WHO’S WORRIED ABOUT THE OIL GLUT?

• As YPO and WPO members shared their perspectives through the January 2015 YPO Global Pulse survey, crude oil prices fell below US$50 per barrel for the first time in nearly six years. Confidence increases in net oil-importing economies largely compensated for the weakened optimism in oil exporters, leaving the YPO Global Pulse Confidence Index only 0.7 point off its October 2014 reading at a still-optimistic 62.5.

• Canada’s confidence index plummeted nearly 7.0 points to 59.0, below the global reading. It was the biggest mover over the fourth quarter of 2014.

• By contrast, the United States moved up to the top spot as the world’s most optimistic region for the second time in the 5.5-year history of the survey. Its index landed at 65.0, within an eyelash of its historic high. With two-thirds of its GDP tied to consumer spending, the United States is a primary beneficiary of lower oil prices.

• The Middle East and North Africa region is still the second-most optimistic region in the world, even after a drop in its index of 3.4 points, to 62.4. Weakened confidence in most countries across the region was partially offset by increases in Lebanon—which benefits from lower crude prices—and Saudi Arabia, where the government has committed to funding sweeping development projects despite the drop in oil revenues.

• Confidence in Asia declined 3.3 points to 62.2, landing below the global reading for the first time in more than a year. The continued tapering of growth in China has had ripple effects throughout the region.

• Lower oil prices and a weaker euro provided fresh optimism in the European Union, whose index rose 1.2 points to 61.2, recovering some of the points lost in the previous quarter. Non-EU Europe, however, is the world’s least optimistic region with an index reading of 54.3, dragged down by Russia and Ukraine, where confidence levels plunged to the dismal 30s.

• Elsewhere, the confidence index for Africa dipped 2.6 points to 59.3, placing it below the global reading for the fourth consecutive quarter. Sentiment in Australasia (Australia plus New Zealand composite) was unchanged at 60.1; Australia by itself was virtually unchanged at 59.8. Latin America slumped 1.8 points to 55.5, its lowest level since July 2013.