

Interaction between the Macroeconomic Environment and Oil Prices in the Context of COVID-19

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Abstract: The study of its impact on the global macroeconomic environments and the world oil market since the COVID-19 outbreak and the relationship between the two will help people in the post-epidemic era to deepen their understanding of the current global economic situation, to have a perception and thinking about the situation of The Times, and also help us to discuss and explore how to deal with the relevant situation. Thus, it can achieve better survival and development under the severe world situation and the background of The Times.

Keywords: COVID-19 Outbreak, Macroeconomic Environment, The World Oil Market, Oil Prices

1. Introduction

Since the outbreak of COVID-19 in early 2020, the epidemic has gradually evolved from its initial impact on a small number of countries to a "global pandemic". From the perspective of the current global economic situation, the epidemic has had a great negative impact on the global macroeconomic environment, industry conditions, and other aspects, and the impact will last for a long time, which is likely to have an impact on countries, Especially for the economic and trade relations between major countries, the division of labor in the global value chain will continue and the adjustment and even reconstruction of the global trade system will be accelerated [1].

Oil, known as the "industrial blood", is an important part of promoting modern economic development. The occurrence and spread of the epidemic have a great impact on the price and market conditions of it in the world market. And the relevant impact is mainly reflected in the following aspects: in early 2020, the outbreak of the epidemic led to a large global economic recession, and the demand for oil in various countries declined significantly, with the demand in that year decreasing by 8.8 million barrels per day compared with the previous year [2]. It results in a series of impacts that the global oil energy reserves surge or even "burst" compared with the previous ones, and even the world oil market is oversupplied, which has a huge impact on the subsequent oil price in the world oil market, the global supply chain and the production and processing industry.

In this regard, we can raise the following questions: in the context of the epidemic, do the specific indicators of the global macroeconomic environment and the oil market, such as oil prices, which are also impacted by the epidemic, interact with each other? If there is an interaction or influence relationship, how to specifically reflect it?

The relevant research on this topic is of great practical significance. Through the study of its impact on the global macroeconomic environments and the world oil market since the COVID-19 outbreak and the relationship between the two, it is helpful for people in the post-epidemic era to deepen their understanding of the current global economic situation, so as to have a perception and thinking about the situation of the era, and it is also helpful for us to discuss this. Explore how to deal with the relevant situation, so as to achieve better survival and development under the severe world situation and the background of The Times.

2. The Impact and Impact of COVID-19 on the Macroeconomic Environments

The COVID-19 pandemic has exposed the fragility of the global industrial chain. For China, the impact of COVID-19 on the macroeconomic environments is mainly supply-side shock, and the decline and impact of various macro indicators in China are relatively large. This is mainly reflected in the fact that employment, internal demand, and prices have all been hit to a greater extent than GDP and external demand, so China's economic situation was almost depressed at the beginning of the epidemic [3].

From a global perspective, many countries represented by the United States implement trade protection policies, implement border blockades, and other measures, strictly control and restrict the flow of people and materials, the import and export trade, and foreign investment of countries around the world are greatly affected, and what is more serious, the international self-trade system is also damaged [4]. According to the data simulation experiment results of Jiayi Sun and others on the impact of the epidemic on the global macroeconomic environments, as the duration of the COVID-19 epidemic continues, the impact or impact of the epidemic on the global macroeconomic environments will be caused by the decline of many indicators of most countries, such as GDP, total import and export volume or total volume, caused by the initial epidemic in 2020.

In the post-epidemic era, as the world has basically achieved stable control of the epidemic situation, the global economic development situation will gradually improve, and the consumption, investment, and import and export industries of various countries will gradually recover, thus promoting the long-term sustainable and stable development of the global economy after experiencing a certain stage of fluctuations [5,6].

3. The Impact of COVID-19 on Oil Prices

Nengquan Wang summarized the fluctuations in the world oil situation since the 1970s as two cycles of oil prices [7]. Its basic trend is to experience an initial rise to a continuous fall and at a certain point to the level before the previous boom. In the second round of the 21st century, unlike the basic trend, the upswing was followed by a downtrend. After analyzing the reasons for this situation, it concluded that in the history of the oil industry for nearly two centuries, no group has been able to control the price of oil.

However, the pandemic, as the constitutive structure of the era, can. Under the impact of the epidemic, the contradiction between supply and demand in the world oil market has increased, oil reserves have soared compared with the past, and market resources are oversupplied, which has a huge impact on the market supply structure, the industrial chain of oil production and processing and even the oil price. Oil prices plummeted on the world market, and several well-known energy companies in the United States even filed for bankruptcy.

In April 2020, the WTI's first line of next month's oil futures contract fell negative, which had never been negative before in its history. According to the analysis of Jiaquan Dai et al., the fundamental reason for the relevant situation is that the epidemic situation has led to a sharp decline in the demand for oil in the United States and a serious oversupply in the oil market [8].

4. Analysis of the Interrelation between the Macroeconomic Environment and the Oil Price

The fluctuation of oil prices in the world oil market has a significant impact on the global macroeconomic environments. Due to the impact of the epidemic situation and the frequent fluctuations and changes in oil prices in the world oil market, the global economy as a whole and various countries have experienced a decline in GDP and abnormal supply-side chain structure. In this era, the price level and inflation rate of each country have changed, and the import and export and tax are also affected to a certain extent.

Due to the change in petroleum crude oil price, the industrial situation and development status of various countries are also impacted, such as the exploitation and processing of petroleum crude oil and the development of the petroleum transportation industry, etc. The resulting impact will also expand from the economic field to the social livelihood.

At the same time, macroeconomic changes also play a role in oil prices. First of all, due to subtle changes in economic relations among countries, especially large countries, the corresponding trade protection policies can cause fluctuations in macroeconomic indicators to a large extent. In particular, in order to reap the benefits of competing countries, some countries have increased their oil production in the face of surging oil reserves, which has affected the relationship between countries that import and export energy and the corresponding oil price.

5. Conclusions and Prospects

Through the above retrospective analysis, we can find and draw a conclusion that there is a strong correlation and interaction between the global economic situation, especially the macroeconomic environments, which is widely affected by the current epidemic situation, and the world oil market, which is also affected, and the sudden changes in oil and crude oil prices. In addition, with the change of climate and the adjustment of countries' response to the epidemic, the global macroeconomic environments and the oil price in the world oil market will continue to be affected in the context of the current rebound of the epidemic situation, so their correlation may last for a long time.

In this regard, we should take corresponding policies to reduce and combat the impact of the epidemic on the world economy and even industrial development. In my view, in terms of global economic development, countries should actively carry out cooperation, establish multi-level communication channels, conduct friendly consultations on key issues related to the resumption of the multilateral development framework, find a balance of interests among countries, cooperate with other economies in the world, and cancel protectionist policies on trade. In order to jointly combat the negative impact of the epidemic on economic development.

In terms of oil market regulation, it is necessary to resist the monopoly policy and seek a balance between the import and export countries of oil energy and the corresponding market, so as to promote the development of the oil market and keep the oil price within a certain range of fluctuations. It is also necessary to accelerate the construction of the oil reserve system within each country.

In terms of energy management, we should also be prepared for danger. Although petroleum energy can guarantee the production and life needs of the next few decades, we should also actively save energy, develop cheap renewable resources that can play a similar role to oil, and resolutely oppose the monopoly means that may arise. In this way, it can ensure the smooth operation of the development of the world oil market.

In the most important aspect of epidemic prevention and control, countries also need to do a good job and reach good cooperation to maintain the positive development of the global epidemic situation, so as to promote the relative stability of economic development, which will positively affect the development and operation of the oil market.

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