July 14, 2025

Oil rises amid geopolitical tensions and new round of U.S. sanctions

Oil prices rose on Monday morning, July 14, continuing the upward trend seen the previous week. Investors are closely monitoring the possibility of new U.S. sanctions against Russia, while trade uncertainties are mounting following President Trump's announcement over the weekend of additional tariffs on European Union and Mexican products.

As of 7:45 a.m. Brasília time, Brent crude futures—the international benchmark and a reference for Petrobras (BVMF:PETR4)—for September delivery were up 0.2%, trading at $70.48 per barrel. Meanwhile, U.S. benchmark WTI crude futures were also up 0.2%, at $68.55 per barrel.

Both contracts gained nearly 3% last week, with a sharp rise on Friday following a report from the International Energy Agency (IEA), which pointed to a tighter physical oil market than previously expected.

According to the IEA, even with supply growth exceeding forecasts from OPEC+, the global market remains tight—driven by increased refining activity to meet seasonal fuel demand during the Northern Hemisphere summer.

In a press statement on Sunday, President Donald Trump said he would send Patriot missile batteries to Ukraine, expressing dissatisfaction with Russian President Vladimir Putin over the lack of tangible progress toward peace in Eastern Europe.

Trump also stated he would make an "important announcement" about Russia on Monday, fueling speculation over potential additional measures from Washington against Moscow, a major global energy supplier.

A bipartisan bill under consideration in the U.S. Congress proposes sanctions on Russia to push for peace talks. However, the bill still requires approval from the White House. If enacted, it would impose tariffs of up to 500% on products from countries that continue to purchase Russian oil and gas, including China and India.

On Saturday, Trump announced a 30% tariff on most imports from the European Union and Mexico, effective August 1.

Similarly, earlier this week, similar measures were announced against Japan, South Korea, Canada, and Brazil, along with a 50% tariff on copper—also set to take effect next month.

With less than three weeks before the new rules take effect, market participants are closely watching the outcome of these disputes. Trade tariffs tend to dampen global growth by increasing costs and disrupting supply chains—negatively impacting sectors like industry and tourism, both of which are directly tied to oil consumption.

July 11, 2025

Global oil market may be tighter than it seems, says IEA commodities
The global oil market may be tighter than it appears, despite the supply-demand balance suggesting a surplus, the International Energy Agency (IEA) said on Friday, as refineries ramp up processing to meet summer travel fuel demand.

The IEA expects global supply to increase by 2.1 million barrels per day this year, 300,000 bpd more than its previous forecast. Global demand, however, is set to rise by only 700,000 bpd, according to the IEA, which implies a considerable surplus.

Despite these adjustments, the IEA stated that increased refinery processing rates to meet summer travel and power generation demand are tightening the market, and that the latest OPEC+ supply hike on Saturday had little effect.

"OPEC+'s decision to further accelerate the rollback of production cuts failed to significantly move the markets due to tighter fundamentals," the agency said in its monthly report.

"Price indicators also point to a tighter physical oil market than suggested by the large surplus in our balances."

The comments echo the message delivered earlier this week by ministers and executives from OPEC countries and leaders of major Western oil companies. They said that production increases are not leading to higher inventories, indicating that markets are hungry for more oil.

As examples of price indicators suggesting a tighter market, the IEA cited strong refining margins and the premium for immediate delivery oil over later supply — a structure known as backwardation.

July 6, 2025

Oil prices fall as markets weigh new Trump tariffs and OPEC+ output hike

Oil prices fell during Asian trading on Tuesday, as investors assessed the impact of U.S. President Donald Trump's new tariff hikes on major trade partners, while lingering concerns over excess supply due to rising OPEC+ production added further pressure.

As of 01:40 AM (Brasília time), Brent crude futures for September delivery were down 0.7% at $69.11 per barrel, while West Texas Intermediate (WTI) futures also slipped 0.7% to $67.46 per barrel.

Both contracts had climbed more than 1% on Monday, despite expectations of rising supply, as traders weighed the overall state of the market, which still appeared tight.

Trump Starts Sending Tariff Letters; South Korea and Japan Face 25% Rate
U.S. President Donald Trump ramped up his global trade campaign on Monday by notifying 14 countries that significantly higher tariffs will take effect on August 1. The list included major U.S. suppliers like Japan and South Korea, along with smaller exporters such as Serbia, Thailand, and Tunisia.

The tariff letters set a 25% rate on all goods from Japan and South Korea, while some nations will face duties as high as 40%.

Trump signed an executive order over the weekend extending the original July 9 deadline to August 1, giving countries a final window to negotiate. However, he said the deadline is "firm, but not 100% firm," suggesting some flexibility for trade partners who engage proactively.

The potential for steep U.S. tariffs on 14 countries, including major energy importers such as Japan, South Korea, and India, could disrupt trade flows and hurt industrial production.

OPEC+ Output Hike in Focus; Market Still Appears Tight

The Organization of the Petroleum Exporting Countries and its allies, known as OPEC+, announced on Saturday that it will increase oil production by 548,000 barrels per day (bpd) in August.

The hike exceeds the 411,000 bpd increases already implemented for May, June, and July.

The group also warned that it will consider another 548,000 bpd increase in September at its next meeting on August 3.

The decision marks a continued rollback of the 2.2 million bpd in voluntary production cuts initiated earlier this year by major producers such as Saudi Arabia and Russia to support prices.

Oil prices fell sharply early Monday but later rebounded after Saudi Arabia raised the official selling price of its Arab Light crude (BVMF:LIGT3) for August.

The price hike, which brought the selling price to a four-month high for Asian buyers, was seen as a show of confidence in oil demand by the world's largest exporter.