

Oil Prices Fall Amid Rising U.S. Inventories; Middle East Conflict and Hurricane Limit Losses

Oil prices dropped on Wednesday after data from the United States showed an increase in inventories, but losses were mitigated by concerns over potential disruptions in Iranian supply amid Middle Eastern conflicts and Hurricane Milton in the U.S.

Brent crude futures closed at \$76.58 a barrel, down \$0.60, or 0.8%. U.S. West Texas Intermediate (WTI) futures fell \$0.33, or 0.5%, to \$73.24 a barrel.

Crude oil inventories rose by 5.8 million barrels to 422.7 million barrels last week, according to the Energy Information Administration (EIA), compared to analysts' expectations for a 2 million barrel increase in a Reuters survey.

The U.S. is bracing for a second major storm, Hurricane Milton, which generated tornadoes and heavy rainfall hours before its expected landfall in Florida on Wednesday. The storm has already increased gasoline demand in the state, with about a quarter of fuel stations running low on supplies, which helped support oil prices.

Markets remained nervous about a potential Israeli strike on Iranian oil infrastructure, even after oil prices fell over 4% on Tuesday due to the prospect of a ceasefire agreement between Hezbollah and Israel.

U.S. President Joe Biden spoke with Israeli Prime Minister Benjamin Netanyahu about Israel's plans regarding Iran's oil production in a call on Wednesday. Neither the White House nor Netanyahu's office provided details of the discussion.