

March 9, 2020

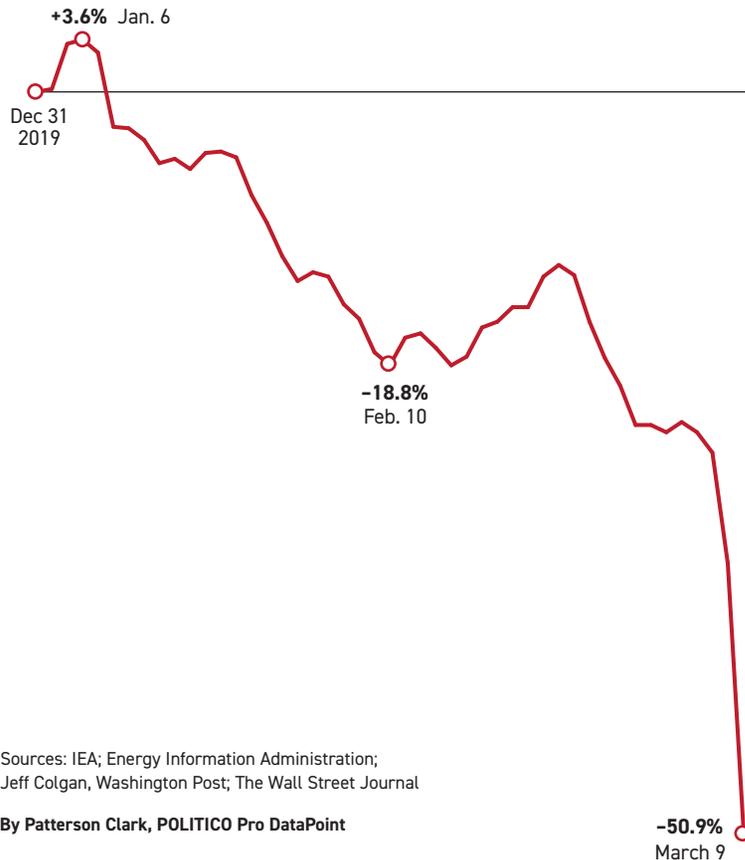
How Covid-19 and an oil production war are sinking oil prices

Global demand for oil has been hit hard by travel restrictions and subdued industrial activity resulting from quarantines and caution over the new coronavirus. For the first quarter of 2020, global oil demand is projected to suffer a reduction of about 2.5 million barrels per day (a 2.5 percent drop), according to the International Energy Agency. To counter reduced demand and falling prices, Saudi Arabia encouraged Russia to join OPEC in curbing production. But when Russia refused, Saudi Arabia increased production to protect its market share, resulting in an oil-flooded market with plummeting prices — and a greased slide for a nervous stock market.

FIGURES AS OF 3 P.M. EDT, MARCH 9

Crude oil futures

IN PERCENT CHANGE OVER DEC. 31



Oil prices

DOLLARS PER BARREL
 UNADJUSTED WTI SPOT
 IN CUSHING, OK



Sources: IEA; Energy Information Administration; Jeff Colgan, Washington Post; The Wall Street Journal

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