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# Oil Market Faces New Challenges as Cushion Disappears

## Description

The global oil market has faced major changes since late February. The price response to the biggest supply disruption ever has been surprisingly calm. This stability was not because of a lack of problems; instead, there were supports in place to manage the situation. However, this support system has changed.

For nearly four weeks, the market dealt well with disruptions from the Strait of Hormuz, where 17.8 million barrels of oil per day were lost. This was possible because there were enough reserves available at the start. Now, these reserves are mostly used up, and the market is no longer robust.

European oil refiners will soon feel the impact, as they will compete more with Asian buyers for available oil. The market has shifted from being stable to being fragile. If another disruption occurs, like damage to pipelines or natural disasters, it could cause significant price increases.

The world previously expected a surplus of oil this year. However, the situation has now changed, and almost 500 million barrels of oil have been lost. The responses from governments to release oil reserves have not been enough to compensate for these losses. Therefore, every day becomes more critical for the oil market.

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## Vocabulary List:

1. **disruptions** //dɪsˈrʌpʃənz// (noun): sudden problems that stop normal activity
2. **reserves** //rɪˈzɜːvz// (noun): stores of oil kept for later use
3. **refiners** //rɪˈfaɪnəz// (noun): companies that clean and change crude oil
4. **compete** //kəmˈpiːt// (verb): try to get the same thing as others
5. **compensate** //ˈkɒmpənsɪt// (verb): make up for a loss or a problem
6. **surplus** //ˈsɜːpləs// (noun): more than is needed, extra supply

## Comprehension Questions

### Multiple Choice

1. What has caused major changes in the global oil market since late February?  
Option: Economic growth



- Option: Supply disruption
- Option: Technological advancements
- Option: Regulatory changes

2. How many barrels of oil per day were lost from the Strait of Hormuz?

- Option: 10 million
- Option: 15 million
- Option: 17.8 million
- Option: 20 million

3. What has changed about the market's reserves?

- Option: They are increasing
- Option: They are being fully used up
- Option: They remain stable
- Option: They are being hoarded

4. Which region's oil refiners will soon feel the impact of market changes?

- Option: North America
- Option: Asia
- Option: Europe
- Option: Africa

5. What was the world's previous expectation for oil this year?

- Option: Deficit
- Option: Surplus
- Option: Stability
- Option: Volatility

6. How many barrels have been lost due to the current situation?

- Option: 200 million
- Option: 300 million
- Option: 400 million
- Option: 500 million

### True-False

7. The global oil market has been very unstable since late February.



8. European refiners will compete less with Asian buyers for available oil.
9. The market is currently robust due to sufficient reserves.
10. The situation has improved since the expectations of a surplus were made.
11. Responses from governments to release oil reserves have been sufficient.
12. Another disruption in the oil market could lead to significant price increases.

### Gap-Fill

13. The global oil market faced major changes since \_\_\_\_\_ February.
14. 17.8 million barrels of oil per day were lost from the \_\_\_\_\_ of Hormuz.
15. The market has shifted from being stable to being \_\_\_\_\_ fragile.
16. Almost 500 million barrels of oil have been \_\_\_\_\_ due to the current situation.
17. Responses from governments have not been enough to \_\_\_\_\_ for these losses.
18. Every day becomes more \_\_\_\_\_ for the oil market.

### Answer

**Multiple Choice:** 1. Supply disruption 2. 17.8 million 3. They are being fully used up 4. Europe 5. Surplus  
6. 500 million

**True-False:** 7. False 8. False 9. False 10. False 11. False 12. True

**Gap-Fill:** 13. late 14. Strait 15. more 16. lost 17. compensate 18. critical

### Vocabulary quizzes

#### Multiple Choice ( Select the Correct answer for each question. )

1. What major global event significantly disrupted supply chains?  
Option: Economic recession



- Option: Pandemic
- Option: Technological advancement
- Option: Cultural shift

2. Who is typically responsible for starting a company?

- Option: Chairman
- Option: Investors
- Option: Founder
- Option: CEO

3. What do companies face that can impede their operations?

- Option: Opportunities
- Option: Challenges
- Option: Trends
- Option: Forecasts

4. What occurs when there is more product than demand?

- Option: Deficit
- Option: Surplus
- Option: Equilibrium
- Option: Balance

5. Who is responsible for checking passengers at an airport?

- Option: Pilots
- Option: Screeners
- Option: Flight attendants
- Option: Check-in staff

6. What is used to plan a company's financial resources?

- Option: Balance sheet
- Option: Income statement
- Option: Budget
- Option: Market analysis

7. What term refers to the basic physical systems of a business or nation?

- Option: Personnel
- Option: Infrastructure
- Option: Assets
- Option: Investments

8. Who processes raw materials into usable products?

- Option: Manufacturers
- Option: Refiners



Option: Distributors

Option: Retailers

9. What is a brief written communication within an organization called?

Option: Report

Option: Memo

Option: Proposal

Option: Email

10. How should a company approach major changes during uncertain times?

Option: Aggressively

Option: Cautiously

Option: Indifferently

Option: Carelessly

**Gap-Fill ( Fill in the blanks with the correct word from the vocabulary list. )**

11. The founder had a clear \_\_\_\_\_ for the company's future growth.

12. COVID-19 caused significant \_\_\_\_\_ in global supply chains.

13. Companies may need to \_\_\_\_\_ for lost time and resources.

14. Sales \_\_\_\_\_ were implemented to boost consumer interest during the downturn.

15. The team ran a \_\_\_\_\_ program to test the new strategy before full implementation.

16. The \_\_\_\_\_ of non-essential businesses affected local economies.

17. Security \_\_\_\_\_ were established to ensure safety during the pandemic.

18. The smooth \_\_\_\_\_ of goods is essential for timely delivery.

19. Remote work practices can impact the overall \_\_\_\_\_ of employees.

20. The pandemic led to widespread \_\_\_\_\_ of essential goods.

**Matching Sentences ( Match each definition to the correct word from the vocabulary list. )**

21. The supply chain is crucial for delivering products effectively.



22. The chef carefully selected the finest ingredients for the dish.
23. The region experienced hostilities that affected trade relations.
24. The sudden shutdown of manufacturing plants caused a ripple effect in the economy.
25. The rapid closures of businesses led to a surge in unemployment rates.
26. Investors are interested in the futures market for potential returns.
27. Companies must innovate to compete in a saturated market.
28. Refiners play a significant role in the production of oil products.
29. Countries store their natural resources as reserves for future use.
30. New technology can disrupt traditional business models.

## Answer

**Multiple Choice:** 1. Pandemic 2. Founder 3. Challenges 4. Surplus 5. Screeners 6. Budget 7. Infrastructure 8. Refiners 9. Memo 10. Cautiously

**Gap-Fill:** 11. vision 12. disruptions 13. compensate 14. promotions 15. pilot 16. closure 17. checkpoints 18. passage 19. productivity 20. shortages

**Matching sentence:** 1. chain 2. ingredients 3. hostilities 4. shutdown 5. closures 6. futures 7. compete 8. refiners 9. reserves 10. disrupt

## CATEGORY

1. Business - LEVEL2

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