



# IMPACT OF CRUDE OIL ON GLOBAL ECONOMY

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## **Abstract:-**

Energy is the driving force of economic growth and its vital element to support the modern economy. Future economic growth of each and every nation's crucially depends on the long-term availability of energy from different sources that are affordable, accessible and eco-friendly. But at present oil and gas are among the most important energy sources in the world. One thing we need to understand that we need oil and without oil we can't imagine anything because it became a bloodline of each and every nation's - currently around 90 million barrels of crude oil consume in each day. We all know that oil can be used for many purposes other than fuel for energy or transport. And yet we are constantly hearing new and often contradictory forecasts about the potential reserves of oil and gas. Efficient, reliable and competitively priced energy supplies are necessary requirement for increasing economic growth. For each and every developing nations, the strategy or policy to obtain and meet the energy demand for the domestic are the integral part of the overall economic strategy. Efficient use of resources and long-term sustainability in its utilization is prime importance for economic development. The research will study each and every aspect why there will be a direct relationship between rising oil price and economy. It will also give detailed information's, if there are any differences in oil price effects on economic growth between countries.

**Keywords- Crude oil, Price Rise, Global Economy, Economic Development.**

## **1. Introduction**

Oil is one among the foremost widely traded and demanded resources within the world. Nations rise and fall thanks to the rise and reduce within the price of oil. The value of oil has huge impacts on the worldwide economy. It always attempt to provide important signals about the direction of economic process. Positivity towards high economic process of any nations within the near future are totally depends upon on energy sector. The expansion of energy sector decides the long run of world economic process. The supply of non-renewable resources are limited and that they are depleting rapidly thanks to the high consumption and should not be sufficient for the future to continue economic development. So, each nation's attempt to rummage around for alternative so, it cannot hamper the economic process. The core requirement of any nation's energy supply system is completely depends upon on fossil fuels, which are limited in nature.

We all know that International finance may be a zero sum game. The value of oil is traded with the U.S. dollars and most transactions are made in U.S. dollars despite of who is producing the oil, buying and selling. Thanks to such a big amount of reason in past six months the worth of U.S. dollar has been increasing thanks to this, currencies of the opposite nations have to pay more which increases the debt. The impact of rising dollar value have strong effect on those nations who are solely depends on import of fossil oil, now they need to paid more cash as compare to past and thanks to this it increases the deficit and nations have to cut their expenditure and invest within the purchase of fossil oil .Nation like India who totally depends upon to meets their nearly 35 per cent of its total energy requirements through imports.

With the rise in share of hydrocarbons in recent time there'll be high chances in increases within the energy supply. Each nations always attempt to secure adequate energy supplies a minimum of at a right time at low cost, so they can fulfil the demand of the domestic customer. Right away growth of the energy sector is moderate and it is like this sure enough period of your time thanks to the various factors so each countries can fulfil their social needs, thanks to this it put tremendous pressure on the govt. budget. Energy is important part for living also as for the nations. Affordable oil price can help in reducing the poverty, increasing employment opportunities and helps economic to grow fast, because now government can easily afford to buy oil which amount is invested somewhere. Countries like U.S, U.K and West European nations they spend but 10% of their income on heating their homes are suffering most due increasing in fuel prices.

Just in case of developing nations like India, Bangladesh, Pakistan then many other, there's no such requirement as a result they are doing not have access to minimum energy resources and for the employment. Nowadays, we all know that reliable and secure energy may be a just a basic requirement for the successful sustainable social development and economic process. Many world's top institutions reports regarding consumption of energy reveals that a lot of nations having a serious gap or disparities within the levels of consumption of energy across the planet. Some countries utilize or consume huge quantities et al. being empty any sources of contemporary energy forms. Energy supply has become a theme of major universal concern. Thanks to oil prices threats to stable energy supply and energy security.

**How oil price rise impacts economy, markets and your money, May 28, 2018, by-Sanket Dhanorkar, Economic times** Here's how rising oil prices could affect global economic growth, May 14, 2018, by-Sam Jacobs, Business insider .Rising oil prices fuel fears of damage to global economy, September 22, 2018, Adam Vaughan, The guardia

### Products which exported most

	2015	2016	2017	2018
<b>North America</b>	<b>21,951</b>	<b>22,160</b>	<b>22,405</b>	<b>22,884</b>
Gasoline	10,089	10,206	10,223	10,214
Kerosene	1,692	1,762	1,838	1,876
Distillates	4,712	4,420	4,457	4,621
Residuals	252	399	475	480
Others	5,206	5,373	5,412	5,692
<b>Latin America</b>	<b>9,204</b>	<b>9,187</b>	<b>9,160</b>	<b>9,237</b>
Gasoline	2,751	2,805	2,793	2,731
Kerosene	397	386	393	413
Distillates	2,780	2,694	2,613	2,595
Residuals	870	735	759	767
Others	2,406	2,566	2,602	2,731
<b>Eastern Europe and Eurasia</b>	<b>5,941</b>	<b>6,031</b>	<b>6,242</b>	<b>6,401</b>
Gasoline	1,361	1,387	1,418	1,443
Kerosene	299	299	310	329
Distillates	1,935	2,032	2,146	2,161
Residuals	368	358	353	341
Others	1,979	1,956	2,014	2,127
<b>Western Europe</b>	<b>13,143</b>	<b>13,286</b>	<b>13,508</b>	<b>13,486</b>
Gasoline	1,761	1,791	1,818	1,852
Kerosene	1,309	1,371	1,447	1,506
Distillates	5,845	5,902	6,063	6,008
Residuals	968	948	982	986
Others	3,260	3,275	3,198	3,134

<b>Middle East</b>	<b>8,274</b>	<b>8,336</b>	<b>8,443</b>	<b>8,329</b>
Gasoline	1,565	1,560	1,788	1,807
Kerosene	517	552	520	521
Distillates	2,048	1,929	1,828	1,786
Residuals	1,468	1,548	1,500	1,505
Others	2,675	2,746	2,808	2,710
<b>Africa</b>	<b>3,992</b>	<b>4,095</b>	<b>4,203</b>	<b>4,292</b>
Gasoline	1,033	1,035	1,063	1,093
Kerosene	299	325	331	333
Distillates	1,618	1,644	1,691	1,712
Residuals	438	432	421	418
Others	604	660	697	737
<b>Asia and Pacific</b>	<b>31,657</b>	<b>32,539</b>	<b>33,357</b>	<b>34,102</b>
Gasoline	6,390	6,709	6,960	7,157
Kerosene	2,291	2,475	2,546	2,663
Distillates	8,840	8,934	9,055	9,145
Residuals	2,536	2,547	2,584	2,611
Others	11,600	11,873	12,212	12,526
<b>Total world</b>	<b>94,162</b>	<b>95,635</b>	<b>97,319</b>	<b>98,730</b>
Gasoline	24,950	25,493	26,063	26,297
Kerosene	6,805	7,171	7,386	7,640
Distillates	27,778	27,554	27,852	28,027
Residuals	6,901	6,967	7,074	7,109
Others	27,729	28,450	28,943	29,657
<b>OPEC</b>	<b>9,070</b>	<b>8,903</b>	<b>8,970</b>	<b>8,827</b>
Gasoline	2,197	2,146	2,319	2,333
Kerosene	499	492	498	500
Distillates	2,369	2,164	2,044	2,053
Residuals	1,484	1,598	1,582	1,585
Others	2,520	2,502	2,527	2,356
<b>OECD</b>	<b>46,523</b>	<b>46,972</b>	<b>47,449</b>	<b>47,811</b>
Gasoline	14,338	14,560	14,578	14,588
Kerosene	3,991	4,150	4,332	4,435
Distillates	13,238	13,169	13,423	13,704
Residuals	2,363	2,422	2,410	2,370
Others	12,593	12,671	12,706	12,714
<b>FSU</b>	<b>4,649</b>	<b>4,696</b>	<b>4,776</b>	<b>4,884</b>
Gasoline	1,186	1,190	1,193	1,206
Kerosene	294	294	295	295
Distillates	1,327	1,339	1,351	1,361
Residuals	390	385	381	376
Others	1,452	1,488	1,557	1,646

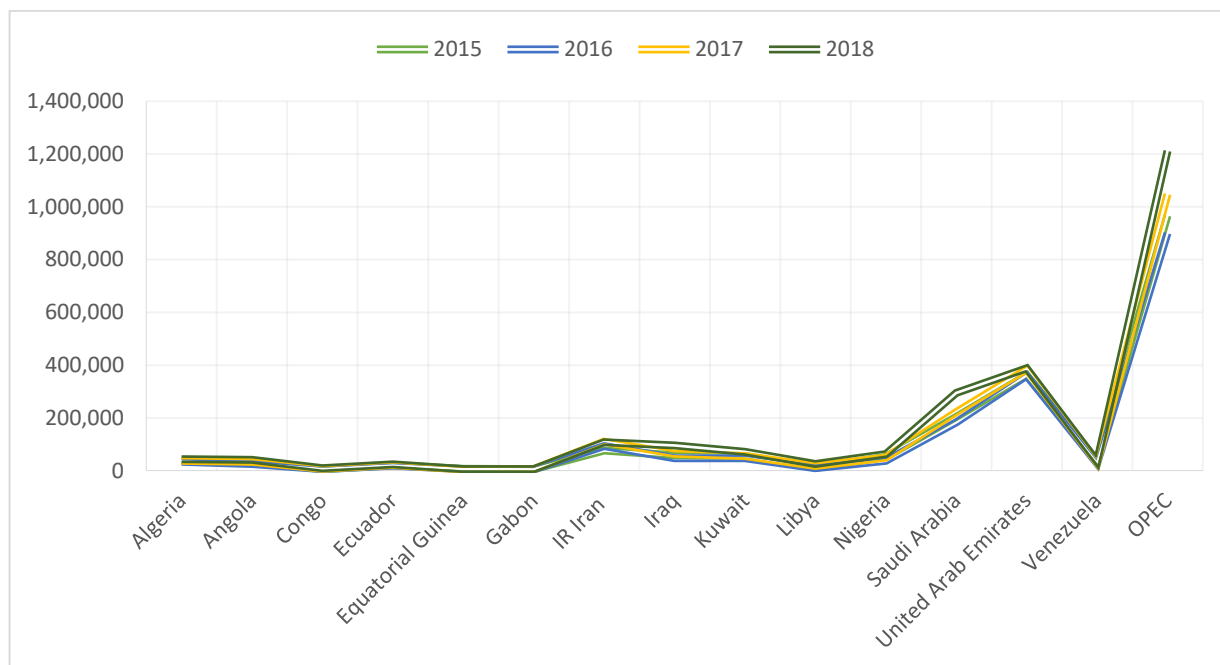
*Table 1.Source.OPEC Website*

According to Statista report, demand of crude oil worldwide in the year 2017 is 97.8 million barrels per day. The primary energy consumption varies with availability and specific utilization of different types of fuels with given percentage and these are, oil: 33.06%; natural gas: 23.67%; coal: 30.34 %: nuclear energy: 4.88%; hydroelectricity: 6.45%; renewable: 1.59%. If we can talk specific nations consumption than, U.S.A WITH 19,880(BBL/Day) leads the order of having energy consumption , followed by European Union with 15,000(bbl/day) , China comes third with 13,226(bbl/day), then comes India in Fourth with 4,690(bbl/day).

Countries	2015	2016	2017	2018
Algeria	38,549	33,398	37,937	44,117
Angola	33,181	25,935	34,471	40,774
Congo	6,078	5,650	7,458	9,836
Ecuador	21,107	19,407	21,559	24,359
Equatorial Guinea	7,071	5,751	5,017	5,492
Gabon	5,607	4,519	5,667	6,510
IR Iran	76,185	93,868	110,764	107,435
Iraq	57,577	46,830	63,604	95,256
Kuwait	55,335	46,617	55,175	71,931
Libya	11,392	9,446	18,379	24,814
Nigeria	52,525	37,301	49,492	63,020
Saudi Arabia	203,537	183,608	221,862	294,544
United Arab Emirates	361,253	360,626	384,044	388,179
Venezuela	37,253	27,414	32,050	34,996
<b>OPEC</b>	<b>966,649</b>	<b>900,369</b>	<b>1,047,478</b>	<b>1,211,262</b>

*Table 2.Source.OPEC Website*

(Scenario:-We all know Crude oil is not distributed uniformly around the world. Some regions and countries are well rich in producing crude oil , while others are not. Most of the proven crude oil reserves are to be found in Middle East Countries, namely, Iran, Iraq, Kuwait, Saudi Arabia and the United Arab Emirates (UAE), similarly, conventional gas is located primarily in Russia and other Former Soviet Union (FSU) countries, Iran, Qatar and Saudi Arabia.



The level of global oil consumption increases by a below average 0.6million bbls per day or 0.7% to reach 88.03 million bbls per day. Expected global oil consumption is register a below average growth over the present consumption levels. In near future, all the crude oil importing nations will continued depend on OPEC for its energy requirements. The level of the growth of global energy consumption is increasingly being only met by non-fossil fuels. All the renewable source of energy like, nuclear and hydro together account for 34% of the growth and this aggregate non-fossil contribution is larger than the contribution of any single fossil fuel.

	2015	2016	2017	2018
<b>North America</b>	<b>2,765.8</b>	<b>3,332.8</b>	<b>4,052.2</b>	<b>5,152.6</b>
Canada	2,301.2	2,742.1	2,893.8	3,150.2
United States	464.6	590.8	1,158.3	2,002.4
<b>Latin America</b>	<b>5,210.5</b>	<b>5,119.4</b>	<b>5,095.1</b>	<b>4,747.0</b>
Brazil	736.0	891.3	1,127.4	1,147.0
Colombia	736.1	613.5	652.5	592.0
Ecuador	432.9	414.7	385.4	371.2
Mexico	1,247.1	1,274.4	1,264.6	1,285.5
Trinidad & Tobago	29.1	28.3	23.5	20.8
Venezuela	1,974.2	1,835.0	1,596.4	1,273.1
Others	55.1	62.3	45.2	57.4
<b>Eastern Europe and Eurasia</b>	<b>6,907.1</b>	<b>7,089.0</b>	<b>7,166.0</b>	<b>7,221.4</b>
Azerbaijan	663.1	655.1	615.3	601.6
Kazakhstan	1,229.3	1,231.5	1,370.7	1,436.7
Russia	4,897.3	5,080.6	5,061.5	5,069.1
Others	117.4	121.8	118.5	114.1
<b>Western Europe</b>	<b>1,949.4</b>	<b>2,095.5</b>	<b>2,186.6</b>	<b>2,043.0</b>
Norway	1,234.7	1,372.7	1,362.1	1,254.9
United Kingdom	594.8	620.3	693.1	708.1
Others	120.0	102.5	131.5	80.0
<b>Middle East</b>	<b>17,037.3</b>	<b>19,321.1</b>	<b>18,756.8</b>	<b>18,915.0</b>
IR Iran	1,081.1	1,921.7	2,125.0	1,849.6
Iraq	3,004.9	3,803.5	3,802.0	3,862.0
Kuwait	1,963.8	2,128.2	2,010.0	2,050.0
Oman	788.0	887.5	803.0	806.0
Qatar	490.7	503.4	466.0	477.3



Saudi Arabia	7,163.3	7,463.4	6,968.3	7,371.5
United Arab Emirates	2,441.5	2,407.8	2,378.7	2,296.5
Others	104.0	205.5	203.7	202.0
<b>Africa</b>	<b>6,410.3</b>	<b>5,999.9</b>	<b>6,272.6</b>	<b>6,514.7</b>
Algeria	642.2	668.3	632.6	571.0
Angola	1,710.9	1,670.1	1,576.7	1,420.6
Congo	227.0	254.3	261.2	307.1
Egypt	155.8	164.6	139.3	119.8
Equatorial Guinea	182.4	157.6	128.2	145.1
Gabon	206.4	205.2	188.4	174.1
Libya	288.4	350.1	792.1	998.5
Nigeria	2,114.0	1,738.0	1,811.1	1,979.5
Sudans	166.0	162.4	141.1	164.5
Others	717.3	629.4	601.8	634.5
<b>Asia and Pacific</b>	<b>1,270.7</b>	<b>1,291.2</b>	<b>1,308.8</b>	<b>1,215.8</b>
Australia	221.8	199.5	179.3	214.4
Brunei	112.0	104.7	98.0	115.1
China	57.2	58.3	97.7	49.0
Indonesia	315.1	334.5	344.2	284.1
Malaysia	312.0	325.0	339.0	348.0
Vietnam	143.6	146.3	129.5	88.5
Others	108.9	122.9	121.1	116.7
<b>Total world</b>	<b>41,551.1</b>	<b>44,248.8</b>	<b>44,837.9</b>	<b>45,809.6</b>

Table 3. Source. OPEC Website

Crude oil is expected to be the slowest-growing fuel over the next 20 years. Recently published BP energy reports project a slight increase in demand of liquid fuel about 16 million barrels per day (Mb/d) exceeding 103 Mb/d in 2030 and this growth will be basically driven by the growing non-OECD economies. China (+8 Mb/d), India (+3.5 Mb/d) and the Middle East (+4 Mb/d) together account for nearly all of the net global increase in demand and supply of crude oil, Non-OPEC (Organisation of Petroleum Exporting Countries) nations production, which showing an upward trend, will not be a sufficient to fulfil this increasing demand

Finn M.G (2000), Perfect competition and the effects of energy price increase on economic active *Journal of Money, Credit and Banking*, 32(3): 400-416 Burno M(1982), Adjustment and structural change under supply shocks, *Scandinavian Journal of Economics*, 8(4):199-221 Business Standard, (2014), Would a Falling Oil price boost GDP growth: Pointing to Statistical Evidence

## 1.2 Why oil price rises??

It is possible that both will increase in demand and fears of supply disruptions have forced upward pressure on oil costs. We have a tendency to all recognize that because of the various factors world fossil oil demand has been increasing apace which might exceed drilling and excess capability. because of several reason developing nations, particularly China and Bharat, area unit growing apace and their economies became additional industrialised and urbanised, that has contributed to a rise in demand for oil. In recent fundamental quantity fears of offer disruptions because of the social, political and cultural turmoil in oil manufacturing nations like African country, Venezuela, Iraq, and Iran.

The breathtakingly sharp increase within the worth of oil within the second half of 2007 and rest half 2008 has given a robust argument that exaggerated speculation in artefact markets has contend a really very important role, and because of that there's robust proof of exaggerated activity in these markets. However, either having direct role in speculation in increasing high oil costs is debatable or in close to future it may be extensive.

	OPEC
Population <i>million inhabitants</i>	507.23
Land area <sup>1</sup> <i>1,000 sq km</i>	12,488
GDP per capita \$	5,824
GDP at market prices <i>million \$</i>	2,954,286
GDP growth, real PPP %	0.2
Value of exports <i>million \$</i>	1,211,262
Value of imports <i>million \$</i>	755,379
Current account balance <i>million \$</i>	199,889
Value of petroleum exports <i>million \$</i>	648,683
Proven crude oil reserves <i>million barrels</i>	1,189,804
Natural gas reserves <i>billion cu m</i>	72,676
Crude oil production <i>1,000 b/d</i>	31,755.9
Natural gas marketed production <i>million cu m</i>	640,941.2
Refinery capacity <i>1,000 b/cd</i>	11,207.4
Refinery throughput <i>1,000 b/d</i>	8,636.8
Output of petroleum products <i>1,000 b/d</i>	8,817.9
Oil demand <i>1,000 b/d</i>	8,827.3
Crude oil exports <sup>2</sup> <i>1,000 b/d</i>	24,669.9
Exports of petroleum products <i>1,000 b/d</i>	4,707.7
Imports of petroleum products <i>1,000 b/d</i>	2,617.4
Natural gas exports <i>million cu m</i>	109,764.9

Table 4. Source. BP Report

It's important things to recollect that each the demand and also the offer of crude oil may be associate degree idle for changes in costs during a short run, therefore having an outsized changes within the level of the costs of fossil oil will be needed to ascertain equilibrium once demand can move even slowly out of line with the availability. Meeting such demand/supply balance and surplus production capability, oil costs have turned up since late 2001. In contrast to the sharp worth hikes seen within the Seventies, the most recent spike has emerged from the market on adjustment demand/supply balance as demand has exaggerated against levelling-off offer capability.

As oil demand has exaggerated on the globe economy's sustained growth, a sequent series of developments destabilizing oil offer have occurred since 2003. They embrace the confusion concomitant the Asian nation War, Russia's Yukos downside, Venezuela's political instability, Nigeria's strikes, losses from giant hurricanes within the Gulf of North American nation and also the Middle East's instability. As surplus production capability is declining, oil costs area unit expected to rise simply on the market in response to any development that indicates a short lived offer constraint.

Having high expectations concerning higher oil costs prompt investors outside the industry to require advantage of worldwide low interest rates by finance short surplus cash into the oil market in pursuit of earning capital gains because of this reason moves it accelerated the oil worth . Such speculative cash influx primarily represents arbitrage mercantilism within one or common factors which helps to come back (taking advantage of price gaps between completely different times) and it will contributes to stabilising costs for a definite amount of time.

### 1.3 How higher oil prices affect the global economy??

Nowadays, oil prices remain a vital factor of worldwide economic performance. Overall, an oil-price are going to be able to increase a transfer of income from importing to exporting countries through a shift within the terms of trade. The order of the magnitude of the direct effect of an available increase will totally depends on the share of the price of crude in total value, the degree of level of dependence on imported oil and therefore the ability of converting into end-users to scale back their consumption level and helps in switching off from oil. For net oil-exporting countries, a rise in price will directly increases their real value through higher export earnings, though a part of this gain would be later offset by losses from lower demand.

A STUDY OF THE IMPACT OF CRUDE OIL PRICES ON INDIAN ECONOMY Thesis Submitted to the Padmashree Dr. D. Y. Patil University, Department of Business Management, Submitted by PANKAJ BHATTACHARJEE

**Table 1.2: OPEC Members' crude oil production allocations (1,000 b/d)**

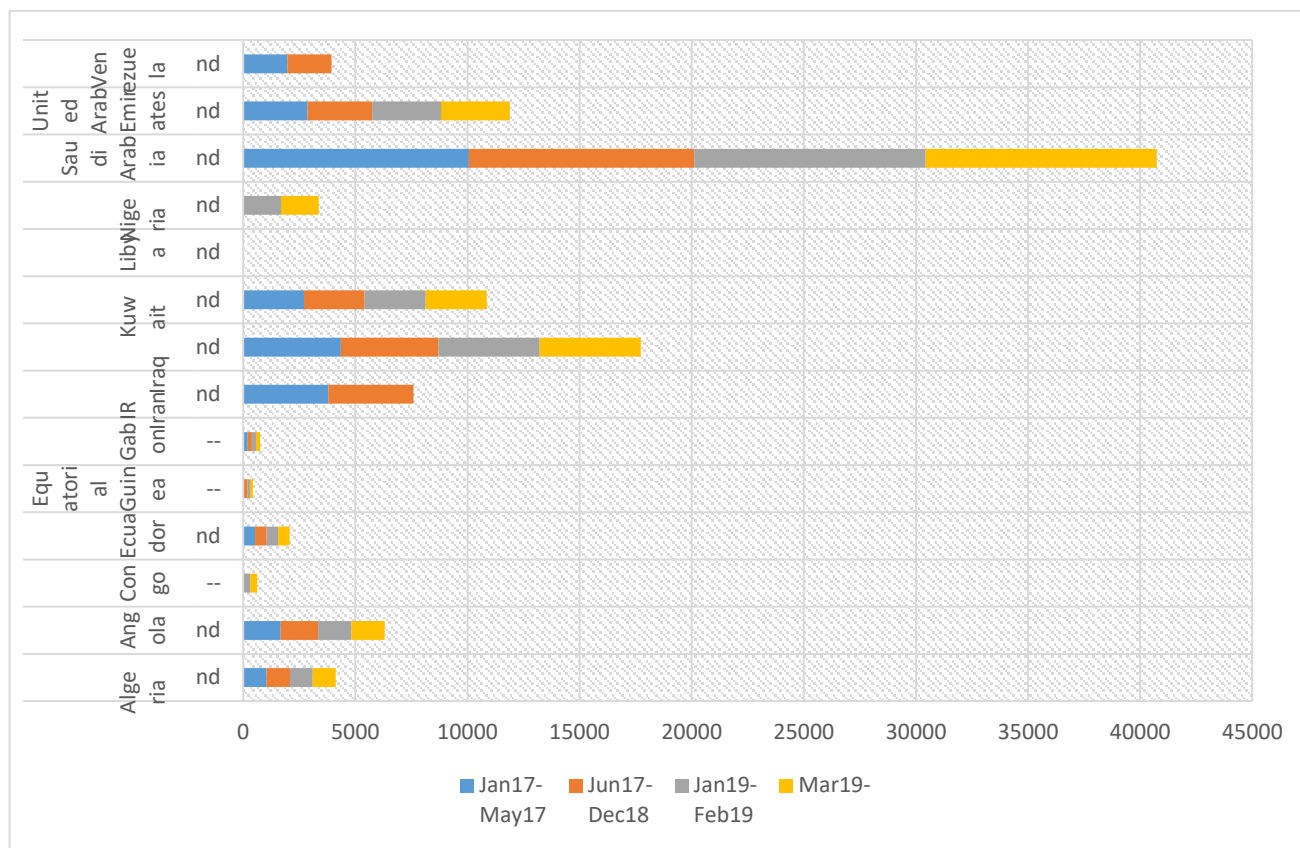
	Jan17- May17	Jun17- Dec18	Jan19- Feb19	Mar19-
	1039	1039	1025	1025
Algeria	1673	1673	1481	1481
Angola	--	--	315	315
Congo	522	522	508	515
Ecuador	--	178	123	123
Equatorial Guinea	193	193	181	181
Gabon	3797	3797	--	--
IR Iran	4351	4351	4512	4512
Iraq	2707	2707	2724	2724
Kuwait	--	--	--	--
Libya	--	--	1685	1685
Nigeria	10058	10058	10311	10311
Saudi Arabia	2874	2874	3072	3072
United Arab Emirates	1972	1972	--	--

Table 5.Source. OPEC Website

In any economy generally during the amount of the economic recession, it mostly suffered by its trading partners. Higher oil prices always ends up in inflation, which increases input costs, reduced non-oil demand and lower investment in net oil importing countries. Falling of tax revenues and increase in deficit, thanks to lack of change in government expenditure, which always drives higher interest rates. Low Wage also one in all the most important factor which helps in reducing the demand which tend to higher pact, a minimum of within the short term but it's impact totally fall on both consumers further as market.

An increase in oil price also will changes the balance of trade between countries and their exchange rates. Net oil-importing nations normally experience a deterioration in their balance of payments, which force them to putting down pressure on their exchange rates. Thanks to this, imports become costlier and exports are less valuable, which ends up in a drastic drop by real value. Many oil producers, together with the Gulf economies, are implementing asceticism since oil costs uncertain in 2014-15. It is so tough to predict that what's going to happen in close to future relating to the value of fossil fuel over an amount of 5 year as a result of we tend to all recognize that future is unpredictable and that we will it predict the long run however this assessments can indicate that fossil fuel costs are stay high





Without a change in financial institution and government monetary policies, the dollar may tend to rise as oil-producing countries' demand for dollar-denominated international assets grow. The economic and energy policy of the any nations are often affected thanks to a mixture of upper rate of inflation, higher price, lower exchange rates and lower real output which can effect on the economy over the longer period. Government policy can't control fully but its impact can minimized. Similarly, any wrong policies will further worsen it. Thanks to contradictory monetary and financial policies to manage inflationary pressures within the economy could create a exacerbate situation. On the opposite hand, expansionary monetary and financial policies could also be delay for a brief run but in a very future the autumn in real income will thrust up inflationary pressures in an economy.

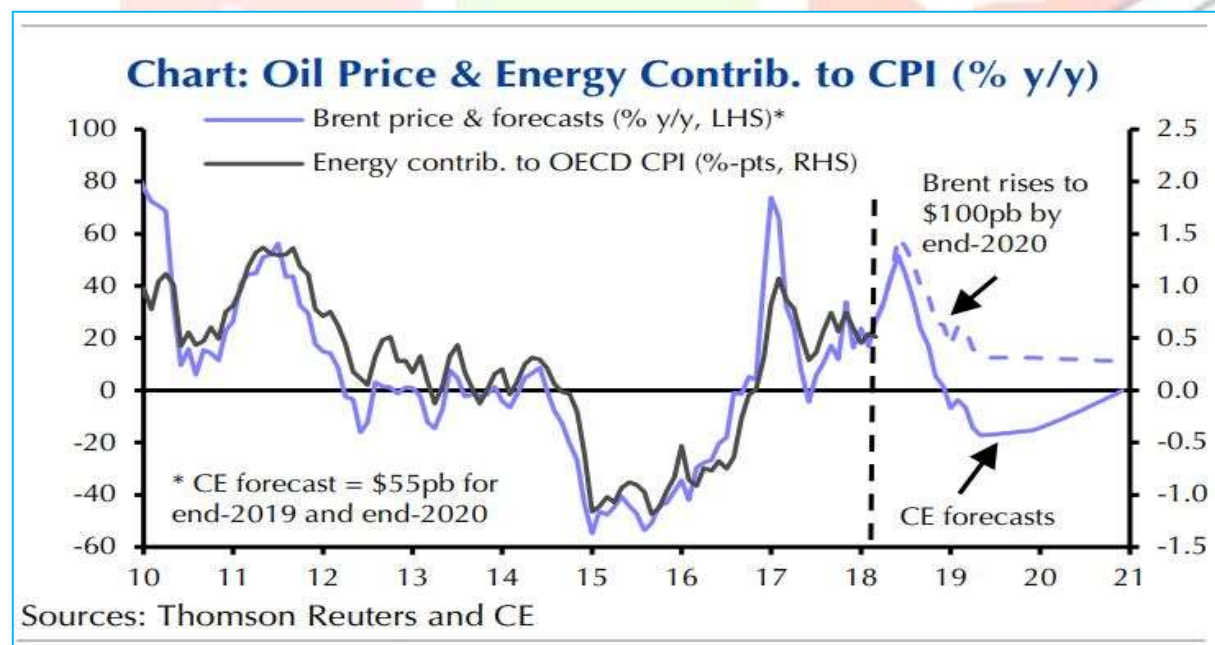
## 2. Literature Survey

Due to the World's high dependence on oil product for economic growth as well as to full fill domestic energy demand, there'll be an immediate relation between oil costs and economic process that has received a good deal of attention from all the economic expert over the amount, and there'll be a chance of enormous technical literature on varied aspects of the topic matter. In recent time the costs of fossil fuel have up by seventieth since Gregorian calendar month last year, as OPEC's conceive to cut the assembly because of the heightened tensions within the geographical region which more deepen the availability and because of this it can increase the quantity of analyst to question however it'll have an effect on the outlook for the worldwide economy. It had been simply common factor that we've already mentioned antecedent that, higher crude worth means that the next rate of inflation within the world economy. Capital economics analyst St. Andrew image ham aforesaid that if oil costs hit \$US100 a barrel by 2020, it might add around zero.5% to world rates of inflation.

	2015	2016	2017	2018
<b>North America</b>	<b>7,928.5</b>	<b>8,738.5</b>	<b>8,773.7</b>	<b>8,504.2</b>
Canada	565.5	888.5	807.1	747.3
United States	7,363.0	7,850.0	7,966.6	7,756.9
<b>Latin America</b>	<b>944.0</b>	<b>868.4</b>	<b>901.5</b>	<b>902.3</b>
Brazil	251.7	134.3	149.8	185.6
Chile	162.2	160.8	168.0	163.9
Cuba	112.7	113.8	114.4	112.4
Ecuador	0.0	6.0	15.3	19.8
Trinidad & Tobago	78.3	101.0	93.7	95.4
Venezuela	33.4	5.7	1.0	2.1
Others	305.8	346.9	359.4	323.1
<b>Eastern Europe and Eurasia</b>	<b>1,881.2</b>	<b>1,716.3</b>	<b>1,804.2</b>	<b>1,838.6</b>
Belarus	461.9	365.6	365.3	367.9
Bulgaria	121.4	124.2	137.4	124.5
Czech Republic	144.1	107.3	157.7	150.2
Hungary	125.1	121.0	120.5	134.8
Poland	534.0	494.5	497.3	542.9
Romania	135.5	153.2	159.1	165.7
Others	359.2	350.5	366.9	352.8
<b>Western Europe</b>	<b>10,434.2</b>	<b>10,273.0</b>	<b>10,723.8</b>	<b>10,320.6</b>
Belgium	647.9	642.0	688.4	666.3
France	1,145.8	1,092.4	1,140.7	1,061.1
Germany	1,843.1	1,837.4	1,832.2	1,719.8
Greece	445.7	473.0	478.2	491.1
Italy	1,261.6	1,225.5	1,340.4	1,252.2
Netherlands	1,056.5	1,091.5	1,092.9	1,100.4
Spain	1,308.0	1,292.1	1,332.2	1,364.5
Sweden	406.2	396.2	401.0	402.3
Turkey	505.9	502.4	519.6	422.6
United Kingdom	856.2	797.0	893.8	827.8
Others	957.3	923.5	1,004.3	1,012.5
<b>Middle East</b>	<b>452.7</b>	<b>464.7</b>	<b>491.5</b>	<b>486.8</b>
Bahrain	218.2	212.4	222.9	220.2
IR Iran	0.0	0.0	0.0	0.0
Iraq	0.0	0.0	0.0	0.0
Kuwait	0.0	0.0	0.0	0.0
Qatar	0.0	0.0	0.0	0.0
Saudi Arabia	0.0	0.0	0.0	0.0
United Arab Emirates	38.1	52.4	68.0	41.7
Others	196.5	199.8	200.6	225.0
<b>Africa</b>	<b>656.1</b>	<b>615.4</b>	<b>619.1</b>	<b>662.0</b>
Algeria	5.6	4.9	4.8	5.5
Angola	0.0	0.0	0.0	0.0

Congo	0.0	0.0	0.0	0.0
Eqatorial Guinea	0.0	0.0	0.0	0.0
Gabon	0.0	0.0	0.0	0.0
Libya	0.0	0.0	0.0	0.0
Morocco	43.0	0.0	0.0	0.0
Nigeria	0.0	0.0	0.0	0.0
South Africa	420.5	431.9	436.7	491.8
Others	187.0	178.6	177.7	164.7
<b>Asia and Pacific</b>	<b>20,549.1</b>	<b>22,037.2</b>	<b>23,171.2</b>	<b>24,101.4</b>
Australia	318.2	332.7	333.7	360.9
China	6,730.9	7,625.4	8,425.7	9,261.4
India	3,935.5	4,308.3	4,341.4	4,543.6
Indonesia	374.4	366.1	343.8	350.8
Japan	3,233.5	3,157.8	3,235.2	3,055.9
Malaysia	179.2	198.0	208.9	210.3
New Zealand	103.2	107.2	108.0	105.9
Philippines	188.8	212.0	196.7	229.8
Singapore	806.3	896.9	981.7	918.7
South Korea	2,781.1	2,928.0	3,040.6	3,036.5
Thailand	874.0	852.6	906.0	951.1
Others	1,024.0	1,052.3	1,049.6	1,076.4
<b>Total world</b>	<b>42,845.9</b>	<b>44,713.5</b>	<b>46,485.1</b>	<b>46,815.9</b>

Table 6.Source.OPEC Website



Due to the surprising increase in rate might place more pressure on interest rates, even as the U.S. Federal Reserve System leads a gentle however coordinated adjustment of world financial policy. However several economic expert are too involved. They expects policy manufacturers can hold the road within the face of rising headline inflation pressures stemming from higher oil prices. "Policymakers would most likely 'look through' this increase instead of adjustment policy, as a result of any rise would be fugacious and may have very little impact on underlying costs pressures. Instead, raised the prospect of reduced economic activity as capital shifts towards governments of oil-producing nations. And once financial gain flows from consumption-based economies like Europe and also the U.S. to producer nations like Middle East, it will act as a retardant on growth.

This will cause exert downward pressure on any economy. Nation like India WHO whole meets nearly seventy six % of its fossil fuel necessities through imports. With the recent time the rise in share of hydrocarbons within the energy supply/use may be whole consummated by mercantilism and it'll more expected to extend in close to future. So, the foremost common challenge is to secure adequate energy provides at the smallest amount attainable value, thus it will fulfil the prevailing country's social needs; otherwise high fossil fuel worth can place tremendous pressure on the Government's budget. Oil worth will increase also can result on} the expansion of the economy through their effect on the availability and demand for merchandise apart from oil. Will increase in crude fuel costs will cut back the availability of different merchandise and services as a result of it'll increase the prices of manufacturing them. In straightforward economic term, high oil costs will shift up the availability curve for the products Associate in different services that oil is an input.

**\*To find whether the relationship between price of crude oil and other variable factors have truly changed over sometimes, we have to understand that ,we have to go beyond from just common observation and require a proper econometric analysis (which helps the researchers to control or understand other developments in the economy when we try to study and started a link between crude oil prices and common macroeconomic factors).**

## 2.2 Is the relationship between oil prices and the economy always the same?

The two past most common giant oil shocks of the Nineteen Seventies were caused low growth, high state, and high rate of inflation (also usually said as periods of stagflation).Now, it's no surprise that because of changes in costs of crude are shown joined of the foremost necessary supply of economic fluctuations. However but, because of the continues drawback sweet-faced by several economies several analysis within the past has challenged this common conception regarding the connection between oil costs and therefore the economy. As Blanchard and Gali (2007) note, the late Nineties and early 2000s were periods of huge oil worth fluctuations, which were comparable in magnitude with oil shocks of the Nineteen Seventies.

However, as a result of because of merely observant the movements of inflation and growth around oil shocks is also deceptive someday. You have got to forever confine mind that generally oil shocks have usually coincided with different economic factors. Within the late Nineteen Seventies, because of the will increase in trade goods costs, the intensive effects on inflation and growth. On the opposite hand, the first 2000s were an amount of high rate of growth, that reduces the result of oil costs on inflation and growth in an economy.

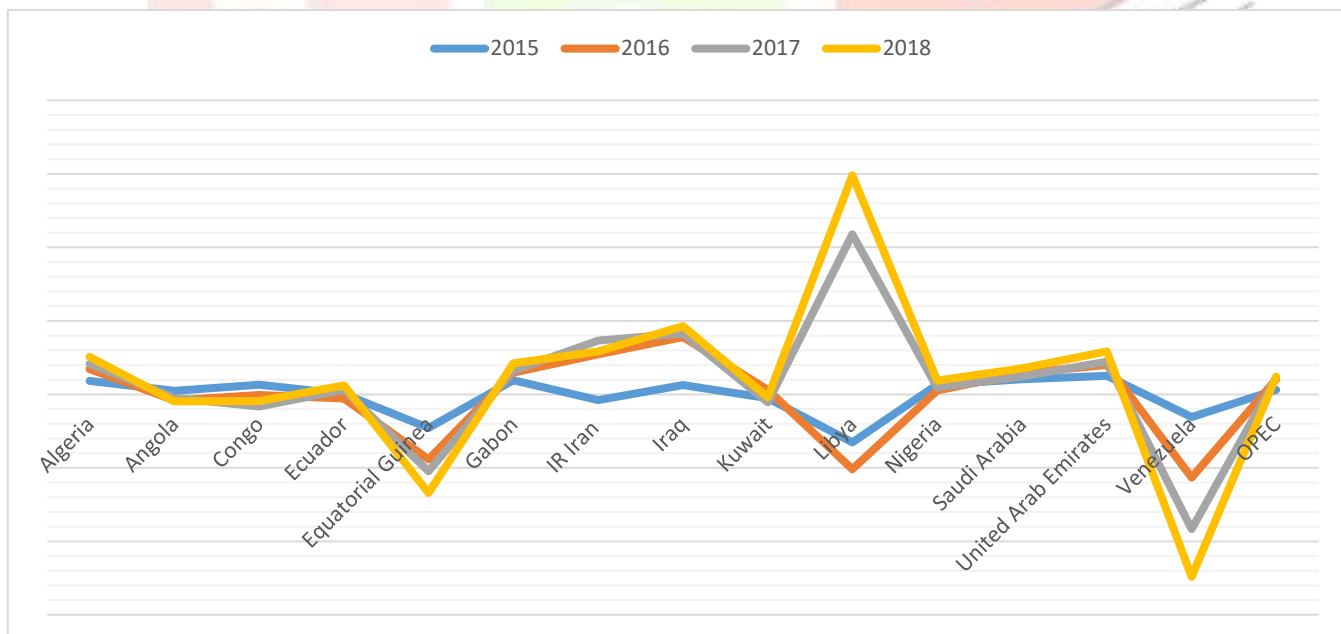
Generally, moderate fall in crude costs might be a typical reason which might result each developed also as developing economies United Nations agency consume oil. But, there are ton of things because of that causes a fears that a fall in crude costs may suffer provider additionally. The matter relating to decrease within the worth of crude solely result in cause economic hardship or nothing. because of fall within the costs of crude such a lot then there'll be doable that several huge oil corporations are aiming to face robust state of affairs and that they are in position within which they'll out of business.

Oil wealthy areas, like sea Oil, oil extraction from the Arctic and different high-cost areas are currently now not economic. If such things will prevail than huge oil corporations haven't any choice they simply wants to down their production level and lay off their employees, because of this huge oil corporations are within the path of getting bankrupt, because of that it will provides a negative impact on world economy and because of this investment are bit by bit decreasing .Many banks that season cash to huge oil firms are during a purpose of losing their cash.

Hooker(2002)suggest that their will be structural break in the relationship between inflation and crude oil prices occurred at the end of 1980s.Blanchard and Gali (2007) look at the oil price responses,wage inflation,output and under employment due to the oil shocks Gregory Mankiw (2007) suggests that increase in the level of energy efficiency has different if you try to compare with the level of energy consumption because energy consumption per dollar in GDP has increase over time and it can't be predicting due to lot of factors.

Countries		2015	2016	2017	2018
Algeria		3.7	3.2	1.4	1.9
Angola		0.9	-2.6	0.7	-1.0
Congo		2.6	-2.8	-3.1	1.5
Ecuador		0.1	-1.2	2.4	1.2
Equatorial Guinea		-9.1	-8.6	-3.2	-5.9
Gabon		3.9	2.1	0.5	2.0
IR Iran		-1.6	12.5	3.7	-3.0
Iraq		2.5	13.1	1.0	2.0
Kuwait		-1.0	2.2	-3.3	1.4
Libya		-13.0	-7.4	64.0	16.0
Nigeria		2.7	-1.6	0.8	1.9
Saudi Arabia		4.1	1.7	-0.9	2.1
United Arab Emirates		5.1	3.0	0.8	2.8
Venezuela		-6.2	-16.5	-14.0	-13.0
OPEC	1.2	2.9	0.5	0.2	

Table 7.Source. OPEC Website



Even Organization of Petroleum-Exporting Countries nations, like Saudi Arabia will face the warmth. If nation like Saudi Arabia face such flake then it'll positively scale back the world capital flow (both short –term & long –term investment).The most common danger was that several oil manufacturing nations can face recession and because of this it'll result in scale back the world economic process.Here,we can talked regarding the oil producing nations, currently talked regarding the countries nations really rely upon on these nations to satisfy their energy demand are directly benefited.But,there will be some flak relating to reducing crude costs was that the world economy have an occasion that it might be derailed .



But, this time, the oil costs is thus severe, that oil producers are hit rather more than previous oil worth falls. In several studies shows that there'll be proof that the link between crude costs and macro economy has forever so deteriorated over fundamental quantity. To seem at the oil worth responses, wage inflation, output and beneath employment because of the oil shocks. They too have the response of all the time that each one these variables to crude oil shocks became vital since the mid-1980s. All the economic expert have additionally offered some valid and potential rationalization behind the weakening link between oil costs and inflation which can be contradictable

According to several economists IMF will compare the connection of crude costs with the economy can't provide any solid reason as a result of the forever try and compare with the past activities which cannot be compatible with gift economic structure. We have a tendency to all apprehend that labour markets, financial policy, government economic policy are enjoying a really major role to shock the economy. we have a tendency to all apprehend that be one common issue because of that there'll be inflicting a significant reverse within the economy and it's \*cartel that mean a bunch of organization or nations will management on one resources and that they will decide every and each issue relating to the assembly, offer and it's costs, all these are controlled and managed by these teams.

### 2.3 Economies which are most reliant on Crude oil?

We all know that the pre-eminence of oil has been run in parallel with massive economic advances within the 20th and 21st century. It's estimated that industrial production grew up by 50 times during the last century ranging from historic period after the Second warfare. The pre-eminence of oil has run in parallel with the large economic advances made within the 20th century and on into the 21st century infrastructure from decades of intensive exploitation and use within the industrial, commercial and domestic fields. It was estimated that industrial production grew by 50 times during the last century and fourth-fifth of this growth

What happened within the half of the century, which started with the historic period after the Second warfare? Most of the consumption concentrated within the OECD nations, but this can be just a beginning which may be changed thanks to the growing economies like China, India and Brazil. Change. We all know that oil dominated the planet energy because all the OECD nations which accounts for 60-70% of world oil consumption.

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**An Analytical View of Crude Oil Prices and Its Impact on Indian Economy, Dr. K. Soundarapandiyan, Dr. M. Ganesh Professor, Sri Sairam Institute of Management Studies, Sri Sairam Engg. College, Chennai, India Professor & Director, Holy Angels School of Business, , Siruvachur, Perambalur, India**

Total per capita energy consumption were lower within the developing nations throughout that period, although this trend slightly changing now. Currently oil contributes around 40% of the planet energy mix because thanks to its unique combination of attribute – which is sufficient, accessibility, versatility and simple transport easily from one place to a different in many areas thanks to low cost. These are complemented by a mess of practical benefits that may be gained in a long time. Thanks to advance in technology make oil cleaner, safer and more efficient fuel. There should be lots of oil round the decades to return. The world's oil base isn't constraint, with relevance meeting the long run demand. If we glance at cumulative production, as a percentage of the estimated resource base, over the past decades, we see that this has been relatively stable and it's likely to stay the case for the foressable future. Over and above the worlds proven oil reserves, there's lots of oil that has yet to be discovered, in regions whose geological structure suggests a high probability of oil reserves. These are complemented thanks to multitude of practical and actual benefits that may be gained in an exceedingly proper established infrastructure which exist from decades of intensive exploitation and use within the industrial, commercial and domestic fields.

The worlds existing reserve alone was around of 1,100 billion barrels which is able to be enough to satisfy demand for about 45 years in near future at current production rates in an exceedingly just simple mathematical terms. However in practical, the particular situation is more optimistic than this. To start with the assembly which is able to be likely to a gradual transitional phase which can last many decades which as occurred when the planet moved from coal era to grease era. it's also on other hand during which annual output is forecasting to rise steadily within the 21st century, on the opposite hand it'll recovery rates will improve through enhanced technology, improved infrastructure and better accessibility. Moreover there's unconventional oil which is tar sands, shale and heavy oil and exploitation of this expected to rise steadily within the future. OECD countries will still account for the most important share of the planet oil demand. However, almost three quarters of the rise in demand of 38million barrel/day over the amount will come from the from the developing countries, whose consumption will increase double. Asian nations like China, India the most central to the present growth. Around fourth-fifth of the world's proven oil reserve are located in OPEC member countries. Moreover these reserve are exploited rapidly thanks to easily accessible. In 2025 OPEC is



projected to satisfy quite half the world's oil demand at 51% with 58 million barrel/day. Kingdom of Saudi Arabia is ranked 11th. Countries where fuel accounts for quite 90% of total exports include Algeria, Azerbaijan, Brunei Darussalam, Iraq, Kuwait, Libya, Sudan and Venezuela. 2018 BP statistical review of world energy revealed that global drilling has now grown for eight straight years. Oil consumption rose to new high moreover and has increased in 31% of the past 34 years. Global drilling consumption to grow in 2017, driven by an increasing demand from transportation is in line with the event of the worldwide vehicle fleet that's increasingly oriented toward more. This trend can increase thanks to the worldwide economic process, offset efficiency which may achieved in North America, Europe and Asia Petrochemical oil demand is largely linked with the world economic process.

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## CONCLUSION

The crude oil prices all across the world have a big impact on global economies directly or indirectly. However, the rise within the crude oil prices ends up in increase in the majority the consumable and non-consumable commodities. Any positive change within the fossil fuel price has negative impact on the increment in GDP of a rustic. We all know that falling oil prices may be an excellent news for all the oil importers, but could also be bad news for the exporters because of that oil importers are in a very benefit because of the falling of fossil fuel price, which can reduce the worth of their oil imports and because of this it helps to scale back this account deficit of oil importer. However for oil exporter falling oil price they need to scale back their value of their export which might cause lower trade surplus. Many oil exporting countries economy totally rely or rely upon on drilling, if the fossil fuel price will fall their revenue starts declining which might create a foul economic situation because they need no alternatives of generating revenues. Their expenditure are totally rely upon on revenue generated from the oil export, due to which they need to face a situation of deficit.

Then they need to want to impose high taxes or they need to chop down the govt. expenditure. But the link between oil prices and global economy is far more complicated because fall in oil prices is basically a mirrored image of weak global demand, and it continued low growth round the world which holding back demand. Falling oil price gives some form of relief to consumers with higher discretionary incomes, but given deflation and low confidence under current world economic recession which unlikely to spend but they like to avoid wasting. Falling oil prices is pushing own headline of rate of inflation and making actual deflation a true possibility instead of increasing spending. While developing countries is in relatively strong macroeconomic position, the next level of costs could still pose challenges for policymakers. However, higher oil prices could have the alternative effect and impede the economic recovery within the coming quarters, it may well be implications for growth, inflations, currency, current account deficit and monetary deficit. For example –Economy like India, where because of having strong macroeconomic position, the impact of upper oil prices on individual indicators might not look worrying. But if you set along with added uncertainty associated with revenue and economic activity problem can create worsen situation.

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