

Clash Among Oil Giants Causes Significant Price Drop Amidst Already Volatile Capital Markets (3/10/2020)

On Monday, March 9, crude oil prices fell more than 20% to their lowest level since 1991 after a weekend clash between Saudi Arabia and Russia ensued; Saudi Arabia threatened to increase its crude output, resulting in fears of oversupply. Brent crude, which is a benchmark for global oil prices, was down to \$35.49/barrel as of Monday morning, and U.S. crude futures dropped 17% to \$34.37/barrel. Because of the coronavirus outbreak and expected lower global demand, both Brent and U.S. crude had already lost half of their value since the beginning of the year.

According to the International Energy Agency (IEA), global oil demand was down 2.5 million barrels a day in the first quarter of 2020, with China accounting for almost three-quarters of the decrease. The IEA had already expected global oil demand to decrease this year for the first time since 2009.

The oil price war, along with concerns surrounding the continued coronavirus epidemic, has contributed to U.S. stocks' worst percentage decline since the financial crisis in 2008, as investors sought safe havens in U.S. government bonds. In particular, all sectors of the Standard & Poor's (S&P) 500 were down, led by energy, which fell 15% at one point. Stock trading also halted briefly on Monday morning for the first time since 1997—known as a "circuit breaker"—whereby trades were halted for 15 minutes a]T#TQq0.0(128.83612 792 1 256.33 357.98 Tm0 g0 G(h

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