

Macro Roundup Article

Headline: [The Economic Consequences of the Israel-Hamas War](#)

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Author(s)	Martin Wolf
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Tweet: Even though the oil intensity of the global economy has declined by 60% since the 1970s, Martin Wolf writes that the world remains extremely vulnerable to an oil shock.

Summary: The World Bank envisages scenarios with small, medium, and big disruptions to supplies: the first would, it assumes, reduce supply by up to 2mn barrels a day (about 2% of world supply), the second would reduce it by 3-5mn barrels a day and the last would reduce it by 6-8mn barrels a day. Corresponding oil prices are estimated at \$93-\$102, \$109-\$121 and \$141-157, respectively. The last would bring real prices towards their historic peaks. If the Strait were to be closed, the outcomes would be far worse. We are still in the fossil fuel era. A conflict in the world's biggest oil-supplying region could be very damaging.

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Primary Topic: Business Cycle

Topics: Business Cycle, Energy, GDP, Op-Ed/Blog Post, Security

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