

**Fighting in Iraq, Gaza, Ukraine, and Libya will have little impact on oil supply because of the following reasons -**

- **Shale gas revolution**
  - **Lower Global Oil Demand**
  - **Higher Oil Production in OPEC**
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- Shale gas revolution in America has immensely increased its gas production. Shale gas used to be 1% of American natural gas supplies, today it is 30% and rising. The U.S. now seems to possess a 100-year supply of natural gas, which is the cleanest of the fossil fuels.
- Oil demand is growing at slow pace as China's economy is slowing down which is the largest importer of crude oil. The recent credit and financing figures showed the amount of cash flowing into the world's second-largest economy tumbled to a near six-year low in July, about one seventh of that in June. This remarkable decline in credit growth indicates a slowing economy.
- OPEC's oil production rose to its highest in five months in July, boosted by the reopening of ports and oil fields in Libya. The increase in production came after Libya's government reached an agreement with rebel forces in July to reopen oil ports and fields that had been closed for nearly a year.

**Recommendation: Current global issues have little long term negative impact on Indian markets. Unless there is a major new development, investors should consider a dip as an investment opportunity.**

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