

# Rising oil prices fuel fears of damage to global economy

Experts warn emerging markets could suffer as crude prices hit four-year high of \$82

**Adam Vaughan** Tue 25 Sep 2018 The Guardian

The global economy could be damaged if oil prices return to \$100 (£76) a barrel, experts have warned, after crude prices hit a four-year high of \$82.16. Some market watchers have predicted prices between \$90 and \$100 by the year's end after [Opec](#) last weekend rebuffed Donald Trump's demands for the oil cartel to rein in prices by expanding production.

Now after Tuesday's high a leading analyst has said that if prices climbed to \$100 – a level not seen since September 2014 – growth in oil demand would be “annihilated” and demand would fall sharply.

Moreover, PetroMatrix said, emerging economies' growth could suffer because of steep crude prices causing inflationary pressures that lead to interest rate rises. Those countries could also be forced to cut oil taxes, widening budget deficits.

Any slowing in emerging markets would add to the recent economic challenges [facing countries including Turkey and Argentina](#). The price of Brent crude, the international benchmark, has crept up in the past week as it became clear that major oil producers were not planning to increase output.

Trump [tweeted last week](#) that the “Opec monopoly must get prices down now”, but when the cartel met in Algiers on Sunday it focused on how [a previously agreed increase](#) would be divvied up, rather than a new boost.

Observers expect prices to keep rising, mainly due to concerns over the impact of US sanctions on Iranian oil exports from November. Analysts at Barclays said they saw further upside risk to oil prices, while Ashburton Global [Energy](#) Fund predicted prices above \$90 by the end of the year due to “tight supply, healthy demand, falling global inventories ... and anaemic spare capacity”.

Some traders have been even more bullish, predicting \$100 this year. “We see material near-term risks that oil could reach as high as \$100 per barrel, potentially damaging global economic growth and increasing inflation,” said Mitsubishi UFJ Financial Group.

The world's energy watchdog, the International Energy Agency, [recently said](#) it expected the recent price range of \$70 to \$80 to be tested as the market tightened up.

The return of the \$100 barrel would coincide with the arrival of a new wave of electric car models in wealthy countries, potentially making them even more attractive. “That should result in an acceleration of the sales trend of alternative fuels vehicles,” PetroMatrix noted.