

Oil closes lower with ceasefire between Israel and Hezbollah; drops over 3% on the week

Oil prices closed lower on Friday, registering a weekly decline of more than 3%, pressured by reduced concerns over supply risks from the Israel-Hezbollah conflict and the outlook for increased supply in 2025, despite expectations that OPEC+ will extend production cuts.

Brent crude fell 34 cents, or 0.46%, to \$72.94 a barrel. U.S. West Texas Intermediate (WTI) futures dropped 72 cents, or 1.05%, to \$68, compared to the last close before the Thanksgiving holiday on Thursday.

Trading activity was interrupted due to the U.S. holiday.

On the week, Brent dropped 3.1%, while WTI lost 4.8%.

Four Israeli tanks entered a village on the Lebanese border, the Lebanese official news agency reported on Friday. The ceasefire that took effect on Wednesday reduced the oil risk premium, causing prices to fall, despite accusations of violations from both sides.

However, the Middle East conflict did not disrupt supply, which is expected to be more abundant in 2025. The International Energy Agency sees the prospect of more than 1 million barrels per day (bpd) of oversupply, equivalent to more than 1% of global production.

"The updated outlook suggests that next year is likely to be more flexible than the current one, and oil prices should average below the level of 2024," said Tamas Varga, of oil brokerage PVM.

The OPEC+ group, which includes the Organization of the Petroleum Exporting Countries and allies such as Russia, postponed its next policy meeting from December 1 to December 5. OPEC+ is expected to decide on a further extension of production cuts at the meeting.