

Oil rises 2% and hits 3-week high with chances of more sanctions on Russia and Iran

Oil prices rose about 2% on Friday, reaching a three-week high, on expectations that additional sanctions on Russia and Iran could restrict supply, and that lower interest rates in Europe and the United States could boost fuel demand.

Brent futures rose \$1.08, or 1.5%, to \$74.49 per barrel. U.S. West Texas Intermediate (WTI) crude gained \$1.27, or 1.8%, to \$71.29.

This was Brent's highest close since November 22 and marked a 5% gain for the contract on the week. WTI posted a 6% weekly gain and closed at its highest level since November 7.

"This strength is driven by (...) expectations of tighter sanctions against Russia and Iran, more favorable Chinese economic guidance, political chaos in the Middle East, and prospects of a Fed rate cut next week," said analysts at energy consulting firm Ritterbusch and Associates in a note.

European Union ambassadors agreed to impose a 15th sanctions package on Russia this week due to its war against Ukraine, targeting its tanker fleet. The U.S. is considering similar measures.

The UK, France, and Germany told the United Nations Security Council that they were ready, if necessary, to reinstate international sanctions on Iran to prevent the country from acquiring nuclear weapons.

Chinese data this week showed that oil imports in the world's largest importer grew year-on-year in November, the first increase in seven months. Imports are expected to remain high through early 2025 as refineries increase supplies from the top exporter, Saudi Arabia, attracted by lower prices, while independent refiners rush to use their quotas.

The International Energy Agency (IEA) raised its forecast for global oil demand growth in 2025 to 1.1 million barrels per day (bpd), up from 990,000 bpd last month, citing China's stimulus measures.