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Assignment

The rising prices of oil by the number of 25 percent can lead towards several consequences. The very first effect of it will be the increase in the prices of freight and transportation prices. As the cost will increase when the prices of the fuel rises, the local transport and carriers increase the transportation money accordingly. If they don't do so, then this will result in the loss of their daily earnings. The inflation in the fuel industry not only effect one or two personals or areas, the whole industry is affected by it. It costs more for the freight carrier to transport daily goods. The shipper is charged more to transport those goods to make up for the increased costs. In addition to it, the receiver will be charged more if to make up additional costs, if the shipper is charged more to transport. The rise in the oil prices can lead to fall of oil consumption as the people will avoid using fuel vehicles for transportation purposes. The oil consumption collectively include millions of people and large industries, which collectively effect the prices of fuel. Also, the oil consumption will gradually fall if the prices keep on rising. Due to this, there will be a rise in investment in the oil exploration. Due to the high prices, more and more large companise and organizations will invest the money in Oil Industry in order to get financial benefit. Due to the increase in oil prices, the demand of automobiles will also decrease. The heavy transportation including trucks and buses consume a high amount of fuel. Due to which their buying and selling is reduced by a quite dominant number. Therefore, people, will prefer buying small and oil efficient vehicles instead in order to safe money. The rise in oil prices will also effect the airlines cost and profit. People will avoid using airlines for unnecessary and traveling purposes. Airlines will also face some profit loss in this matter. This will cause the use of alternatives fuels. People will prefer natural fuels like, Methanol, ethanol, and hydrogen-propane fluid fuels instead as they are less expensive. People will try to shift to electric vehicles. Demands of oil rigs will also increase as the prices of the oil will rises. By the survey, the companies have increased their drilling rig by 25 percent. Due to the increase in price, people will prefer the use of small vehicles. Also, the rise in prices of fuel will effect the buying and selling of vehicles.