Geo-Political Strategist: 2020
Economic Barometer: the $ Price of Oil

Consensus forecast:

WTI oil, $/bbl, as of 3 pm, 5/1, $56/bbl

As a Geo-Political Strategist, you must submit your first forecast on Tuesday, 2/11.
You may update your forecast, at any time, via email.
The forecast closest to correct, AND presented the earliest, wins bragging rights.

In class, starting 2/12, you must be ready to speak about emerging developments that bear
on the price of oil:

   Was the news signal or noise?
   Are reactions to news sensible or do you have a unique interpretation?
   Did the news change your forecast?

The ABCs of Oil Prices

Prices for a global commodity reflect global supply and demand:
   Changes in, in part, are driven by change in global economic activity.
   Changes in supply, in part, reflect exploration successes.

Spikes in oil prices depress economic activity. Each of the last four global economic
downturns began following a sharp spike in the price of crude oil. Twice in the past
twenty years, the U.S. has gone to war with Iraq, a major oil producer. Thus, energy
prices appear to be a major global issue.

Climate change as a threat to human existence also is an obvious threat to demand growth
of fossil fuels.

Climate change effects on oil producers’ willingness to supply oil, in the short run, are
also very important.

Two guides to thinking about oil prices and policy:

https://cfe.econ.jhu.edu/are-the-saudis-thinking-clearly-and-should-we/

https://cfe.econ.jhu.edu/saudis-thinking-clearly-trolling-chumps/
The Price of Crude Oil, 1950 to 2020
($/bbl, log scale)

The Real Price of Crude Oil
($/bbl) / (CPI Index)

Crude Oil Prices: 2015-2020
($/bbl, Bloomberg symbol: CL1 [index])