# Oil Prices Surge on Middle East Conflict and Inventory Predictions



**Oil Prices Rise on Middle East Tensions and Expected Inventory Drawdown**

**SINGAPORE / NEW YORK / LONDON, June 26, 2024** – Oil prices increased during early Asian trade on Wednesday, driven by geopolitical risks stemming from the Middle East conflict and predictions of inventory drawdowns in the third quarter, despite a surprise rise in U.S. stockpiles.

Brent crude oil futures rose by 0.5% to $85.41 per barrel, and U.S. West Texas Intermediate (WTI) crude futures climbed by 0.5% to $81.26 per barrel. The ascent was influenced by forecasts expecting stronger seasonal demand and ongoing OPEC+ cuts.

Geopolitical risks further bolstered prices. Attacks by Yemen's Iran-aligned Houthi group have disrupted shipping in the Red Sea since November, increasing concerns over oil flow in the region. These attacks have resulted in the sinking of two vessels and the seizure of another.

The American Petroleum Institute (API) reported an unexpected U.S. crude oil stock rise of 914,000 barrels for the week ending June 21. The Energy Information Administration (EIA) is set to release official data on inventories at 1430 GMT.

Market strategist Warren Patterson from ING noted, “The market is likely to find support from OPEC+ cuts and stronger seasonal demand in the third quarter.” This view is echoed by fund managers, who have increased their positions in crude oil despite uncertainties about potential production increases by OPEC.

Additionally, the rising U.S. dollar, which makes dollar-denominated commodities like oil more expensive for holders of other currencies, has contributed to concerns about demand.

Overall, while sudden shifts in U.S. inventory data and global economic outlook affect short-term prices, the market remains attentive to geopolitical developments and OPEC+ policy moves, shaping the long-term oil landscape.