

Handout for April 2026 Newsletter The Economics of Oil in FRED®

Purpose.

1. Create a plot of personal consumption expenditures: a chain-type price index.
2. Add a data series and customize the units.
3. Describe and discuss patterns in the evolution of inflation over time.

Pedagogical Rationale. This assignment requires that you first look for data and plot them into a graph. Next, you will add data series to the graph. Finally, you will describe and discuss patterns in the evolution of the data series. These tasks will develop your proficiency in searching for, transforming, and interpreting data.

Grading. Your grade will be determined by (a) how precisely you complete the data search and graph editing tasks and (b) how accurately you interpret the data.

Steps to Search for and Transform the Data.

1. Access <https://fred.stlouisfed.org/> and search for “Crude Oil Prices: West Texas Intermediate (WTI) - Cushing, Oklahoma.”
2. Select “Dollars per Barrel, Not Seasonally Adjusted, Monthly.”
3. Click on EDIT GRAPH and select ADD LINE.
4. Search for “Crude Oil Prices: Brent - Europe. Dollars per Barrel, Not Seasonally Adjusted, Monthly” and click on “Add data series.”
5. Change the date range of the graph to start on “2010-01-01” and end on “2026-03-1.”

Writing Prompts.

1. Do prices for crude oil extracted in Europe’s North Sea (Brent crude oil) and in West Texas / Oklahoma usually move in the same direction and at the same time?
2. Both types of crude oil have similar chemical qualities. Does that make them close substitutes or close complements?
3. Consider the period between January 2011 and June 2014. What kind of supply and demand shocks could help explain that the price of one type of crude oil was substantially lower than the other for so many months?