

Oil rises for the 2nd consecutive week on expectations of tighter supply

Oil prices rose on Friday, marking the second consecutive weekly gain, driven by new U.S. sanctions against Iran and the latest production plan from the OPEC+ group, which heightened expectations of tighter supply.

Brent crude futures increased by 0.2% to \$72.16 per barrel. U.S. West Texas Intermediate (WTI) futures rose by 0.3% to \$68.28.

For the week, Brent gained 2.1% and WTI about 1.6%, their largest gains since the first week of the year.

On Thursday, the U.S. Treasury announced new sanctions related to Iran, which, for the first time, targeted an independent Chinese refiner among other entities and vessels involved in supplying Iranian oil to China.

This likely sent a message to the market that Chinese companies, the largest buyers of Iranian oil, are not immune to U.S. sanctions pressure, said Scott Shelton, an energy analyst at TP ICAP.

This was the fourth round of sanctions from Washington against Tehran since President Donald Trump pledged "maximum pressure" in February and committed to reducing Iran's oil exports to zero.

The tightening of the U.S. sanctions regime is likely to keep some market participants involved in transporting Iranian oil more cautious in the future, said UBS analyst Giovanni Staunovo.

Oil prices were also supported by the new OPEC+ plan for seven members to further cut production to compensate for producing more than the agreed levels. The plan would involve monthly cuts between 189,000 bpd and 435,000 bpd until June 2026.