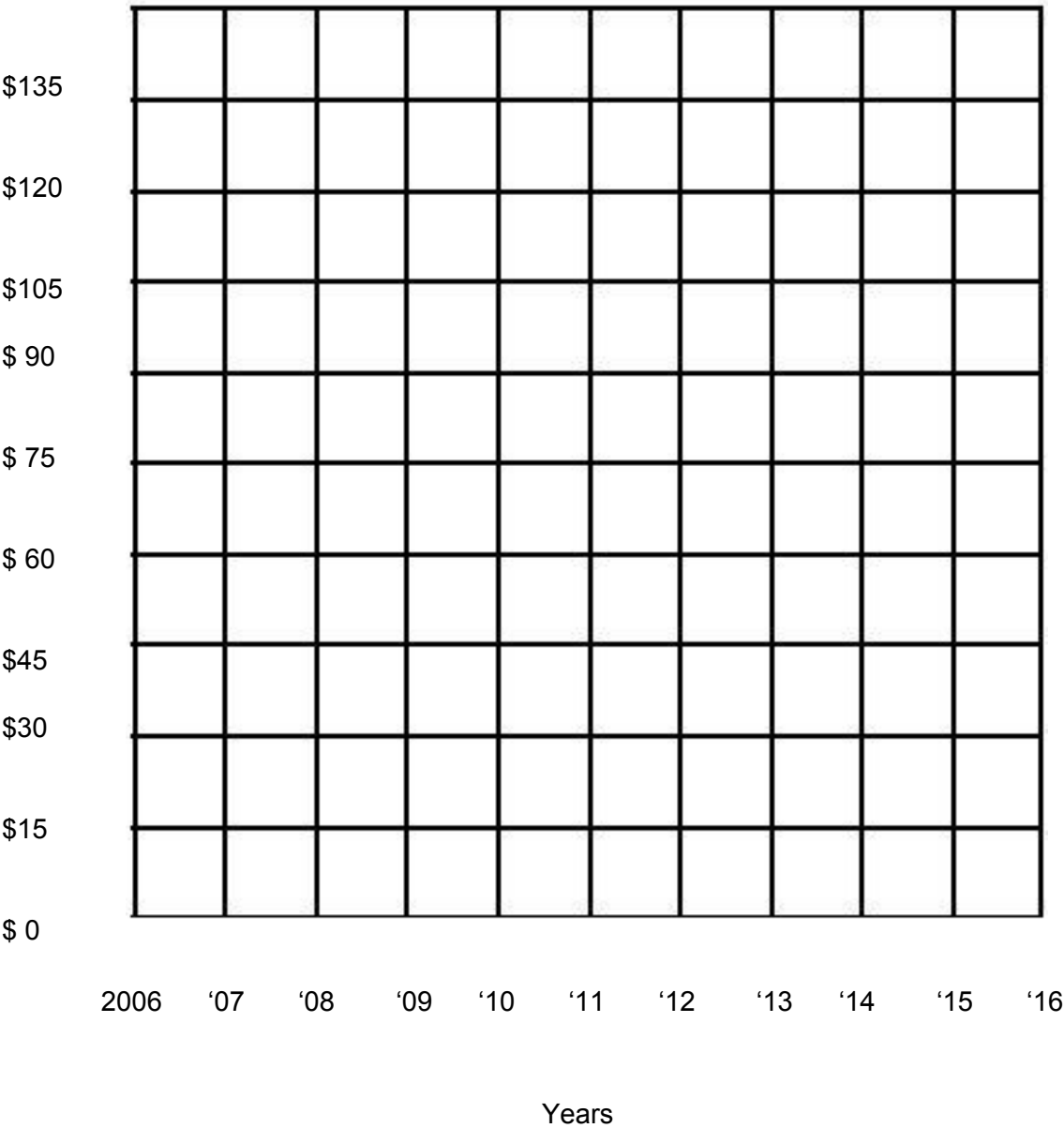


Graphing the Price of Oil Over the Last 10 Years

Use the website <http://www.fedprimerate.com/crude-oil-price-history.htm>

Graph the price of crude oil during the last 10 years. Use a January price from each year.



The Impact of Supply and Demand on Oil Prices

Using the graph you made, what generalization can you make about the current price of oil in 2016, in comparison with the previous nine years?

Before 2016, in which other year in the last decade showed a fast drop in oil prices? Do you have any ideas why this might have happened?

Oil prices rose again between 2011 and 2013. What might have caused an increase in oil prices during these years?

What could possibly cause a fall of oil prices on the **demand side**? Make a list of three possible factors on the demand side.

- 1.
- 2.
- 3.

What could possibly cause a fall in oil prices on the **supply side**? Make a list of three possible factors on the supply side?

- 1.
- 2.
- 3.

Learning More About Oil Prices

Read the article, “Why Oil is down by half, what it means to you,” by Jonathan Fahey of the Associated Press. Answer the following questions

1. According to the author, what recent supply factors contributed to the fall in crude oil prices?

2. According to the article, what demand factors pushed crude oil prices lower?

3. Which groups of people are happy about falling crude oil and gasoline prices?

4. Why are economists worried about the fall in crude oil prices? Which sectors of the economy are hurt by lower oil prices?

Graphing the Fall in Oil Prices 2014-2015

Use the information from the article, and your supply and demand graphing skills below.

1. Find the equilibrium price and quantity and oil produced in 2014 by indicating the price and quantity on the vertical and horizontal axis.
2. Draw a second demand curve for crude oil in 2015.
3. Draw a second supply curve for crude oil in 2015.
4. Indicate the new equilibrium price and quantity of crude oil produced in 2015 on the vertical and horizontal axis.

