

Oil prices rise after sharp drop in U.S. inventories

Oil prices rose slightly during Asian trading on Thursday, supported by data showing a sharp drop in U.S. crude inventories, while investors cautiously awaited progress in trade deals ahead of the deadline set by President Donald Trump.

As of 02:18 AM (Brasília time), Brent futures for September delivery rose 0.3% to \$68.69 per barrel, while West Texas Intermediate (WTI) futures also gained 0.3%, reaching \$65.45 per barrel.

Both contracts had declined over the past four sessions as the August 1 deadline set by Trump for tariffs approached, raising fears of weaker energy demand. U.S. crude oil inventories dropped sharply last week, with refineries ramping up activity and exports remaining strong, the Energy Information Administration (EIA) reported on Wednesday, lending support to oil prices.

Crude stocks fell by 3.17 million barrels in the week ending July 19, EIA data showed, far exceeding analysts' expectations of a 1.6 million barrel decrease.

With commercial inventories now about 9% below the five-year seasonal average, at around 419 million barrels, the sharp drop signals a tighter supply balance in the market.

Gasoline inventories also fell by 1.7 million barrels, compared to forecasts for a 900,000-barrel drop. However, distillate stocks rose by 2.9 million barrels, reflecting seasonal replenishment.

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Oil prices rose following the report, supported by signs of tightening supply and robust demand in the U.S. market. President Trump announced a trade agreement between Washington and Tokyo on Wednesday that included a 15% tariff on all imported Japanese goods, down from the previously proposed 25%.

The U.S. secured a massive \$550 billion Japanese investment in the American economy under the deal, and also gained access to Japanese markets for American exports, including automobiles, agricultural products, and energy goods.

The deal is the most significant in a series of trade agreements negotiated by the White House ahead of the looming August 1 deadline. It has strengthened the belief that other nations might also reach favorable deals before the cutoff.

However, investors remained cautious, focusing on the European Union agreement, especially after the bloc said it was considering countermeasures against U.S. tariffs.