

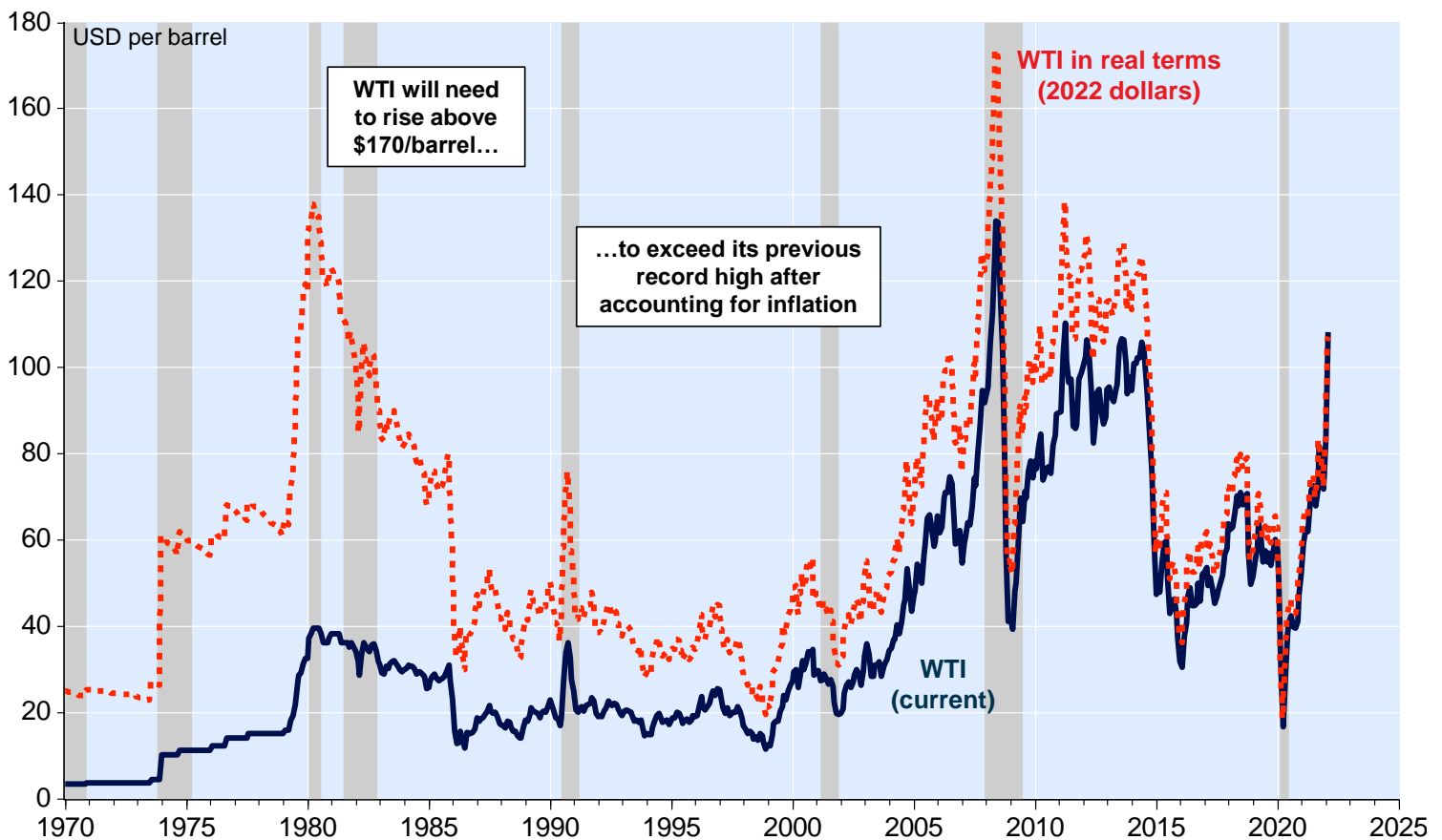
U.S. Watch

By Stéfane Marion

Soaring oil prices have often been associated with periods of economic stress/recession. While Western economies are considering turning away from Russian oil, the world's second largest oil producer, WTI has room to move higher in OECD economies. How does the current episode compare to the three previous oil shocks that hit the global economy (1973-74, 1978-79 and 2007-2008) where the price of crude oil more than doubled? As today's Hot Chart shows, at around \$110/barrel currently, the price of West Texas intermediate (WTI) is already back to levels not seen since 2013 and 83% above its pre-pandemic level of \$60/barrel. As can be seen, WTI would need to exceed \$170 per barrel to surpass its 2008 record in inflation-adjusted terms.

World: Will oil derail the global economy?

Price of WTI: nominal vs. real (2022 dollars*)



* Deflated using U.S. CPI for all urban consumers
NBF Economics and Strategy (data retrieved from FRED)

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