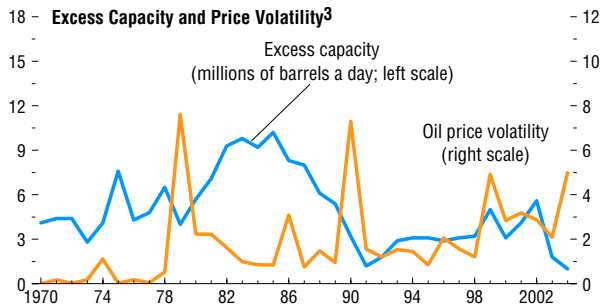
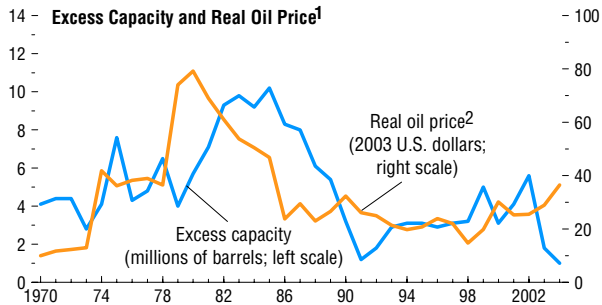


Figure 4.1. Oil Market as a Source of Shocks
(1970–2004)

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.