

Tensions in the Middle East drive oil prices amid demand concerns

Oil prices experienced a modest recovery in early Asian trading today, with Brent crude futures rising 24 cents to \$74.49 per barrel, a gain of 0.3%. Meanwhile, U.S. West Texas Intermediate (WTI) futures fell by 27 cents, settling at \$70.85 per barrel, marking a decrease of 0.4%.

This price adjustment follows a drop of over 4% in oil prices on Tuesday, reaching the lowest level in nearly two weeks, driven by a weaker demand outlook. The decline was also influenced by a report suggesting that Israel would not conduct attacks on Iranian nuclear and oil facilities, which initially eased fears of a potential supply disruption.

Despite the recent decline, concerns remain high regarding the ongoing conflict in the Middle East, particularly between Israel and the Iran-backed militant group Hezbollah. The United States has expressed opposition to the scale of Israeli airstrikes in Beirut in recent weeks, indicating a tense geopolitical scenario that continues to impact oil markets.

On the demand side, both the Organization of the Petroleum Exporting Countries (OPEC) and the International Energy Agency (IEA) have revised down their forecasts for global oil demand growth for 2024, with most of the reductions attributed to China.

Market participants are now awaiting the release of U.S. crude oil and fuel inventory data later today. According to analysts surveyed, crude oil inventories are expected to have increased by approximately 1.8 million barrels in the week ending October 11. The data is anticipated to provide further insights into the balance between oil supply and demand.