Evaluating the Behavioral Pattern of OPEC Organization on the Price of Crude Oil According to the Analysis of the Event Approach

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Extended Abstract


Introduction
One of the factors affecting oil prices is related to OPEC's behavioral pattern concerning its position and share in the world oil supply. In this regard, the impact of OPEC's decisions and announcement on the level of crude oil production has been identified as a controversial issue among policymakers, producers and researchers so that it can inevitably affect the price of this product in world markets. The type of statements has had a different impact on the crude oil market. Although OPEC has played a lesser role in determining oil prices as oil futures contracts on world stock exchanges have taken hold, OPEC decisions on changes in daily production by member countries still control global supply. Surrounded by its production ratio.
The significant increase in world crude oil prices in recent years and the intensification of the range of price fluctuations of this strategic commodity have more than ever involved researchers to analyze the reasons for these phenomena.

**Objective**
The purpose of this study is to investigate the impact of the statements issued by OPEC and particularly the type of these statements on the crude oil market during the period 1987 to 2019. The main goal of the present study is to scrutinize the impact of the type of announcement made by the OPEC (including increased, Cut, or unchanged) on Brent's and WTI's global crude oil returns based on the event study approach. The main goal is to deliberate how and in what direction OPEC statements IT aims to detect other endogenous and exogenous factors influencing oil prices.

**Data/Methodology**
Considering that the research data after the occurrence, the method and nature of this research also deliberated as below. The data have been collected and no experiments have been performed randomly to change the values of the variables. It is concluded that it is a non-experimental research. In other words, it is in the field of application, which in terms of calculation and data analysis will be a correlational research method. It is noteworthy that abnormal efficiency tools are commonly used to examine the effect of events on real variables. In this case, abnormal returns are first calculated for the series under study and the effect of each event on the behavior of the real variable is measured (Lutia et al. 2016). In consequence, the abnormal return behavior around the days before and after the event (s) will be evaluated and the significance of each event will be evaluated separately.

**Results/Findings**
As aforementioned, it can be concluded that OPEC has decisive power in the oil market in recent years, this can be attributed to the lack of coordination and integration between the member countries of the organization as well as the presence of other political, economic and geographical related variables during this period. Accordingly, it can be suggested that cooperation as well as the explanation of specific programs in this organization and coordination in decisions by this organization can affect the decisive role of this organization in the oil market. It should be noted that considering the position of Iran in OPEC, it is recommended that it makes better use of its bargaining power in line with national goals in these meetings in order to play a more dynamic role in accordance with its aims. Thus, based on what has been said, it can be concluded that OPEC has decisive power in the oil market in recent years, which can be attributed to the lack of coordination and integration between the member countries of the organization as well as the presence of other political, economic and geographical variables during this period.
**Implications**
Advising and explaining the appropriate policy with OPEC member countries to restore OPEC market power. The high share of OPEC in the oil market can be done in order to stabilize the oil market and also reduce their oil revenues to achieve stability in the revenue structure of governments. Based on the results of the reaction of the oil market to the statements of OPEC from 2000 to 2019. This is due to the lack of coordination and integration between the member countries of this organization as and the presence of other political, economic and geographical variables in recent years.

**Keywords:** Behavioral pattern, OPEC Organization, Event approach analysis, Crude oil prices