

## **Oil Prices Hold Strong Gains as Market Watches U.S. Trade Deals**

Oil prices remained mostly steady during Asian trading on Friday, following strong gains in the previous session, supported by expectations of more U.S. trade deals ahead of a deadline set by President Donald Trump.

Media reports about expected cuts in Russia's gasoline exports also helped support oil prices.

As of 10:31 PM (BRT), September Brent crude futures were up 0.2% at \$69.29 per barrel, while West Texas Intermediate (WTI) futures also rose 0.2% to \$66.13 per barrel.

Both contracts had jumped more than 1% on Thursday after data showed a sharp drop in U.S. crude inventories.

Media reports indicated that a key trade agreement between the European Union and the United States is close to being finalized, with a 15% tariff on most EU exports to the U.S. expected to replace the previously threatened 30% rate set to begin on August 1.

In India, Trade Minister Piyush Goyal expressed optimism that the country could reach a deal with the U.S. to avoid the threatened 26% tariffs.

"It seems negotiations with the EU are moving in the right direction. These deals should help reduce uncertainty and also ease some of the demand concerns that have lingered in the oil market," ING analysts said in a note.

This comes after President Trump announced on Wednesday a trade agreement between Washington and Tokyo, reducing tariffs to 15% on all Japanese imports, down from the previously proposed 25%.

The deal strengthened market sentiment that other nations might also reach favorable agreements before the final deadline.

Easing trade tensions boosts economic activity and cross-border trade, which in turn increases demand for oil through higher energy use in transportation and industry.

A Reuters report on Thursday said that Russia is expected to introduce a stricter ban on gasoline exports in the coming days, including restrictions for fuel producers, to combat rising domestic prices.

Currently, only a limited portion of gasoline exports by resellers is restricted, while oil companies remain free to export the fuel.

The expected disruption also helped boost oil prices by 1% on Thursday.

Meanwhile, another Reuters report said the U.S. is close to allowing limited oil operations in Venezuela, starting with Chevron Corp (NYSE: CVX).

In February, Trump announced the revocation of several energy licenses in Venezuela, including Chevron's, and set a deadline for the end of May to wind down all related transactions.

“This is expected to increase Venezuelan oil exports by just over 200,000 barrels per day—a welcome development for U.S. refineries that will slightly ease the shortage in heavier crude,” ING analysts said.