Oil trades near 5-month low, focusing on China and U.S. inventories

Oil prices recorded a firm decline this Wednesday, with investors monitoring the impacts of trade tariffs and rising global production, while attention shifted to stimulus measures in China, the largest importer of the commodity.

On Tuesday, oil prices hit a five-month low, pressured by concerns over demand after heightened trade tensions, with the U.S. imposing higher tariffs on China, Canada, and Mexico.

The market also reacted to reports that the Organization of the Petroleum Exporting Countries and allies (OPEC+) will maintain plans to increase production starting in April, albeit modestly.

Despite this, oil prices found some support from the prospects of economic stimulus in China. The country set a growth target of 5% for 2025 and announced a series of measures to boost the economy. Additionally, industry data indicated a larger-than-expected decline in U.S. oil inventories.

Around 1:20 PM Brasília time, Brent futures contracts for May were down 3.25%, trading at $68.75 per barrel, while WTI contracts fell 3.88%, trading at $65.64 per barrel. Both remained close to the five-month lows recorded earlier in the week.

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China maintains 5% GDP target and increases stimulus China has kept its GDP growth target at 5% for 2025 for the third consecutive year.

The projection was presented at the opening of the annual meeting of the National People's Congress, the country’s most important political event.

Beijing announced a larger fiscal deficit for 2025, signaling increased public spending, along with measures to stimulate domestic consumption, which is one of the main challenges for China's economic growth.

The government also plans to increase debt issuance next year, allocating more resources for consumer subsidies.

U.S. oil inventories decline beyond expectations. Data from the American Petroleum Institute (API) showed that U.S. oil inventories shrank by about 1.5 million barrels in the week ending February 28, exceeding the expected decrease of 0.3 million barrels.

This reading typically anticipates a similar trend in the official inventory data, which will be released this Wednesday. Following four consecutive weeks of excessive inventory buildup, the recent reduction reinforces hopes that demand for fuels is recovering and that supply in the U.S. is adjusting.

However, oil prices remain pressured by Donald Trump's stance, as he has reiterated support for increasing energy production both in the U.S. and abroad.