



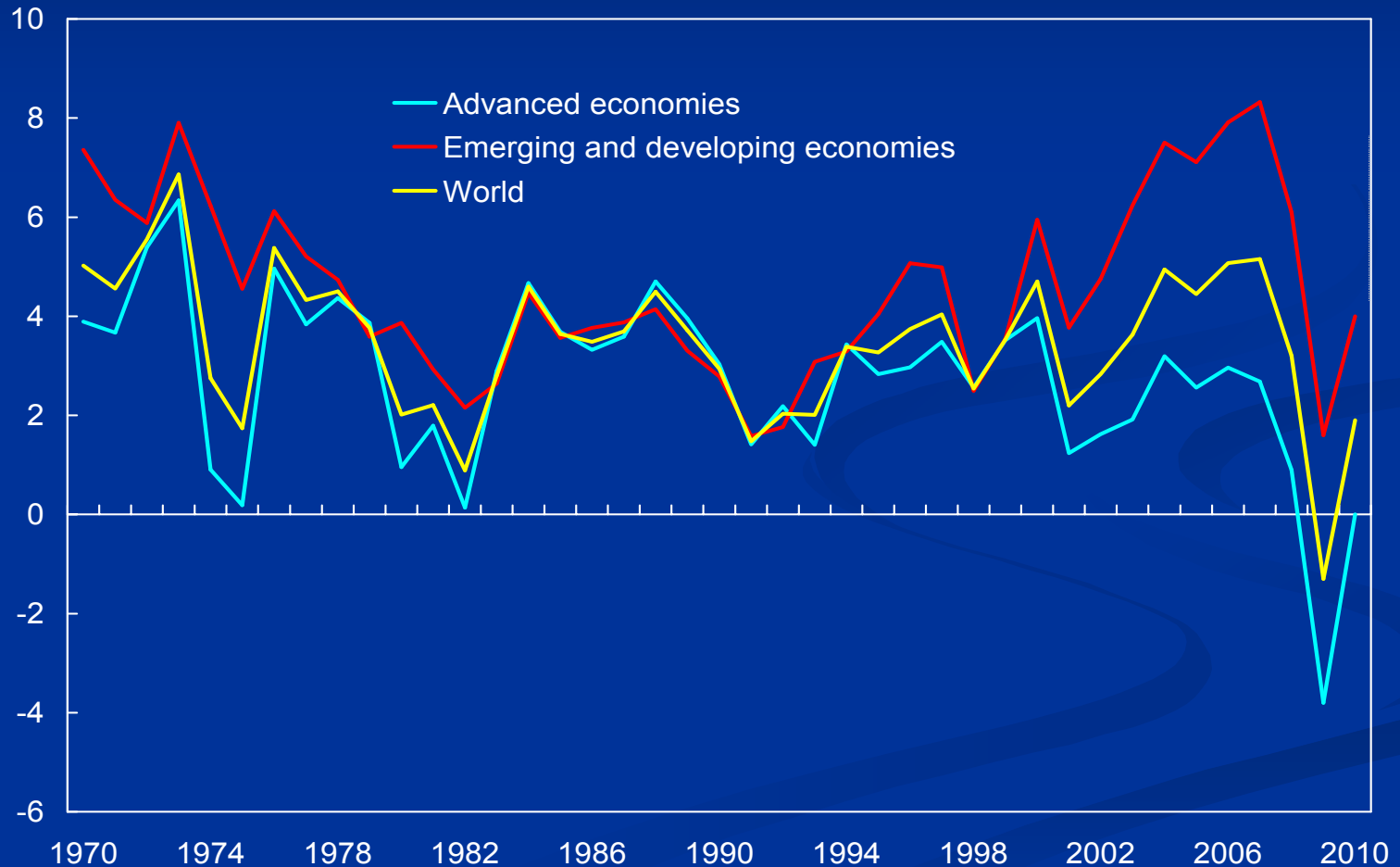
The Prospects for Oil Market Stability

John Lipsky
First Deputy Managing Director

May 25, 2009

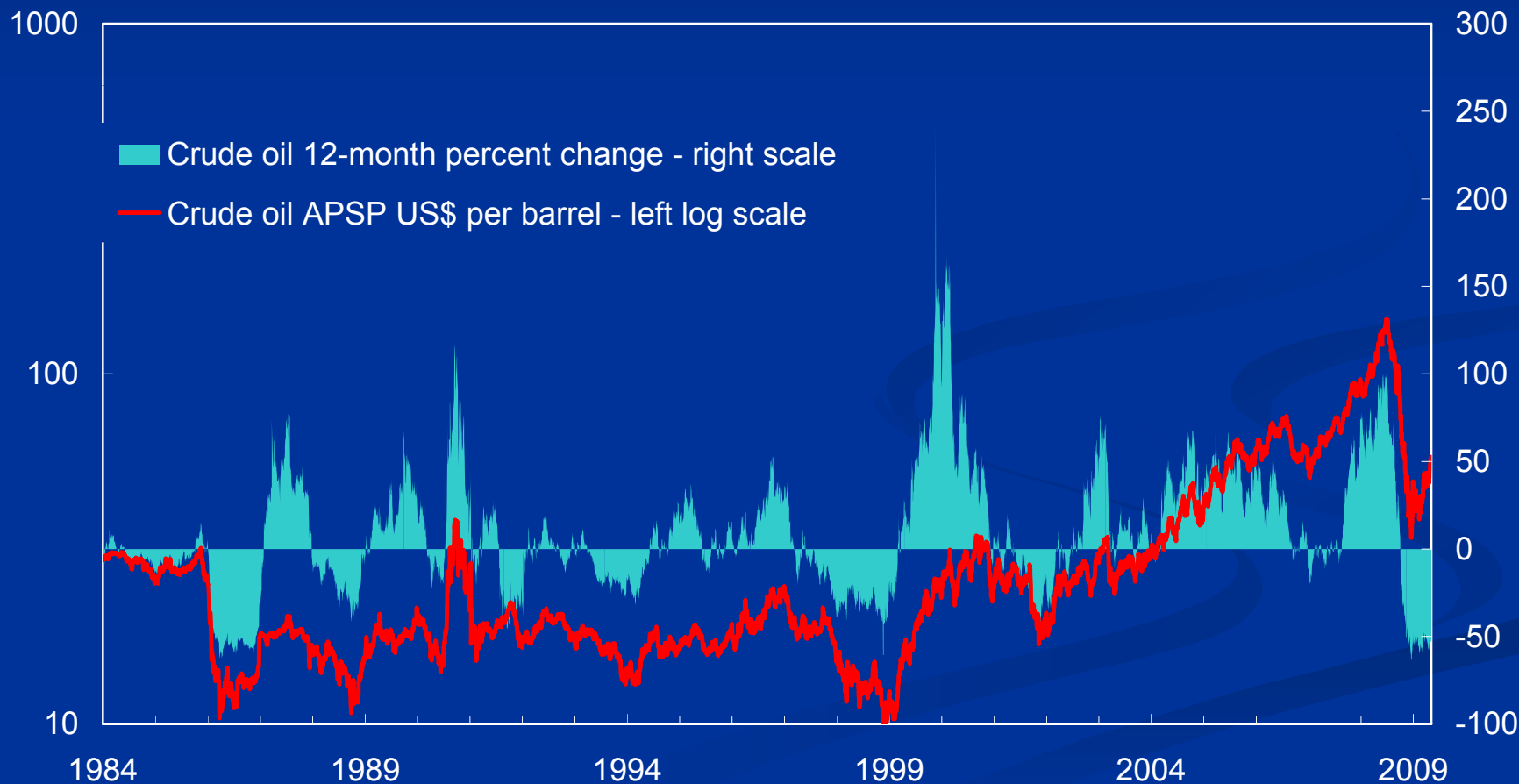
The global economy is in a severe recession, with the recovery expected to be gradual

Real GDP Growth (Annual percent change 1/)



Oil prices have suffered their largest 1-year decline since 1986 on weak demand

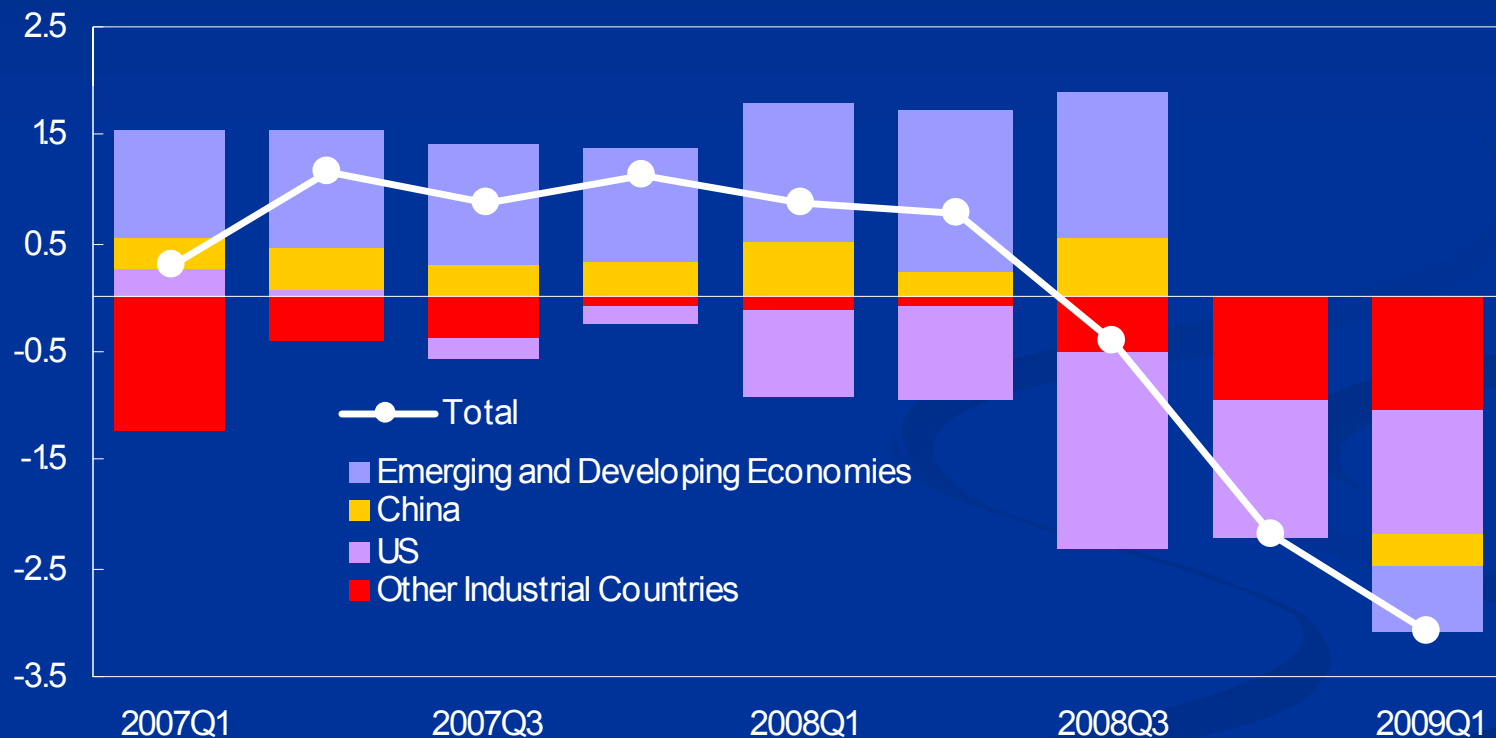
Crude Oil—IMF average petroleum spot price
(U.S. dollars per barrel)



Oil demand was less price sensitive in developing economies when prices increased

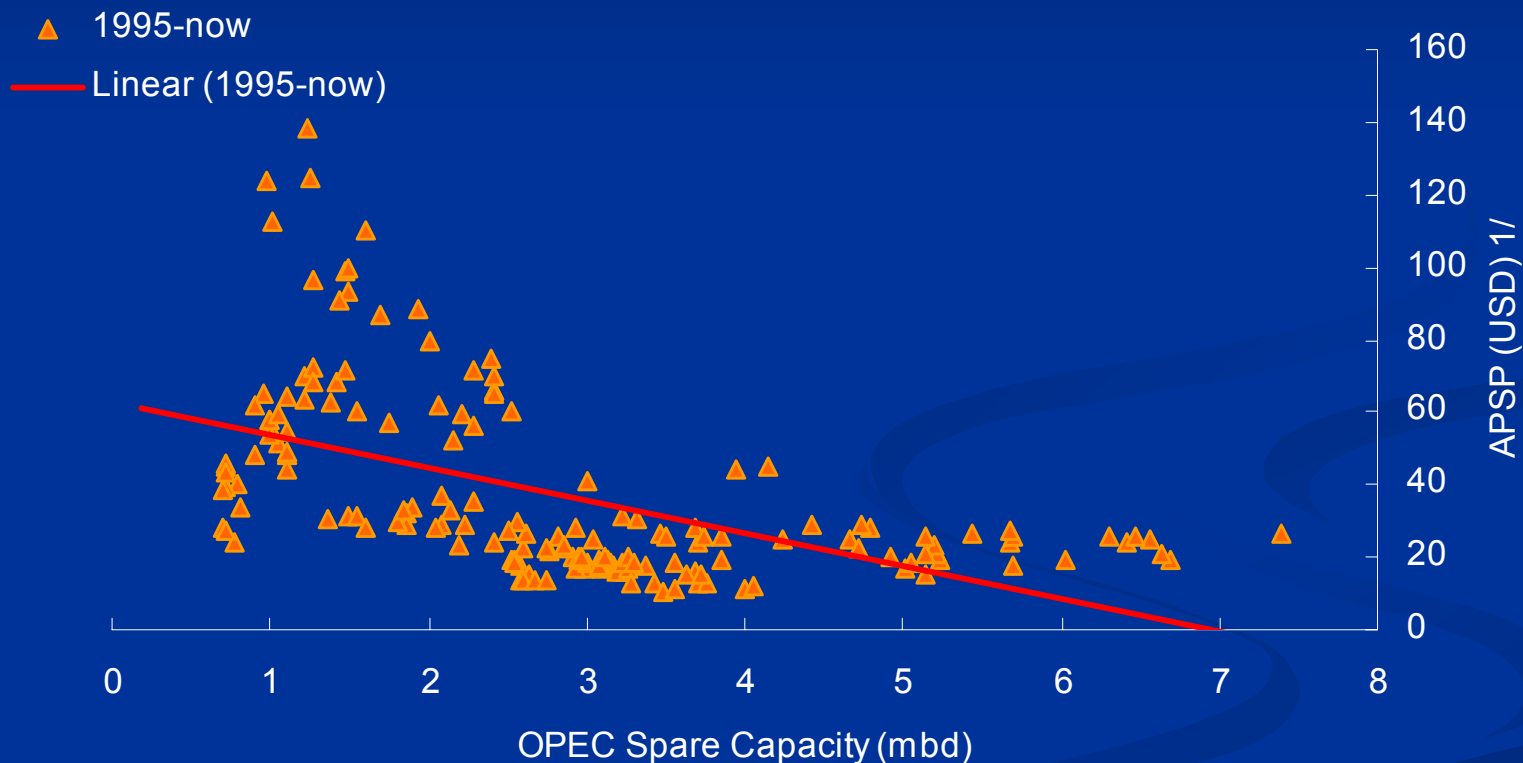
Oil Demand Growth 2007 – 1Q2009

(Annual percent change unless otherwise specified)



ight market conditions tend to drive prices higher

OPEC Spare Capacity and Oil Prices

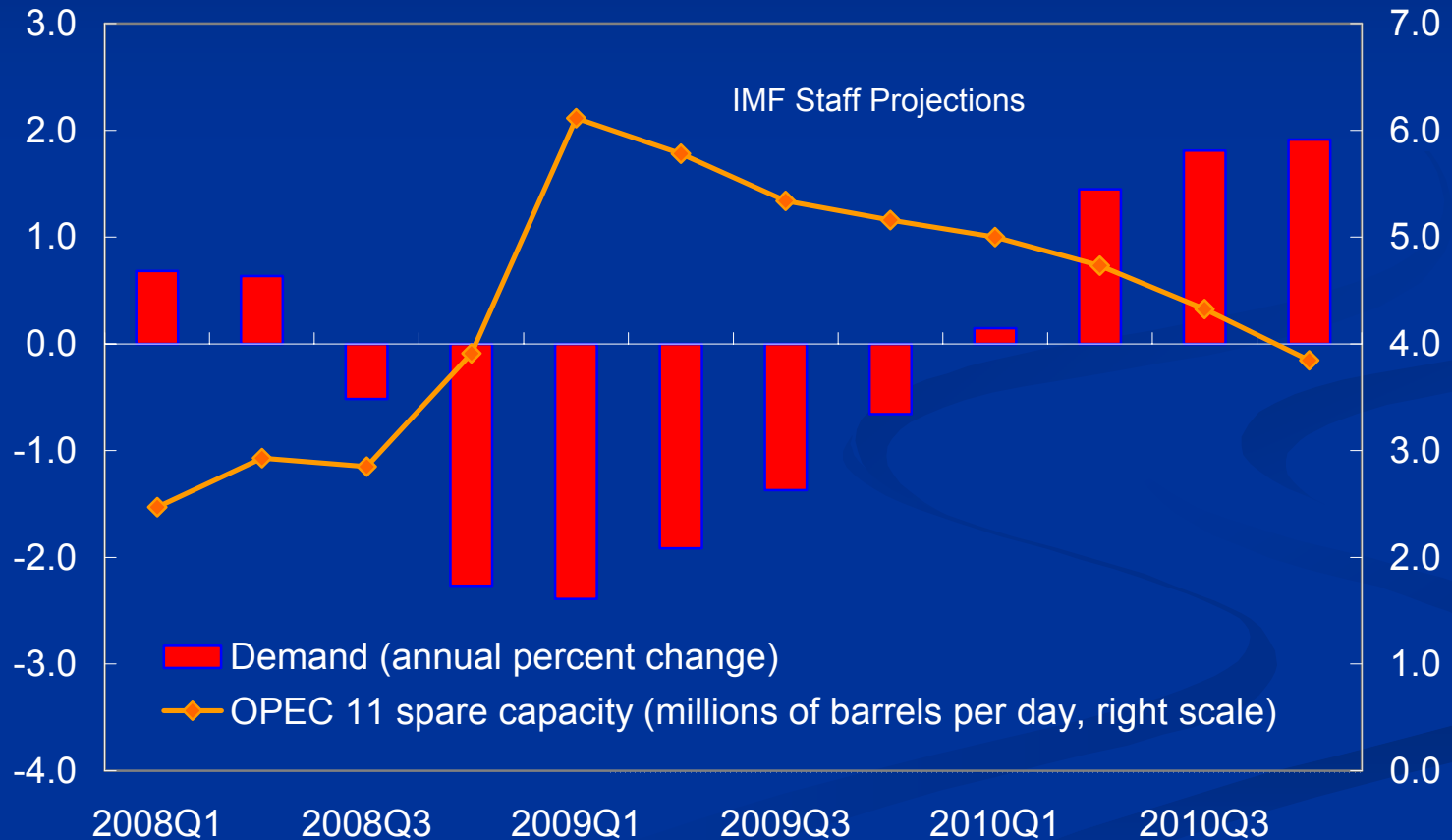


Sources: EIA; Bloomberg; and IMF staff calculations

1/ Average Petroleum Spot Price (APSP) is the simple average of West Texas Intermediate, Dated Brent and Fateh Dubai spot prices

Oil market buffers and moderate demand growth improve prospects for stability

OPEC Spare Capacity and Global Oil Demand Growth



Sources: IEA, IMF staff projections.



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