

High oil and gas prices

Literature, Russian Literature



China being one of the leading oil-importing countries has added to the global oil demand by its continuous progress. The automobile industry in the United States has also added to the global oil consumption as it consumes around one-fourth of the total global oil. So is the case with the US chemical industry (Liveris 1). The surge in oil demand has resulted because of low-interest rates all over the world. Moreover, investors invest in the oil business so as to minimize the risk of devaluation of their other businesses because when oil prices rise, the cost of all investments and businesses also rise (crack spread) which results in greater revenues and profits, and this makes the oil prices go up (Overdahl 3). Unfortunate events, like Hurricane Katrina and Rita, also caused oil prices to rise (Matthews 1).