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Oil prices fall after Fed announces slowdown on rate easing

The US Federal Reserve has signaled that it will slow the pace of interest rate cuts in 2025, which could slow economic growth and reduce oil demand.



Photo: Jan Unger

by MARKETWIRE

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Oil prices fell on Thursday morning after the US Federal Reserve signaled that it will slow the pace of interest rate cuts in 2025, which could slow economic growth and reduce oil demand, reports Reuters.

A barrel of European reference oil Brent costs USD 73.01 on Thursday morning compared to USD 73.97 on Wednesday afternoon. At the same time, US WTI oil is trading at USD 70.19 against to USD 71.08 on Wednesday afternoon.

The price falls offset most of Wednesday's gains, with prices rising on declines in US crude oil inventories. Prices weakened further after the Federal Reserve issued forecasts for fewer interest rate cuts in 2025 than expected.

"The demand-supply balance going into 2025 continues to look unfavourable and predictions of more than 1.0 million bpd demand growth in 2025 look stretched in our opinion. Even if OPEC+ continues to withhold production, the market may still be in surplus," the news agency cites DBS Bank team lead Suvro Sarkar saying.

A US Department of Energy statement on Wednesday showed crude oil inventories fell by 934,000 barrels in the week to Dec. 13. Analysts polled by Reuters expected a drop of 1.6 million barrels.

In the rest of the commodities market, a troy ounce of gold cost USD 2,615.71 on Thursday morning, compared to USD 2,638.30 on Wednesday afternoon.

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