Oil closes higher amid geopolitical tensions, but supply and demand concerns persist

Oil futures closed higher on Wednesday, November 13. In a volatile session, the commodity held firm despite a stronger dollar, remaining in positive territory as tensions in the Middle East continue. An Israeli attack in Beirut, the capital of Lebanon, left six dead today.

On the New York Mercantile Exchange (NYMEX), the December WTI crude oil contract closed up 0.45% ($0.31), at $68.43 per barrel, while the January Brent crude, traded on the Intercontinental Exchange (ICE), rose 0.54% ($0.39), to $72.28 per barrel.

In the morning, oil prices were down, pressured by weak Chinese demand and forecasts of increased supply from countries outside the Organization of the Petroleum Exporting Countries and its allies (OPEC+), according to a report from OPEC released yesterday. "Concerns about demand, especially from China, continue to overshadow geopolitical risks," said Homayoun Falakshahi from Kpler in a note. "Despite recent improvements in refining margins, the outlook remains weak."

According to Falakshahi, OPEC and its allies are unlikely to increase production for most of next year—unless Iranian oil exports decline, as they appear to prioritize fiscal budget support over market share.

The potential decision by the Trump administration to tighten sanctions enforcement poses an imminent risk, which could give OPEC+ nations room to bring those barrels back to the market. However, it will take several months before this impacts supply and demand balances, adds the Canadian investment bank.