

Oil Closes Higher Driven by US Data and UK Sanctions

Futures contracts for oil closed higher on Thursday, October 17, breaking a four-session streak of declines after experiencing volatility throughout the day. By the end of the session, gains prevailed, driven by data from the United States and the monetary policy decision from the European Central Bank (ECB).

On the New York Mercantile Exchange (Nymex), West Texas Intermediate (WTI) oil for November closed up 0.40% (\$0.28) at \$70.67 per barrel. Brent for December, traded on the Intercontinental Exchange (ICE), rose 0.31% (\$0.23) to \$74.45 per barrel.

Oil prices strengthened after employment and retail data from the United States showed signs of resilience in the American economy. Earlier in the morning, the ECB cut interest rates by 25 basis points, which also contributed to the commodity's rise.

The US Department of Energy (DoE) reported a decrease of 2.191 million barrels in US oil inventories, contrary to analysts' expectations of an increase, pushing oil prices higher.

On Thursday, the UK government announced 22 new sanctions against Russian ships transporting oil and liquefied natural gas, limiting oil supply. A similar measure was taken by the US Treasury Department, which imposed 18 sanctions on companies, individuals, and vessels involved in illicit oil trade linked to the financial network of the Houthis, Sa'id Al-Jamal.

In the Middle East, where updates on the conflict help shape volatile oil prices, Israel confirmed the death of Hamas leader Yahya Sinwar.

However, in a report, Capital Economics raised investors' attention to the potential resumption of Saudi Arabia's oil production towards its capacity. "The considerable excess capacity in the Organization of the Petroleum Exporting Countries (OPEC) and US producers means that prices could easily fall by half," it explains.