

Oil Prices drop amid rising U.S. fuel stocks and strong dollar

Oil prices fell more than 1% on Wednesday, pressured by a stronger dollar and significant increases in U.S. fuel stocks last week, reversing earlier gains.

Brent crude dropped \$0.89, or 1.16%, to \$76.23 per barrel. U.S. West Texas Intermediate crude fell \$0.93, or 1.25%, to \$73.32.

Both benchmarks had risen over 1% earlier in the session.

“The oil market is being affected by the substantial increases in gasoline and diesel stocks that we've seen in recent weeks,” said Andrew Lipow, president of Lipow Oil Associates. He added that fuel stocks increased as refineries continued to boost production.

Gasoline stocks rose by 6.3 million barrels last week, to 237.7 million barrels, compared to analyst expectations in a Reuters survey of a 1.5 million barrel increase, according to data released Wednesday by the U.S. Energy Information Administration.

Distillate stocks increased by 6.1 million barrels for the week, to 128.9 million barrels, compared to expectations of a 600,000 barrel increase.

“I would be concerned if we saw more substantial increases in products over the next few weeks. Meanwhile, the cold snap may restrict oil supply and boost heating oil demand,” said Josh Young, investment director at Bison Interests.

A stronger dollar also pressured prices, making oil more expensive for holders of other currencies.