Oil and recession

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The price of oil has become once again a global problem. Even if it does not increase from current levels, chances are it can bring about a double-dip global recession, adding to the uncertain- ties surrounding the evolution of the advanced economies in the coming months. The eurozone, which is a net importer of oil, will be particularly hard. During the second quarter of 2012, the price of oil has increased by approximately 15 percent compared to the first quarter, reaching a level dangerously close to that of 2008.

Right now, at a time when both the advanced and the emerging economies are seeing their growth rates decline, the demand is not that driven higher oil prices.

Rather, the hikes have to do with geopolitics. This is epitomized in Iran, with a tighter Euro-American, and the increasing possibility of an acute military scenario. There is no point in avoiding such a surge attack on its nuclear sites. William麦多恩 reports around 3 percent of the world’s total, there is little slack capacity elsewhere to make up for the oil deficit. In contrast with the oil crises of the 1970s, the threat from higher prices is not greater inflation but slower growth. Other commodity prices are showing signs of moderation, and continued self-sufficiency policies around the world permit another signal that oil is unlikely to generate price instability.

It is, however, contributing to the current account and financial imbalances in the world, with massive amounts of foreign exchange reserves being accumulated by oil-importing countries. In 2011, for example, China imported $270 billion of oil, and put back 90 percent of it in its official foreign exchange reserves.

This, in turn, could make financial restructuring and restructuring harder. Europe needs to think carefully about how to deal with the price of oil as it rose close to that of 2008.

The impact of geopolitical tensions on oil prices is not a new phenomenon. Oil dependency is a recurring problem afflicting oil importing countries in ways that often exacerbate the imbalances and uncertainty for countries around the globe.

In oil exporting countries, price hikes are often associated with increases in corruption, with the average citizen rarely benefiting from the boom. At current and likely future prices, more oil deposits in less developed locations will add to global supplies. But the growth of the emerging economies and the likely decline of geopolitical turmoil will make technological innovation and the development of renewable energy sources a real global priority.

Rising oil price challenges Asia

KOREAN ECONOMY

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Oil-dependency is a recurring problem afflicting oil importing countries in ways that create volatility and uncertainty for countries around the world. The global economy has continued to be affected by the rising oil prices, causing to increase the global economic recovery.

The potential impact caused by rising oil prices would neither be limited in high-price oil producers such as Brazil or Australia. The recent trend of economic recovery in the global economy may be affected by the high oil prices.

For the former — and then for the latter. Oil price would be challenged or restricted. And the shift into tightening monetary policy may reduce the overall liquidity and rebalanced portfolio of emerging economies.

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But this model also weakened rich countries' social structures, widening inequalities and excluding a growing proportion of their populations from the labor market.

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