

Oil rises 2% to 5-week high on supply concerns

Oil prices closed up about 2%, reaching a five-week high on Monday, due to concerns that supply could decrease if U.S. President Donald Trump follows through on threats to impose more tariffs on Russia and potentially strike Iran.

Brent futures rose \$1.11, or 1.5%, to close at \$74.74 a barrel, while U.S. West Texas Intermediate (WTI) crude climbed \$2.12, or 3.1%, to close at \$71.48.

This marked the highest closing price for Brent since February 24 and the highest closing for WTI since February 20.

The premium of Brent over WTI fell to \$3.02 per barrel, its lowest value since July 2024.

Analysts noted that when the Brent-WTI premium falls below \$4 per barrel, it makes little economic sense for energy companies to send ships across the ocean to fetch U.S. oil, likely resulting in lower U.S. exports.

Trump stated on Sunday that he was "frustrated" with Russian President Vladimir Putin and would impose secondary tariffs of 25% to 50% on buyers of Russian oil if he believes Moscow is obstructing his efforts to end the war in Ukraine.

"The threat (from Trump) of secondary tariffs on oil from Russia and Iran is a factor that oil market participants are monitoring, although he indicated that he does not plan to introduce them for now," said UBS analyst Giovanni Staunovo. "However, there is an increasing risk of greater supply risks in the future."

The Kremlin stated on Monday that Russia and the U.S. were working on ideas for a possible peace agreement in Ukraine.