

Oil at nearly 14-year high, sensex sheds 1,500 points, rupee breaches 77/\$

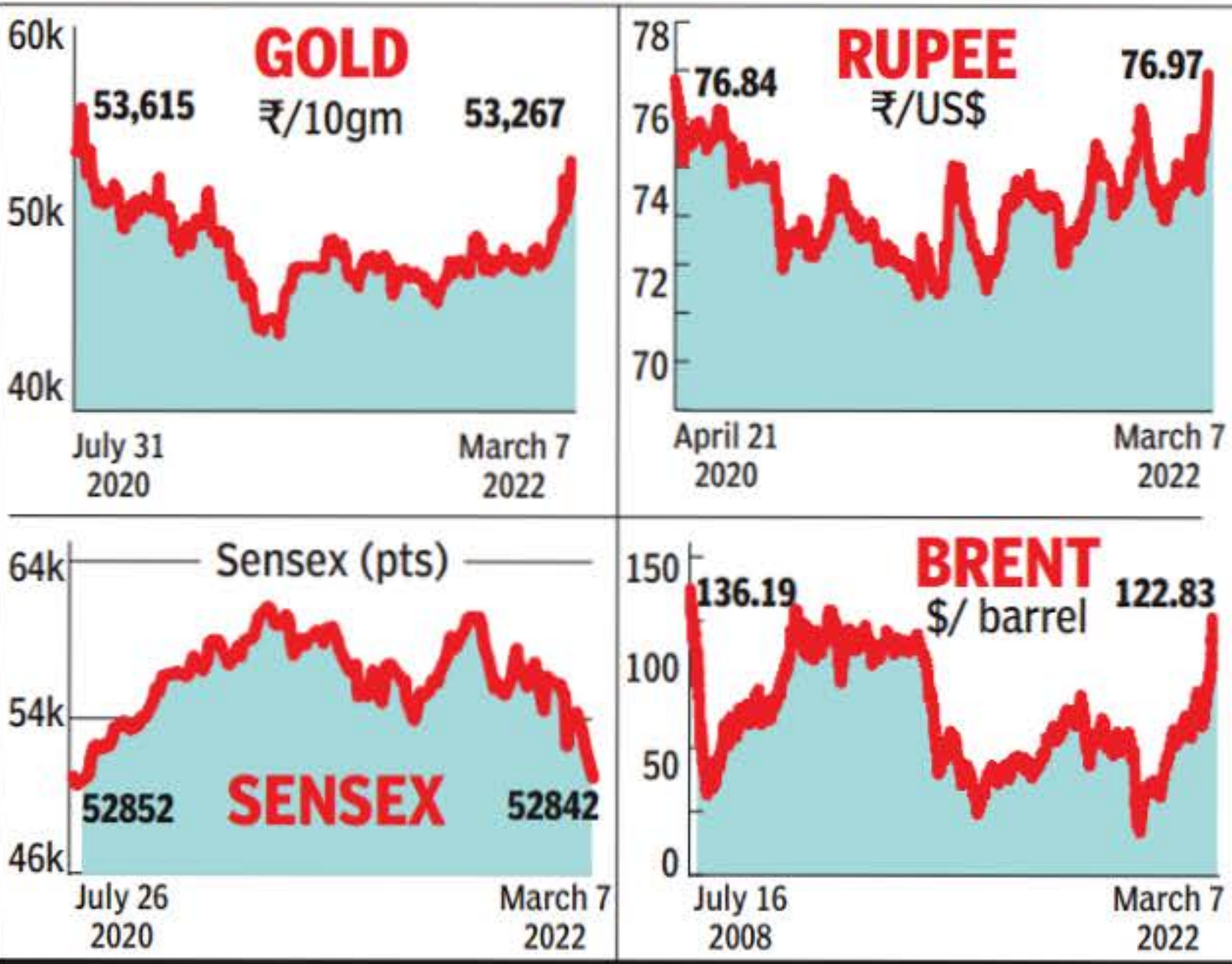
TNN | Mar 8, 2022, 01:13 AM IST



NEW DELHI: Global crude oil prices soared to a 13-year high on Monday as talk of the US and its European allies exploring a ban on Russian oil and tightening the sanctions on Moscow for its invasion of Ukraine sent shockwaves across financial markets around the world, posing a major risk to economies, including India.

Brent crude, a major import for India's energy needs, surged to \$139 a barrel – the highest since July 2008. The sharp increase had a chilling impact on stock markets: the bellwether BSE sensex shed over 2.7% or nearly 1,500 points to slump to a seven-month low of 52, 843. Nearly 160 stocks touched a 52-week low as selling by foreign portfolio investors outdid sales in the aftermath of the global financial crisis.

RUPEE TOUCHES ALL-TIME LOW



For the first time, the rupee too breached the 77-mark against the US dollar, despite heavy sales by RBI, before closing 80 paise weaker at 76.97. The rupee is the worst performer among Asian currencies now.

The surge in global crude oil prices and the disruption in supply chains in the aftermath of the war in Ukraine have stoked fears of a spike in inflation and has come as a policy challenge for central banks around the globe at a time when many in the developed countries were poised to raise interest rates. The spike in prices could push up interest rates, slow down economic recovery and widen trade deficit.

Energy and commodity markets around the globe have been hammered by the impact of surging crude oil prices and the uncertainty heaped by Russia's attack on Ukraine. In Europe, natural gas prices have jumped to 345 euros per megawatt hour from 193 euros on Friday. The extent of the surge has shocked economies across Europe as last year, natural gas prices ruled at 16 euros per megawatt hour. Media reports said that prices of natural gas, used for heating homes in Europe, had never touched 200 euros according to available data up to 2013.

From gold to palladium to wheat, prices of commodities have rallied to record highs, raising the prospect of a sharp increase in input costs across industries — from automobiles to consumer goods — and fanning inflationary pressures.