Examining the Role of Financial Investors and Speculation in Oil Markets

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Oil is a consumer good whose price, at economic equilibrium, is set where physical supply meets demand ...

Oil stock, variable of adjustment between financial and economic equilibriums

Oil storage, necessary signature of speculation

a continued - and not just temporary - increase in inventories for the price of physical oil to remain above the level justified by market fundamentals.
Price elasticity of demand: a function of time horizon

Price elasticity in the short run: -5% (?), in the long run -20% / -30% (?)

The demand curve plays a key role in the standard economic analysis. However, the graphic representation of a demand curve only makes sense if we consider a given time horizon (corresponding to the short run, for example).

And in the very short run?

Oil-demand gradually adjusting to a speculative price: price-elasticity is an increasing function of the time horizon considered.

Short- and long-run elasticities can then be used to calibrate this function.
Merci de votre attention ....
