Oil falls on weak economic data despite higher winter demand in the U.S.

Oil prices closed lower after a volatile session on Monday, with some bearish economic news from the United States and Germany offsetting the bullish support from a weaker U.S. dollar and forecasts for increased energy demand due to a winter storm.

After rising for five consecutive days, Brent crude futures fell $0.21, or 0.3%, to $76.30 a barrel, while U.S. West Texas Intermediate (WTI) crude dropped $0.40, or 0.5%, to $73.56.

Despite these declines, both benchmark oil indices remained in technically overbought territory for the third consecutive day.

On Friday, Brent settled at its highest level since October 14, and WTI closed at its highest since October 11, partly due to expectations of more fiscal stimulus to revive China's struggling economy.

With rising interest in energy trading in recent weeks, open interest in WTI futures on the New York Stock Exchange rose to 1.933 million contracts on Friday, the highest since June 2023.

"The oil markets entered 2025 with balanced supply and demand fundamentals, but prices are being supported by ongoing geopolitical tensions," analysts at the Eurasia Group consultancy said in a report.

"As the year progresses, oil markets are likely to continue experiencing low demand growth, which may be overshadowed by new supply, especially from the U.S. and likely also from OPEC," the Eurasia Group stated.