

22/10/2024

Prices movement (front month)	14 Oct	21 Oct	% Change (Settlement Prices)
Brent Crude	77.46	74.29	-4.09%
VLSFO (Singapore)	587.12	557.44	-5.06%

Crude Oil Market :

Crude has been pretty sideways this week, following a significant drop in the previous week that erased most of this month's earlier gains. The gaze of the market remains fixed upon the Middle East for any sign of Israeli retaliation against Iran. Meanwhile, China's economic stimulus packages are assessed to be pretty lacklustre by market participants. Despite the lack of major headlines, front month Brent futures had a sudden spike of over a dollar in the afternoon session, to a new high of the day of \$75.95/bbl—the highest since 14th October.

Middle East tensions continue to simmer following a drone attack on Israeli PM Benajmin Netanyahu's residence which was followed swiftly by attacks on Hezbollah strongholds in Lebanon. That being said, the presiding belief remains on the assurance of Israel to the US that it would not target Iran's oil and nuclear infrastructure but would focus on military sites. On the topic of diplomacy, US officials have arrived in the Middle East hoping to secure a cease fire in the war, Secretary of State Antony Blinken will visit Israel whilst US envoy Amos Hochstein headed to Beirut. Any progressions in such talks are likely to have a bearish impact on benchmark crude prices. Blinken has made 11 visits to Israel since the war began last October.

As well as this, a weaker demand outlook has weighed on prices after disappointing fiscal announcements and trade data from China earlier this month. The MOF announcements have been sparse on details, including the size of the stimulus, adding to the uncertainty of the impact of actual oil demand. From the supply side, OPEC+ barrels are set to return in December, into an oversupplied market.

Dec24 Brent Crude Futures From 15/10/24 to Date



Source: FIS, Reuters, Oil Price, Bloomberg, BBC News, Morningstar