



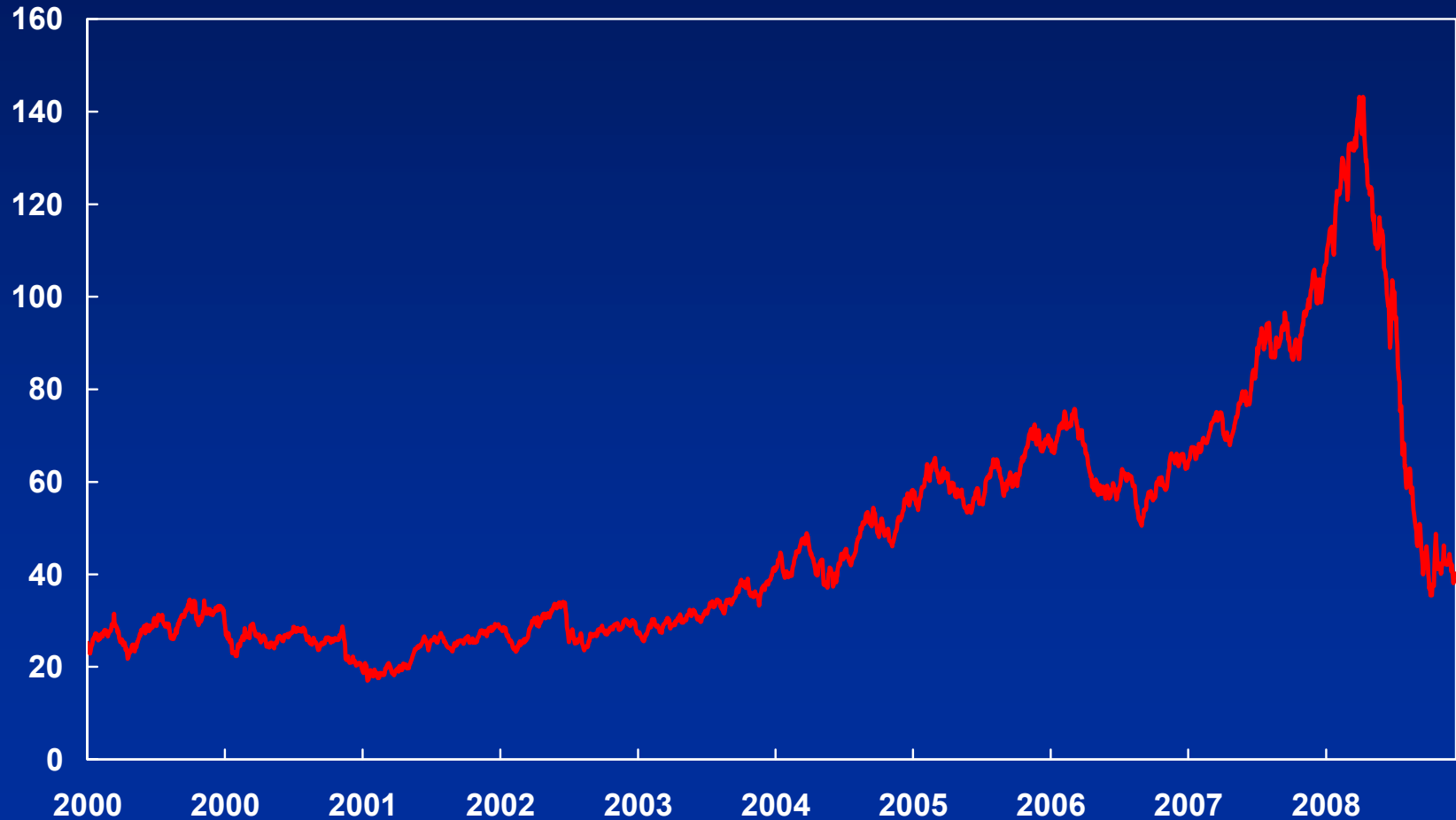
The Global Downturn and Oil Markets

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First Deputy Managing Director

March 18, 2009

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

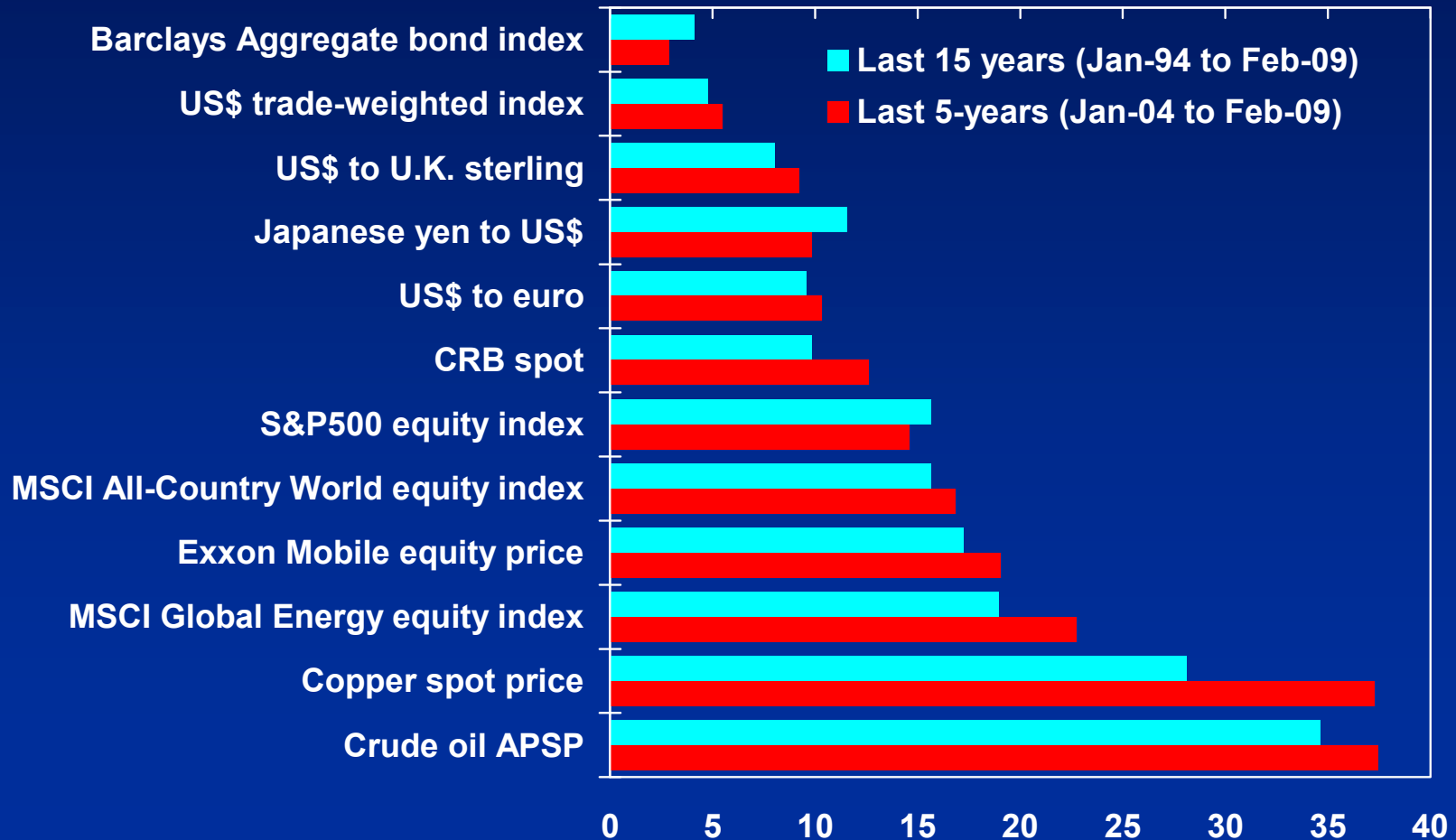
Crude Oil—IMF Average Petroleum Spot Price
(U.S. dollars per barrel)



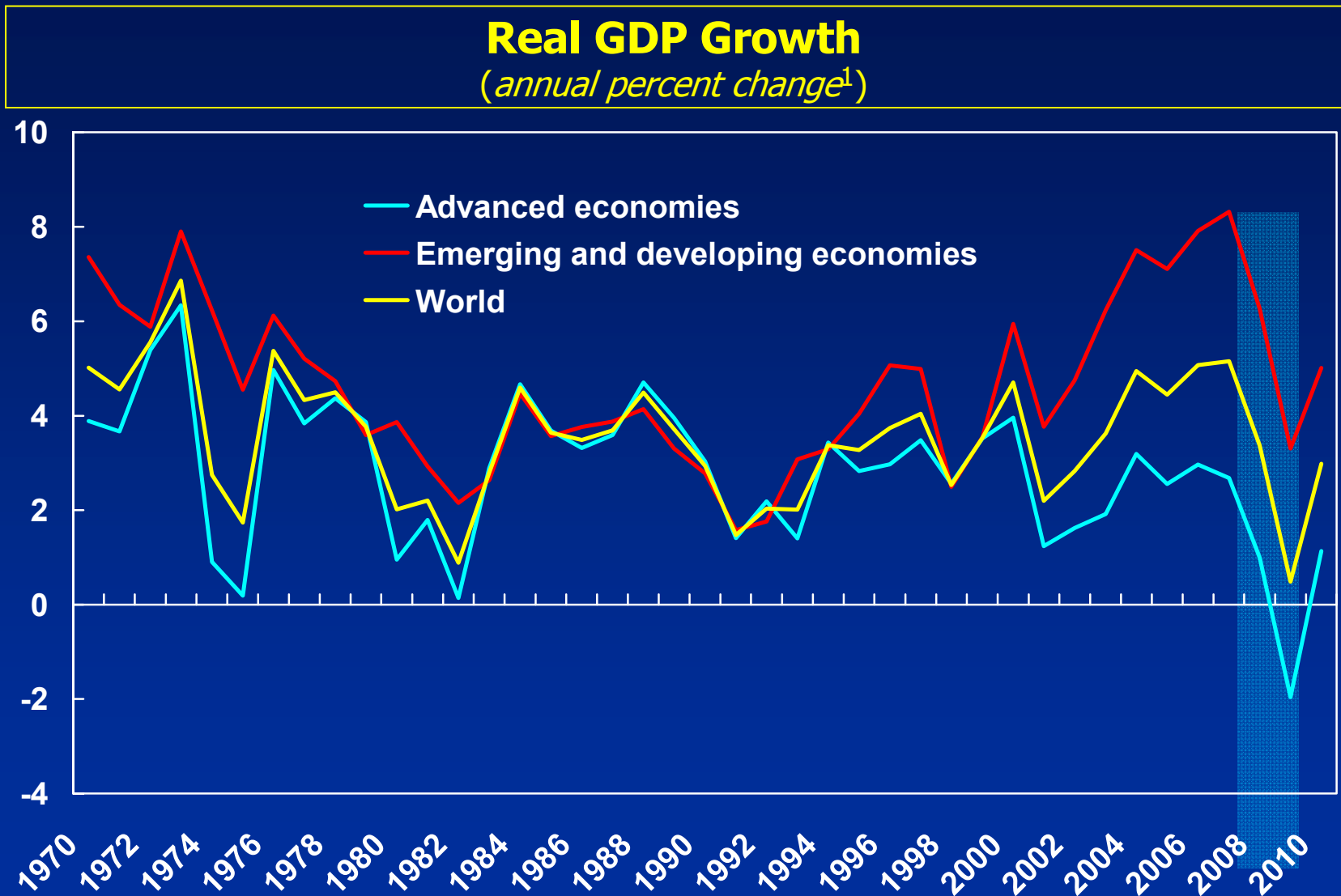
Oil prices are more volatile than other commodities and asset prices

Price Volatility Across Asset Classes

(annualized percent standard deviation of prices)



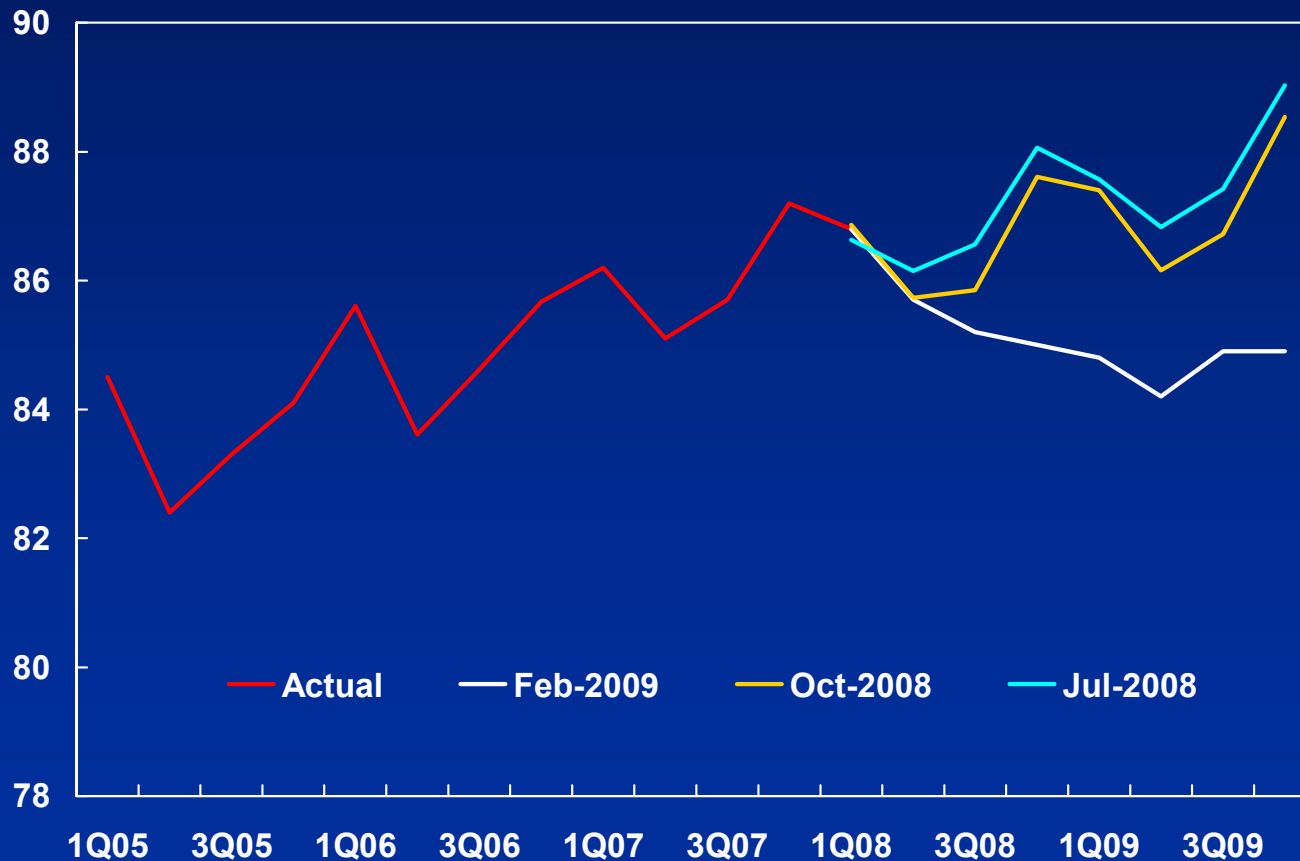
Global economy has entered a major downturn



¹ World Economic Outlook (WEO) update, January 2009

Projections of world oil demand have been revised lower sharply since mid-2008

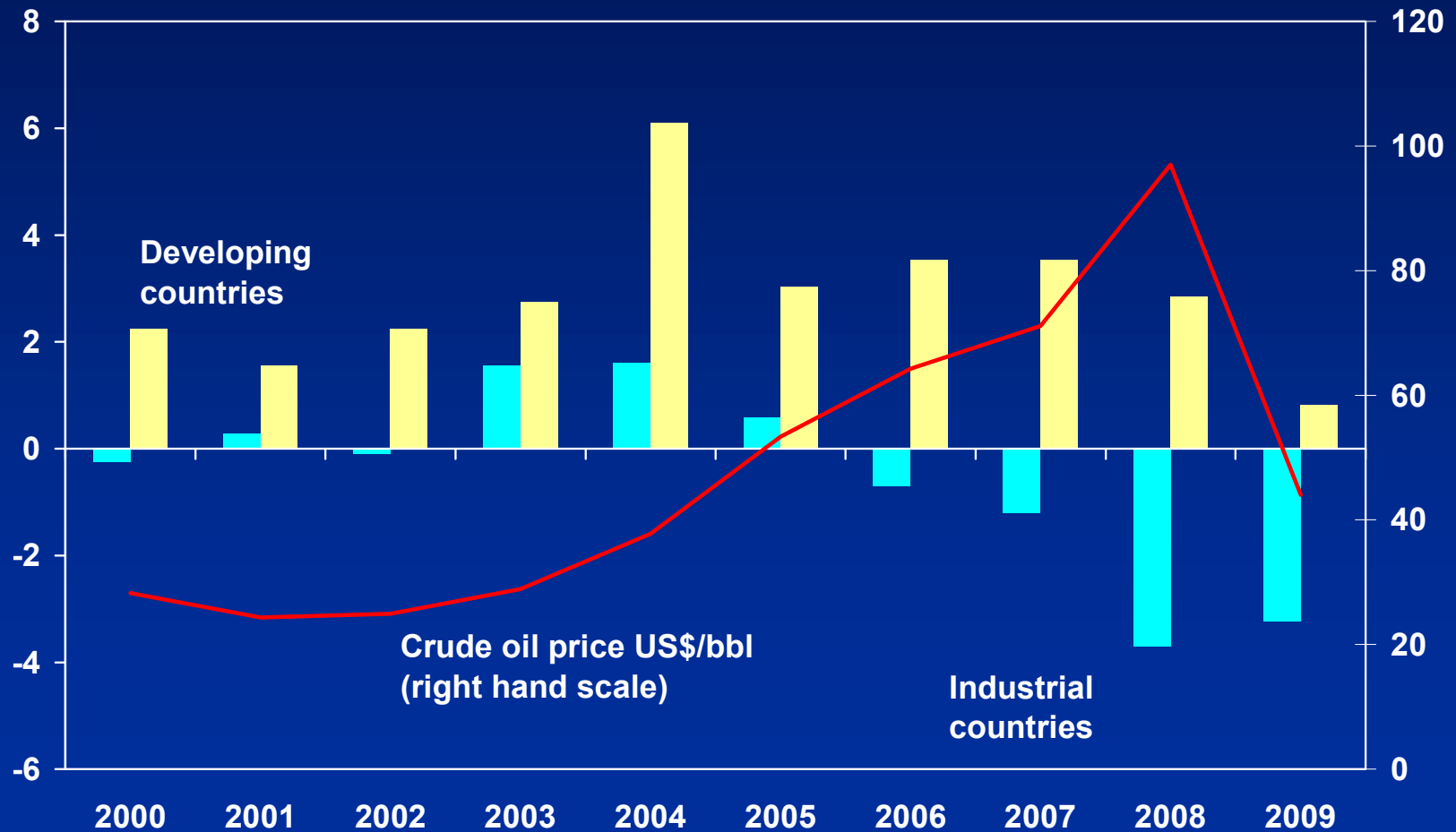
World Oil Demand—IEA Projections for 2008-09
(millions barrels per day)



Oil demand less price sensitive in developing economies over recent years

Oil Demand Growth and Oil Prices

(annual percent change unless otherwise specified)

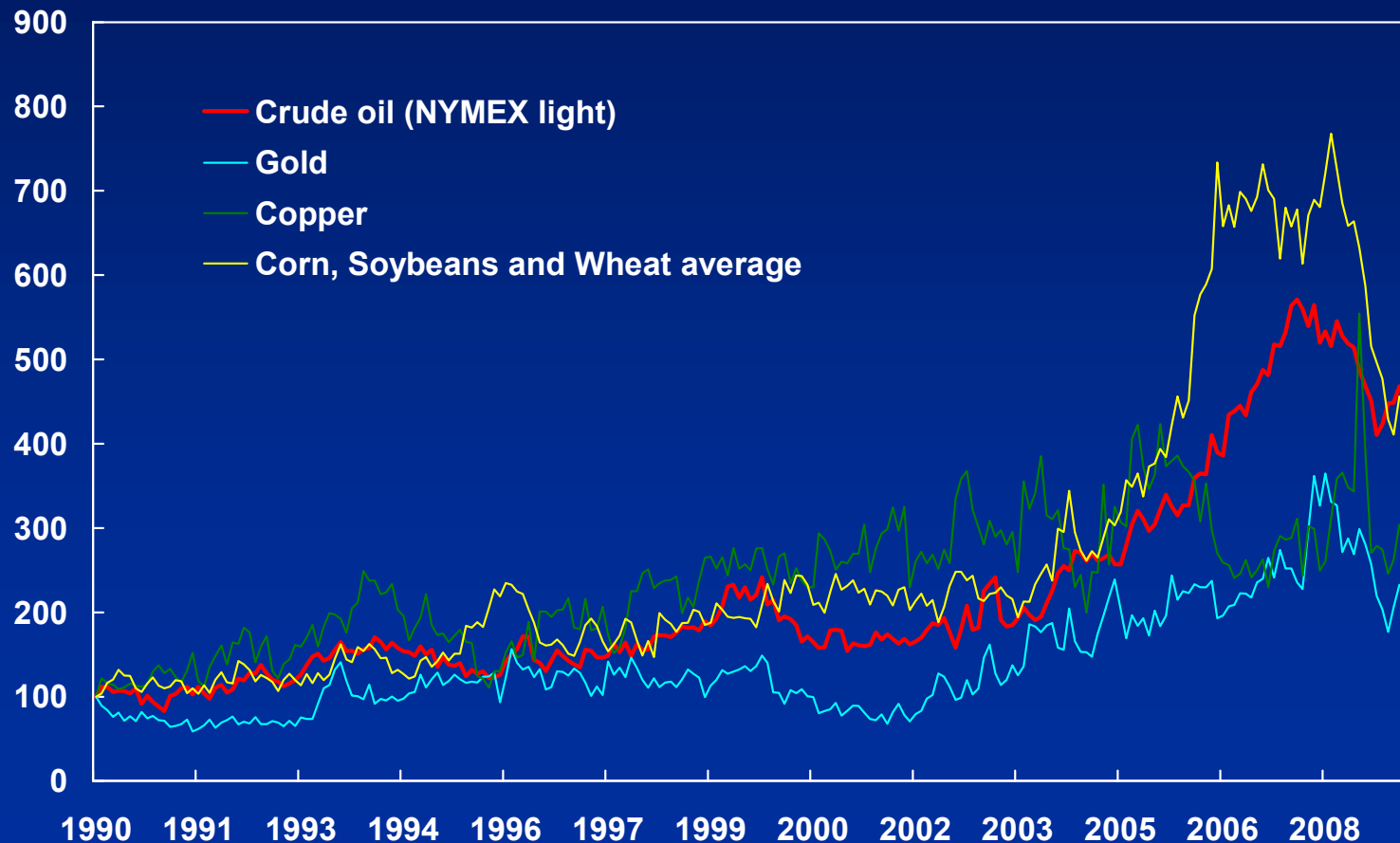


Source: IEA

The “financialization” of commodities has led to greater financial investor interest

Oil and Commodity Future Open Interest

(rebased indices, Jan-1990 = 100)



Volatility has simultaneously increased across financial markets and commodities

Oil, Commodity and Equity Market Price Volatility *(conditional standard deviation, annualized percent)*

