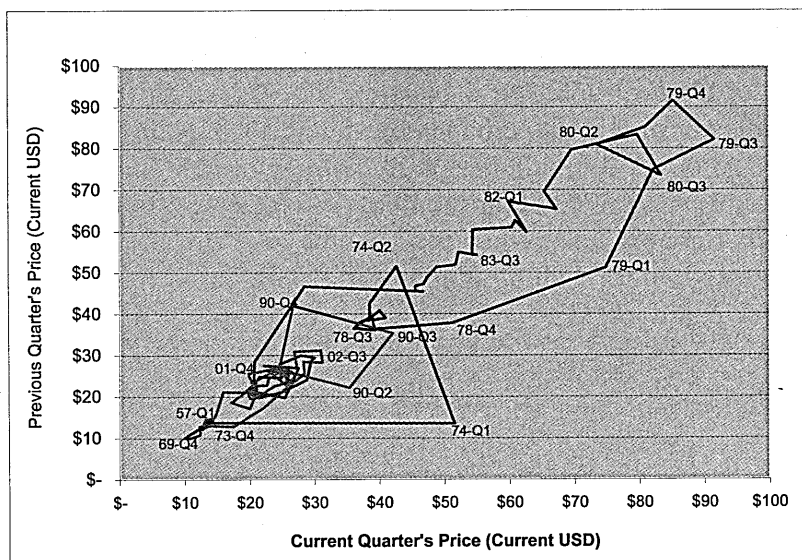


A similar, but somewhat different, story emerges when one looks at a connected scatter plot for the real price of oil over the postwar period.

**Figure 4. Connected Scatter Plot: Oil Price, Constant US Dollars - 1957 - 2002**



Source: International Monetary Fund, International Financial Statistics, December 2002.

In the figure, there is a heavy cluster of points in the bottom left which is the period of pre-OPEC oil price stability. Following the September 1973 OPEC-induced oil price spike, the trajectory zooms out and a new area of equilibrium appears to form at just below US\$40 per barrel (in 2002:Q3 US dollars). The second oil price shock sent the trajectory soaring out to the US\$85/bbl range and again some signs emerged of a new attractor having formed, but then the trajectory starts to move back towards the origin as the price of oil started its long trend decline. After a big loop at the time of the 1991 Gulf War, a new attractor point forms in the area of US\$ 25/bbl, as OPEC succeeded in stabilizing prices with its stated intention to maintain prices in the US\$22-28 range.