

Oil Falls 2% to Two-Month Low on U.S. Economic Concerns

Oil prices fell about 2% on Tuesday, reaching a two-month low, due to weak economic news from the United States and Germany, which raised concerns about slower energy demand, along with signs from several countries that oil production was on the rise.

Brent futures dropped \$1.76, or 2.4%, to \$73.02 a barrel, while U.S. West Texas Intermediate (WTI) crude fell \$1.77, or 2.5%, to \$68.93.

This marked the lowest closing price for Brent since December 23 and for WTI since December 10.

U.S. data showed consumer confidence in February deteriorated at its sharpest pace in three and a half years, with inflation expectations for the next 12 months rising.

Analysts noted that President Donald Trump's stated plans to increase tariffs heightened inflation concerns at the U.S. Federal Reserve. This could lead the Fed to maintain higher interest rates, which in turn could slow economic growth and energy demand.

Trump indicated that tariffs on imports from Canada and Mexico, set to begin on March 4, are "on schedule," which could raise oil prices by reducing supplies from both countries.

However, "tariffs are increasingly seen as a negative influence on global economic growth, which could force additional downward revisions to global oil demand," said analysts at energy consultancy Ritterbusch and Associates.

Data also revealed that the German economy contracted by 0.2% in the last quarter of 2024 compared to the previous quarter. The winner of the German elections, Friedrich Merz, dismissed calls for a quick reform of state borrowing limits, known as the "debt brake," which some investors had requested to stimulate the economy.