



NEWS



Impact of Oil hitting a seven-year high on world economy

Oil prices surged past \$100 (£74) a barrel to hit their highest level for more than seven years after Russia launched an invasion of Ukraine.

Russia is the second biggest exporter of crude oil, and is also the world's largest natural gas exporter.

Russia's invasion of Ukraine could spell trouble for the U.S. economy, fuelling higher gasoline prices and hampering the post-coronavirus recovery.

Europe gets nearly a third of its oil and around 40% of its gas from Russia, much of it flowing through pipelines across Ukrainian territory. Small wonder then that prices are shooting up.

Brent crude oil has gone above \$100 a barrel, while prices for gas on wholesale markets - where domestic suppliers buy what they need - are up sharply as well.

Supplies from Russia do not appear to have been affected - yet. But the fear that they will be, and that there could be a scramble for other resources, is pushing up costs.

Stock markets across Europe are tumbling, as investors fret about the potential economic impact of high energy prices and the potential for much wider sanctions as well.

According to market watchers, higher crude oil prices are major headwinds for a couple of sectors including aviation, paint, tyres and oil marketing companies. Brent crude oil has jumped over 30 per cent to \$101.40 on a year-to-date basis till February 24. The commodity was at \$77.78 per barrel on December 31, 2021.

While e-commerce has fuelled demand for packaging, pandemic-related labour shortages and shipping constraints are also making it harder to make and deliver the boxes used to carry everything from food to consumer goods.

Reference:

<https://www.bbc.com/news/business-60502451>

<https://www.businesstoday.in/latest/economy/story/russia-ukraine-war-heres-how-rising-oil-prices-will-impact-india-inc-economy-323745-2022-02-24>