

Oil closes up more than 3% on concerns over more sanctions against Russia

Oil prices closed up more than 3% on Friday, reaching their highest levels in three months as investors focused on potential supply disruptions resulting from new U.S. sanctions against Russia.

Brent crude futures rose by \$2.84, or 3.7%, closing at \$79.76 per barrel after surpassing the \$80 mark for the first time since October 7.

U.S. crude futures increased by \$2.65, or 3.6%, to close at \$76.57.

The administration of U.S. President Joe Biden imposed its broadest sanctions package to date on Friday, targeting Russia's oil and gas revenues in an effort to give Kyiv and Donald Trump's new team a boost in reaching a peace agreement in Ukraine.

The measure aims to cut oil revenues that Russia uses in a war that has killed or injured tens of thousands of people and reduced cities to rubble since Moscow invaded Ukraine in February 2022.

The U.S. Treasury announced sanctions against Gazprom Neft and Surgutneftegas, which explore, produce, and sell oil, as well as 183 vessels that transported Russian oil, many of which are part of the so-called "shadow fleet" of aging tankers operated by non-Western companies.

As the inauguration of President-elect Donald Trump approaches on January 20, expectations have risen that the Biden administration will strengthen sanctions against Russia and Iran at a time when oil inventories remain low.

"This would be the Biden administration's farewell gift," said PVM analyst Tamas Varga. Existing sanctions and potential additional sanctions, along with market expectations of increased fuel inventories due to cold weather, are driving prices higher, he added.

The U.S. Weather Service expects below-average temperatures in the central and eastern regions of the country. Many areas in Europe have also been affected by extreme cold and are likely to continue experiencing a colder-than-normal start to the year.

"We forecast a significant year-on-year increase in global oil demand of 1.6 million barrels per day in the first quarter of 2025, mainly driven by... demand for heating oil, kerosene, and LPG," analysts at JPMorgan said in a note on Friday.

Oil futures fell during the Asian session.

At the New York Mercantile Exchange, February oil futures were trading at \$74.12 per barrel at the time of writing, down 0.27%.

Previously traded at the session's low at \$XX per barrel. Oil was likely to find support at \$72.84 and resistance at \$75.29.

The Dollar Futures Index, which tracks the performance of the U.S. dollar against a basket of six major currencies, registered a loss of 0.02%, trading at \$109.03.

Elsewhere on the ICE, March Brent crude fell 0.29%, trading at \$77.14 per barrel, while the spread between Brent crude and WTI was \$3.02 per barrel in the contracts.

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