



**Reunión Científica:** Retos económicos de la energía. 2º Workshop Anual de Economics for Energy

**Scientific Meeting:** *Economics for Energy 2<sup>nd</sup> Annual Workshop. Economic Challenges for Energy*

Madrid, 30 y 31 de enero de 2012

*Madrid, January 30-31, 2012*

## **LUTZ KILIAN: The impact of oil demand and oil supply shocks on the real price of oil and on the economy**

There is overwhelming evidence that the real price of oil is endogenous with respect to the global economy. The presentation focuses on the determinants of the real price of oil since the 1970s with special emphasis on events since 2003. I examine in particular the role of speculation in oil markets, of peak oil, of supply decisions by oil producers, and of unexpected fluctuations in the demand for oil driven by the global business cycle. I also discuss models of the transmission of oil price shocks and why the distinction between different oil demand and oil supply shocks matters for this transmission. I outline implications for monetary policy responses to oil price shocks.

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