999 with OPEC target reductions and tightening stocks. A dip occurred in 2001 and 2002, but the expectation of war in Iraq raised prices to over USD 30/barrel in the first quarter of 2003. Prices remained high in the latter part of 2003 and in 2004. Crude oil prices increased dramatically in late August 2005 after Hurricane Katrina hit the US coast of the Gulf of Mexico. Prices increased throughout 2006 and into 2007 as the demand for oil in emerging economies, especially China, put pressure on the supply/demand balance, averaging 24 per cent higher than in the previous year.

Early in 2008, prices crossed the symbolic USD 100/barrel threshold and by July reached just under USD 150/barrel, bringing the price of oil to a record high in nominal and real terms. From early 2009 prices plummeted to USD 40/barrel as the impact of high prices and the onset of the global financial crisis sharply curbed oil demand, though by year-end they had risen to between USD 70 and 80/barrel.

Crude oil prices increased steadily throughout 2010 and 2011, and, with the post-recession demand rebound, tightening stocks and low spare capacity, reached a peak of USD 122/barrel in March 2012. These high prices led to a period of significant over supply. After fluctuating around the USD 105/barrel mark until August 2014, prices halved to USD 50/barrel in January 2015. Following a rebound to USD 60/barrel in June 2015, prices were at USD 40/barrel by the end of the year.

consequently oil prices are closely linked to economic cycles.

There is not one price for crude oil but many. World crude oil prices are established, always in US dollars, in relation to three market traded benchmarks (West Texas Intermediate [WTI], Brent [or North Sea], and Dubai), and are often seen quoted at premiums or discounts to these prices.

Definition

Crude oil import prices come from the IEA's Crude Oil Import Register. Information is collected from national agencies according to the type of crude, by geographic origin and by quality of crude. Average prices are obtained by dividing value by volume as recorded by customs administrations for each tariff position. Values are recorded at the time of import and include cost, insurance and freight (c.i.f.) but exclude import duties. The nominal crude oil spot price from 2003 onwards is for Dubai and from 1970 to 2002 for Arabian Light. These nominal spot prices are expressed in US dollars per barrel of oil. The real price was calculated using the deflator for GDP at market prices and rebased with reference year 1970 = 100.

Comparability

Average crude oil import prices depend on the quality of the crude oil imported. High quality crude oils such as UK Forties, Norwegian Oseberg and Venezuelan Light can be significantly more expensive than lower quality crude oils such as Canadian Heavy and Venezuelan Extra Heavy. High quality crudes command a higher premium because, amongst other factors, they are easier, being less corrosive, to transport and process, and produce higher yields of quality oil products. For any given country, the mix of crude oils imported each month will directly influence the average monthly price.

Sources

- International Energy Agency (IEA) (2015), *Energy Prices and Taxes*, IEA, Paris.

Further information

Analytical publications

- IEA (2015), *Energy Policies of IEA Countries*, IEA, Paris.
- IEA (2015), *Medium-Term Gas Market Report*, IEA, Paris.
- IEA (2015), *Medium-Term Oil Market Report*, IEA, Paris.
- IEA (2015), *World Energy Outlook*, IEA, Paris.

Online databases

- IEA *Energy Prices and Taxes Statistics*.

Websites

- International Energy Agency, www.iea.org.
- Oil Market Report, www.oilmarketreport.org.

Crude oil import prices

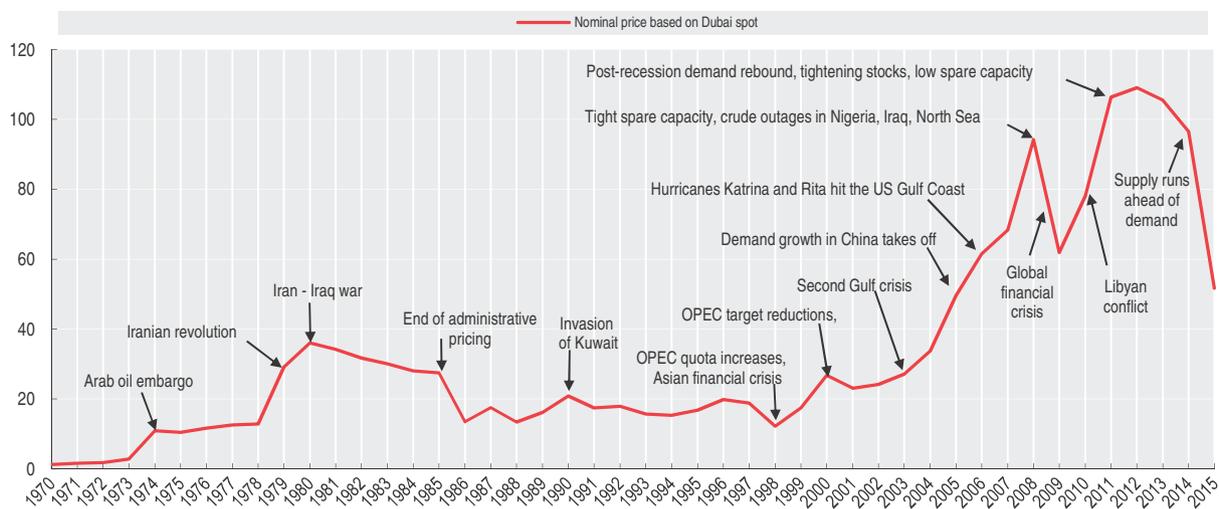
US dollars per barrel, average unit value, c.i.f.

	1980	1990	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia	31.81	24.21	40.93	56.71	66.71	77.13	107.83	63.40	82.60	115.66	117.78	114.19	107.05
Austria	33.66	24.58	38.21	53.15	64.44	71.86	103.05	60.69	80.00	110.92	112.50	110.63	103.81
Belgium	29.93	21.11	35.35	50.06	61.06	70.35	96.01	61.77	79.65	110.50	110.83	108.45	98.49
Canada	30.21	24.15	38.13	52.37	64.33	70.04	101.41	60.29	79.14	110.80	110.61	108.60	98.60
Chile	..	..	..	..	..	..	..	..	..	..	..	..	..
Czech Republic	..	..	34.82	51.28	62.05	68.54	97.71	60.77	79.04	110.42	112.33	110.26	102.13
Denmark	33.56	23.18	38.78	54.40	66.92	74.94	96.48	62.87	80.40	112.77	107.90	107.25	100.19
Estonia	..	..	..	..	..	..	..	..	..	..	..	..	..
Finland	..	..	36.09	51.12	63.37	70.48	94.79	61.01	79.10	109.23	110.47	107.57	97.53
France	..	..	37.61	52.74	63.69	72.22	97.63	61.64	79.78	111.78	112.01	109.56	99.40
Germany	33.96	23.17	36.65	52.30	63.29	71.60	96.70	61.18	78.49	110.63	112.21	109.62	99.76
Greece	31.81	22.42	34.53	50.33	60.97	69.93	93.60	60.10	78.97	109.41	111.92	107.61	95.55
Hungary	..	..	..	..	..	..	..	..	..	..	..	..	..
Iceland	..	..	..	..	..	..	..	..	..	..	..	..	..
Ireland	31.15	25.55	39.24	55.24	66.38	74.16	100.39	62.61	80.95	113.92	115.64	110.46	99.87
Israel	..	..	..	..	..	..	..	..	..	..	..	..	..
Italy	31.84	23.23	36.60	51.33	62.50	70.20	96.67	60.69	79.29	110.23	112.18	109.98	99.09
Japan	33.11	22.64	36.59	51.57	64.03	70.09	100.98	61.29	79.43	109.30	114.75	110.61	104.16
Korea	..	..	36.15	50.19	62.82	70.01	98.11	61.12	78.72	108.63	113.24	108.59	101.24
Luxembourg	..	..	..	..	..	..	..	..	..	..	..	..	..
Mexico	..	..	..	..	..	..	..	..	..	..	..	..	..
Netherlands	32.80	21.83	35.02	50.00	61.47	68.74	97.89	60.54	78.55	109.19	111.54	108.55	99.22
New Zealand	32.77	21.97	41.71	56.07	67.36	73.84	105.80	65.85	80.62	112.38	117.70	113.43	105.96
Norway	33.17	18.46	39.20	53.08	58.83	70.16	80.22	69.08	81.06	111.18	108.23	109.07	101.61
Poland	..	..	..	..	..	..	94.02	60.83	77.89	109.58	109.97	107.71	96.28
Portugal	35.45	22.75	37.89	51.94	62.77	70.23	98.83	62.49	79.13	112.33	112.21	109.74	100.22
Slovak Republic	..	..	..	..	..	69.97	90.49	59.37	78.72	108.90	109.83	107.29	95.63
Slovenia	..	..	..	..	..	..	..	..	..	..	..	..	..
Spain	32.25	21.88	36.03	50.54	60.99	68.66	94.86	59.78	77.84	108.50	109.48	106.77	97.07
Sweden	32.22	23.02	36.47	51.78	62.50	70.13	95.09	60.58	79.00	110.67	112.36	109.10	97.75
Switzerland	34.68	24.23	38.73	55.81	66.76	74.92	101.03	63.27	80.92	112.51	111.30	110.35	101.91
Turkey	..	23.11	34.90	50.65	61.48	68.59	98.07	61.27	78.26	109.81	111.70	108.37	99.71
United Kingdom	31.22	22.92	37.75	53.79	65.00	73.80	99.34	62.39	80.60	113.49	112.62	110.27	100.07
United States	33.39	21.07	35.86	48.82	59.17	66.77	94.97	58.83	76.02	102.43	101.16	97.25	89.43
EU 28	..	..	..	..	..	..	..	..	..	..	..	..	..
OECD	..	..	..	..	..	..	..	..	..	..	..	..	..
Brazil	..	..	..	..	..	..	..	..	..	..	..	..	..
China	..	..	..	..	..	..	..	..	..	..	..	..	..
India	..	..	..	..	..	..	..	..	..	..	..	..	..
Indonesia	..	..	..	..	..	..	..	..	..	..	..	..	..
Russian Federation	..	..	..	..	..	..	..	..	..	..	..	..	..
South Africa	..	..	..	..	..	..	..	..	..	..	..	..	..

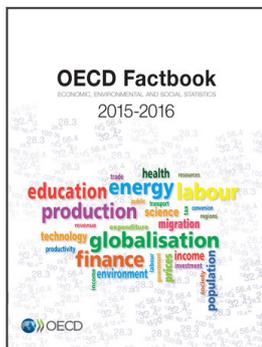
1 2 <http://dx.doi.org/10.1787/888933336456>

Crude oil spot prices

US dollars per barrel



1 2 <http://dx.doi.org/10.1787/888933335315>



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