Figure 4.1. Oil Market as a Source of Shocks (1970–2004)

Periods of low spare capacity tend to be associated with rising and volatile prices.

Sources: International Energy Agency; U.S. Department of Energy; and IMF staff calculations.

1Excess capacity is defined as spare capacity of OPEC producers in millions of barrels a day.
2Simple average of West Texas Intermediate, Brent, and Dubai oil prices.
3Volatility is defined as the standard deviation of monthly real oil prices.