

Oil prices retreat as hopes for Russia-Ukraine peace deal diminish

Oil prices fell in Asian trading on Friday following a rally in the previous session, as markets grappled with diminishing prospects for a peace deal between Russia and Ukraine and assessed the impact of additional U.S. tariffs on India.

As of 10:52 PM (Brasília time), October Brent crude futures were down 0.8% at \$68.10 per barrel, while West Texas Intermediate (WTI) crude futures fell 0.7% to \$64.14 per barrel.

Oil prices closed nearly 1% higher on Thursday, brushing off earlier losses, after U.S. data showed a smaller-than-expected drop in crude oil inventories.

Both contracts are on track for monthly losses of over 6%, weighed down by consistent production increases from the Organization of the Petroleum Exporting Countries (OPEC).

Peace hopes waned after U.S. President Donald Trump last week urged Ukrainian President Volodymyr Zelenskyy and Russian President Vladimir Putin to hold direct talks before considering a Washington-hosted trilateral summit.

Although Trump offered U.S. security assurances without deploying troops, no date or location for a meeting has been set, and analysts see little short-term progress.

Meanwhile, Russia launched another wave of deadly attacks on Kyiv, damaging buildings housing the EU mission and the British Council.

"The lack of progress toward a peace deal means the risks of sanctions and secondary tariffs continue to hang over the oil market," ING analysts said in a note.

In a move linked to India's aggressive purchases of Russian oil, an additional 25% U.S. tariff on Indian imports took effect on Wednesday, doubling the total rate to 50% as of August 27.

This measure is part of a broader push to curb India's ties with Russia amid the ongoing war in Ukraine.

Indian refineries briefly paused purchases of Russian oil after secondary tariffs were imposed but have since resumed buying, with the measures proving insufficient to curb flows.

Analysts believe the market will closely monitor Russian oil flows to India going forward to assess the impact.