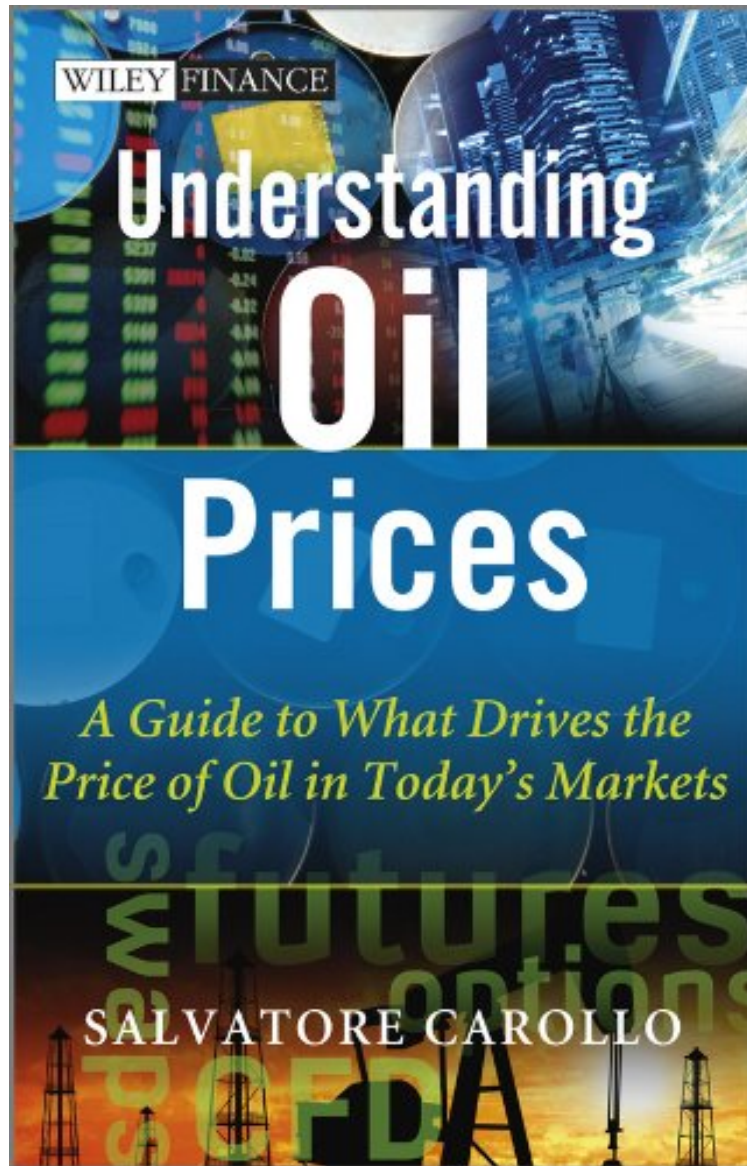


[Ebook free] Understanding Oil Prices: A Guide to What Drives the Price of Oil in Today's Markets (The Wiley Finance Series)

Understanding Oil Prices: A Guide to What Drives the Price of Oil in Today's Markets (The Wiley Finance Series)

Salvatore Carollo

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Salvatore Carollo : Understanding Oil Prices: A Guide to What Drives the Price of Oil in Today's Markets (The Wiley Finance Series) before purchasing it in order to gauge whether or not it would be worth my time, and all praised Understanding Oil Prices: A Guide to What Drives the Price of Oil in Today's Markets (The Wiley Finance Series):

12 of 12 people found the following review helpful. Some useful nuggets, but structure somewhat lackingBy

There are some interesting nuggets in this book, and the author clearly has a great deal of experience in the industry. That said, there are two main weaknesses. The first is the logical incoherence: the first section of the book aims to convince you that prices are driven by speculation, and the second tries to argue that fundamental changes in the refining industry are changing prices. It's hard to figure out which effect is supposed to dominate. The second weakness in the book was the sometimes stilted writing. It seemed like this could be the result of translation from Italian. All in all, worth a skim, but not the best I've read on the subject.

0 of 0 people found the following review helpful. Four Stars
By Dublino39Excellent 101 text book for anyone who wants to get up to speed on oil price.
2 of 3 people found the following review helpful. great insights
By SphynxxAs a practitioner in the industry, I found this book a fantastic reflection that challenged my initial assumptions. Undeniably worth reading, although I would recommend it to people who already know a lot about oil, refining and product markets.

It's a fair bet that most of what you think you know about oil prices is wrong. Despite the massive price fluctuations of the past decade, the received wisdom on the subject has remained fundamentally unchanged since the 1970s. When asked, most people – including politicians, financial analysts and pundits – will respond with a tired litany of reasons ranging from increased Chinese and Indian competition for diminishing resources and tensions in the Middle East, to manipulation by OPEC and exorbitant petrol taxes in the EU. Yet the facts belie these explanations. For instance, what really happened in late 2008 when, in just a few weeks, oil prices plummeted from \$144 dollars to \$37 dollars a barrel? Did Chinese and Indian demand suddenly dry up? Did Middle East conflicts magically resolve themselves? Did OPEC flood the market with crude? In each case the answer is a definitive no – quite the opposite in fact. Industry expert Salvatore Carollo explains that the truth behind today's increasingly volatile oil market is that over the past two decades oil prices have come untethered from all classical notions of supply and demand and have transcended any country's, consortium's, cartel's, or corporate entity's powers to control them. At play is a subtler, more complex game than most analysts realise (or are unwilling to admit to), a very dangerous game involving runaway financial speculation, self-defeating government policymaking and a concerted disinvestment in refinery capacity among the oil majors. In *Understanding Oil Prices* Carollo identifies the key players in this dangerous game, exploring their competing interests and motivations, their moves and countermoves. Beginning with the 1976 oil embargo and moving through the 1986 Chernobyl incident, the implementation of the US Clean Air Act Amendments of 1990, and the precipitous expansion of the oil futures market since the turn of the century, he traces the vast structural changes which have occurred within the oil industry over the past four decades, identifying their economic, social and geopolitical drivers, and analysing their fallout in the global economy. He explores the oil industry's decision to scale down refining capacity in the face of increasing demand and the effects of global shortages of petrol, diesel, jet fuel, fuel oil, chemical feedstocks, lubricants and other essential finished products, and describes how, beginning in the year 2000, the oil futures market detached itself almost completely from the crude market, leading to the assetization of oil, and the crippling impact reckless speculation in oil futures has had on the global economy. Finally he proposes new, more sophisticated models that economists and financial analysts can use to make sense of today's oil market, while offering industry leaders and government policymakers prescriptions for stabilising the market to ensure a relatively steady flow of affordable oil. A concise, authoritative guide to understanding the complex, oft misunderstood oil markets, *Understanding Oil Prices* is an important resource for energy market participants, commodity traders and investors, as well as business journalists and government policymakers alike.

From the Inside Flap: "A very complete analysis of the crude oil market, the final product markets and the refining industry – I highly recommend this book."
– Eric Lantz, Program Supervisor and Master in Environmental Economics, Sustainable Development and Energy, IFP-School
– Salvatore Carollo makes a hard issue seem easy. Balanced, comprehensive and clear, this book will enlighten anyone interested in oil prices. It is a must read!
– Giovanni Machado – DSc. in Energy Planning, Advisor at Energy Research Company – EPE, Brazil
– In addition to historical and theoretical background, Carollo's book provides an excellent ground-level view of the way oil markets really work. He explains not only the impact of product regulations on markets, but shows the way in which the trade is carried out in financial markets, such as the Brent forward market.
– Michael Lynch, President and Director of Global Petroleum Service, Strategic Energy Economic Research Inc. (SEER)
– It is very hard to accurately anticipate the fluctuations of oil prices. Yet, understanding what drives these fluctuations is possible and this book offers a rigorous and intelligent synthesis of what we know about the forces and institutions that shape energy markets and, thus, oil prices. Salvatore Carollo has written an invaluable reference for professionals interested in the formation of oil prices.
– Moiseacuta; Naiacuta;m, PhD, Senior Associate, Carnegie Endowment for International Peace
– It's a fair bet that most of what you think you know about oil prices is wrong. Despite the massive price fluctuations of the past decade, the received wisdom on the subject has remained fundamentally unchanged since the 1970s. When asked, most people – including politicians, financial analysts and pundits – will respond with a tired litany of

reasons ranging from increased Chinese and Indian competition for diminishing resources and tensions in the Middle East, to manipulation by OPEC and exorbitant petrol taxes in the EU. Yet the facts belie these explanations. For instance, what really happened in late 2008 when, in just a few weeks, oil prices plummeted from \$144 dollars to \$37 dollars a barrel? Did Chinese and Indian demand suddenly dry up? Did Middle East conflicts magically resolve themselves? Did OPEC flood the market with crude? In each case the answer is a definitive no; quite the opposite in fact. Industry expert Salvatore Carollo explains that the truth behind today's increasingly volatile oil market is that over the past two decades oil prices have come untethered from all classical notions of supply and demand and have transcended any country's, consortium's, cartel's, or corporate entity's powers to control them. At play is a subtler, more complex game than most analysts realise (or are unwilling to admit to), a very dangerous game involving runaway financial speculation, self-defeating government policymaking and a concerted disinvestment in refinery capacity among the oil majors. In *Understanding Oil Prices* Carollo identifies the key players in this dangerous game, exploring their competing interests and motivations, their moves and countermoves. Beginning with the 1976 oil embargo and moving through the 1986 Chernobyl incident, the implementation of the US Clean Air Act Amendments of 1990, and the precipitous expansion of the oil futures market since the turn of the century, he traces the vast structural changes which have occurred within the oil industry over the past four decades, identifying their economic, social and geopolitical drivers, and analysing their fallout in the global economy. He explores the oil industry's decision to scale down refining capacity in the face of increasing demand and the effects of global shortages of petrol, diesel, jet fuel, fuel oil, chemical feedstocks, lubricants and other essential finished products, and describes how, beginning in the year 2000, the oil futures market detached itself almost completely from the crude market, leading to the assetization of oil, and the crippling impact reckless speculation in oil futures has had on the global economy. Finally he proposes new, more sophisticated models that economists and financial analysts can use to make sense of today's oil market, while offering industry leaders and government policymakers prescriptions for stabilising the market to ensure a relatively steady flow of affordable oil. A concise, authoritative guide to understanding the complex, oft misunderstood oil markets, *Understanding Oil Prices* is an important resource for energy market participants, commodity traders and investors, as well as business journalists and government policymakers alike.

About the Author SALVATORE CAROLLO graduated in engineering from the University of Palermo, where he also served as a lecturer and researcher. In 1975 he began working at eni; both in Italy and abroad where he was active in various sectors of the petroleum downstream, refining, market research, supply and trading of crude oil. Since 1995 he has been based first in Amsterdam and then in London as the manager of the Upstream Marketing Department, where he is responsible for the commercial relations with several producing countries and eni partners in various joint ventures. Within this area he provides support to eni corporate university, through teaching activities at the Mater MEDEA and organising the annual Oil Market and Commercialization of Crude Oil seminar. He is often called in as an expert by various institutions in the oil sector to provide his own analysis on the dynamics of oil prices.