Standard Chartered: Oil Price Correction May Be Excessive

Description

Oil prices have dropped significantly, marking the largest decrease since the Iran war started in late February. Brent crude for June delivery and West Texas Intermediate (WTI) for May delivery are now priced in the mid-$90s per barrel. This decline follows a temporary two-week ceasefire agreed upon by the United States and Iran, allowing safer passage for ships in the crucial Strait of Hormuz. This period aims to pave the way for formal negotiations in Pakistan.

Analysts at Standard Chartered have expressed concerns that this price correction might be too severe, cautioning that any renewed conflict rhetoric could lead to a price surge. They previously projected Brent crude would average $98 per barrel and WTI at $92.50 per barrel. As of 14:30 ET, Brent crude was trading at $95.57, while WTI stood at $96.99.

Near-term oil prices remain influenced by developments in the Middle East conflict, which has caused production disruptions and reduced shipping through the Strait of Hormuz. Despite OPEC's efforts to increase production, uncertainty persists about safe transit, with media reports indicating ships still require permission from the Iranian navy.

Furthermore, Standard Chartered has highlighted Iran's control over energy supplies could lead to long-term issues for other Gulf producers. As of now, 426 tankers remain stranded at the Strait of Hormuz, with recent attempts to transport liquefied natural gas (LNG) being unsuccessful.

Looking forward, the outlook for U.S. LNG production appears more optimistic. Exports are expected to increase significantly by 2026, driven by new projects. Major developments in infrastructure are expected, which may help stabilize the energy market.

Vocabulary List:

1. **ceasefire** //ˈsiːsˌfaɪɚ// (noun): a temporary stop of fighting between groups
2. **correction** //kəˈrɛkʃən// (noun): a change that makes prices less extreme
3. **surge** //sɝdʒ// (noun): a sudden large increase in amount
4. **disruptions** //dɪsˈrʌpʃənz// (noun): events that stop normal work or activity
5. **stranded** //ˈstrændɪd// (adjective): left without help or a way to move
6. **liquefied** //ˈlɪkwəˌfaɪd// (adjective): changed from gas into a cold liquid form

Vocabulary quizzes

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

1. What is the opposite of 'faltered'?

   Option: stagnated
   Option: paused
   Option: surged
   Option: declined

2. Which term best describes the ability to recover quickly from difficulties?

   Option: vulnerability
   Option: resilience
   Option: apathy
   Option: indifference

3. Which of the following is synonymous with 'sentiment'?

   Option: feeling
   Option: fact
   Option: observation
   Option: data

4. What does 'acquisition' typically refer to in business?

   Option: merger
   Option: investment
   Option: sale
   Option: purchase

5. What is the result of a substance being 'liquefied'?

   Option: frozen
   Option: compressed
   Option: turned into liquid
   Option: expanded

6. What could cause 'disruptions' in a supply chain?

   Option: smooth operations
   Option: external events
   Option: budgeting
   Option: planning

7. What is the primary purpose of 'maintenance'?

   Option: repair
   Option: installation
   Option: purchase

Option: disposal

8. Which phrase best describes 'mobility'?

Option: fixed position
Option: ability to move
Option: static nature
Option: inflexibility

9. What does it mean when there is a 'surge' in demand?

Option: decrease
Option: stability
Option: increase
Option: collapse

10. What does 'initiative' often refer to in a project?

Option: passiveness
Option: proactivity
Option: reaction
Option: indifference

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

11. A wise ________________________ in the market can yield great returns.

12. After much negotiation, both parties are finally ________________________ their differences.

13. The market is experiencing a ________________________ after a long period of growth.

14. She had an ________________________ performance that impressed the judges.

15. To improve efficiency, companies often ________________________ their resources.

16. The ________________________ of concert tickets can sometimes lead to inflated prices.

17. Sales have ________________________ since the launch of the new product line.

18. Production had to be ________________________ due to the unexpected circumstances.

19. The company is ________________________ to a more sustainable business model.

20. This antique could ________________________ a high price at the auction.

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

21. Her ambitious goals inspired the whole team to strive for excellence.
22. The volume of transactions increased significantly during the holiday season.
23. The technology sector is known for its rapid advancements and innovations.
24. Depreciation is an important factor to consider when assessing asset values.
25. Many travelers were stranded at the airport due to the snowstorm.
26. The new initiative aims to promote healthy living among employees.
27. The acquisition of the smaller company expanded their market reach.
28. There was a surge in interest for eco-friendly products last year.
29. Regular maintenance of equipment ensures its longevity and reliability.
30. The liquefied gas is stored under pressure for safe transportation.

Answer

Multiple Choice: 1. surged 2. resilience 3. feeling 4. purchase 5. turned into liquid 6. external events 7. repair 8. ability to move 9. increase 10. proactivity
Gap-Fill: 11. investment 12. settling 13. correction 14. outstanding 15. consolidate 16. resale 17. surged 18. ceased 19. transitioning 20. fetch
Matching sentence: 1. ambitious 2. volume 3. sector 4. depreciation 5. stranded 6. initiative 7. acquisition 8. surge 9. maintenance 10. liquefied

CATEGORY

1. Business - LEVEL5

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Date Created
2026/04/11
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