

Oil rises as uncertainty around supply persists

April 5 (Reuters) – Oil futures rose in early trading on Tuesday as the potential for more sanctions following alleged war crimes by Russian troops in Ukraine added to concerns about supply disruptions, while Iran nuclear talks stalled.

Brent crude futures were up \$1.58, or 1.5%, to \$109.11 a barrel, while U.S. West Texas Intermediate futures were up \$1.61, or 1.6%, to \$104.89 a barrel at 0028 GMT.

Both contracts briefly jumped more than \$2 a barrel after Japanese industry minister Koichi Hagiuda said the International Energy Agency (IEA) was still working out details for a planned second round of a coordinated oil releases.

Futures had settled up more than 3% on Monday on the threat of more sanctions on Russia and following a pause in Vienna on talks to revive the Iran nuclear deal, which could put more Iranian barrels into the market. Iran blamed the United States for halting the talks.

Consultancy Wood Mackenzie on Monday estimated EU members and advanced economies including Japan and South Korea could “swap” some 650,000 barrels per day of Russian crude oil with similar grades and volumes. These would primarily come from Middle East volumes that are normally purchased by China and India.

India’s state run Mangalore Refinery and Petrochemicals Ltd. purchased 1 million barrels of Russian Urals for May loading, in a rare move driven by the steep discount offered.

“Global crude oil trade will rebalance by ‘crude swapping’ between ‘self-sanctioning’ advanced economies and developing markets,” said Alex Sun, a managing consultancy for Wood Mackenzie, noting that a steep discount for Russian Urals barrels has created a buying opportunity for China to fill declining strategic reserves.

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