

Oil Prices Fall as Trump Tariffs Raise Demand Risks

Oil prices fell sharply in Asian trading on Thursday, as fears of demand slowdown and a global recession intensified due to the broad trade tariffs imposed by U.S. President Donald Trump.

Oil had already been experiencing some losses this week as the recovery from three-year lows lost momentum, while tensions in the Middle East and between Russia and Ukraine drew only a small risk premium.

Brent crude futures for June fell 2.5% to \$73.11 per barrel, while West Texas Intermediate futures dropped 2.7% to \$69.30 per barrel at 2:05 AM (Brasília time). Both contracts had fallen by as much as 3% earlier in the session.

Oil was pressured by U.S. data showing a substantially larger-than-expected increase in inventories, raising concerns about declining fuel demand in the country.

Attention is also focused on a meeting of the Organization of the Petroleum Exporting Countries and allies (OPEC+) scheduled for later in the day, where the cartel is expected to outline plans to increase production.

Trump Tariffs Shake Markets and Elevate Demand and Recession Risks
Trump announced a 10% tariff on most U.S. imports and imposed tariffs on major trading partners equivalent to about half the rates they charge on American goods.

The move sparked outrage and retaliation threats from major global economies, with analysts warning that the resulting disruptions in trade and economic activity heightened the risk of a recession in the U.S. and globally.

A recession is a bad omen for oil demand, which is likely to weaken in an era of slowing economic activity.

China, the Largest Oil Importer, Most Affected by Trump Tariffs
Economic powers like China have been hit hardest by Trump's tariffs, with the U.S. now imposing a 54% tariff on Chinese imports. The European Union has also been affected with a 20% rate.

The 54% tariff against China has raised concerns about further economic obstacles for the world's largest oil importer, which is already struggling to sustain growth.

Data released on Thursday showed that China's services sector grew more than expected in March, amid ongoing support from Beijing's stimulus measures.

The Chinese government is expected to increase its stimulus support in light of the economic challenges posed by Trump's tariffs—a measure that could help preserve some oil demand in the country.

However, Chinese oil demand has also been in persistent decline in recent years as local growth slowed amid a storm of obstacles.