

Why oil is still most important price in the world

Whether you like it or not, oil is still the most important commodity in the world.

Its price can tell us not only what's really going on in the world economy right now, but has a great influence on what could happen in the future.

There was worldwide shock last week at the *freakish* reading of a price of MINUS-\$40 for a barrel of US oil.

freakish 畸形的

outlay 花费; 支出

Is cheap oil a good or bad thing? This is not a straightforward question.

A massive fall in the oil price is like a global tax cut on businesses big and small, and it can aid recoveries. If airlines can survive the COVID-19 pandemic, and the travelling public return, then they could lock in low prices for their biggest single *outlay* — fuel.

Likewise hauliers, florists, supermarkets will all benefit from lower transport costs and more money in their customers' pockets, thanks to lower prices at the *pump*.

Pump 加油站

spew 喷出

However, it's bad news for savers. Oil companies are some of the greatest cash *spewing* machines on the planet and a lot of that cash goes directly into our pension schemes. BP and Shell between them contribute nearly a fifth of all dividend income generated by UK companies.

Bad news for them can threaten the security of retirement income. And then there are the environmental concerns. When oil is cheap, there is less economic incentive to look for alternatives.

That is why the global oil price is such a delicate balance of interests and why oil companies and governments like a stable price of somewhere between \$40 and \$60 a barrel. Not too cheap to threaten dividends, tax revenue and discourage greener alternatives, not too expensive to place a burden on the economy.