



OIL UP OVER 2% ON OPEC CUT, STIMULI HOPES

Why in news?

- Oil prices jumped more than 4 per cent, up from multi-year lows hit earlier on 2nd March 2020, as hopes of a deeper cut in output by OPEC and stimulus from central banks countered worries about damage to demand from the coronavirus outbreak.
- The unprecedented disruption to economic activity in China has resulted in an estimated 4 million b/d of lost oil demand compared to 5 million b/d during the Great Recession in 2008/09

OPEC

- The Organization of the Petroleum Exporting Countries is an intergovernmental organization of 14 nations, founded on 14 September 1960 in Baghdad by the first five members (Iran, Iraq, Kuwait, Saudi Arabia, and Venezuela), and headquartered since 1965 in Vienna, Austria.
- As of September 2018, the 14 member countries accounted for an estimated 44 percent of global oil production and 81.5 percent of the world's "proven" oil reserves, giving OPEC a major influence on global oil prices that were previously determined by the so-called "Seven Sisters" grouping of multinational oil companies.
- The stated mission of the organization is to "coordinate and unify the petroleum policies of its member countries and ensure the stabilization of oil markets, in order to secure an efficient, economic and regular supply of petroleum to consumers, a steady income to producers, and a fair return on capital for those investing in the petroleum industry."