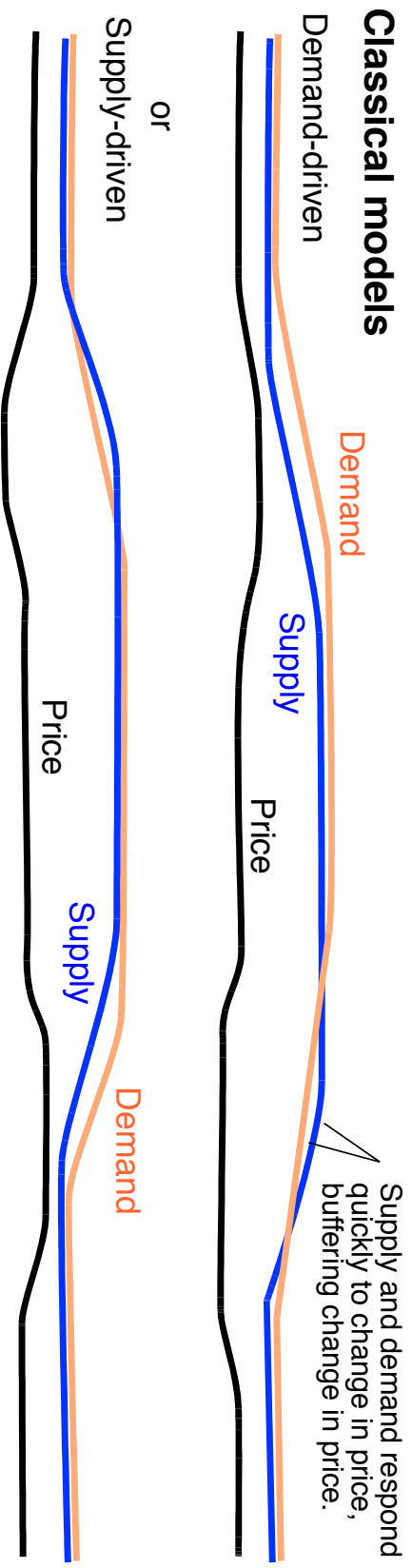


## An explanation of the volatility of oil prices II

### Classical models



Demand decreases little in response to increase in price because infrastructural change in transportation is slow.

The ideas presented here are largely from an article titled "How low can oil go?" by economist James Surowiecki in the issue of *The New Yorker* for December 22 and 29, 2014.

### Petroleum model

