Oil Prices and Global Growth: Greasing the Wheels-or Gunking up the Works?

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After Big Plunge, New Report Reveals Diverse Economic Impacts and a Multiverse of Possible Futures for Energy Markets and the World Economy
The drastic decline in oil prices that began in the summer of 2014 has already left its imprint on the worlds economic landscape, and some of the effects may be long-lasting. Even as overall global growth stands relatively unchanged, differential effects on net importers and exporters of oil have subtly shifted the balance of economic strength among global economies. According to a new report released today by The Conference Board, a much more dramatic and permanent sifting-out of winners and losers is possible in the years ahead if continued oil-price volatility creates major adjustments in production levels and energy composition.
Getting a Handle on Energy: Global Growth Scenarios in Times of Changing Oil Prices examines where major economies stand today after months of depressed prices and how the growth outlook varies depending on the movement of prices in the next six months.
"The impact of the price decline on the global economy has been muted so far," said Bart van Ark, The Conference Board Chief Economist and a co-author of the report. "Economies that are net-importers of oil benefited modestly in terms of faster growth, but the most positive effects have probably already played out. For the next six months, much will depend on whether there will be any significant reduction in production of oil, which seems highly questionable at this point."
The report also maps out four potential trajectories of prices and production that could take place in the years ahead, and the implications of each scenario on global growth.
"As the last year has shown us, predicting oil prices-whether three months or three years ahead-is closer to a fools errand than an exact science," said Wim Overmeer, Senior Fellow at The Conference Board andthe other co-author of the report. "Instead of a single crystal ball, Getting a Handle on Energy offers a set of alternative scenarios which together illustrate the many and multifarious impacts oil prices can have on the overall business environment. Resilient firms and governments will be ones that prepare for a full multiverse of potential outlooks."
For complete details:
https://www.conference-board.org/energy-and-global-growth
Report: Getting a Handle on Energy: Global Growth Scenarios in Times of Changing Oil Prices (Research Report R-1578-15)
By Bart van Ark and Willem Overmeer, with Charles Mitchell

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