

Oil prices plunge further on Trump's tariffs and an OPEC+ supply boost

Price of Russian crude slips below price cap, opening trade to mainstream tanker owners.

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Image: COSCO Shipping

A combination of 'Liberation Day', an unexpected decision by [OPEC+](#) members, and [China's](#) retaliatory tariffs knocked ten dollars off oil prices late last week.

Brent crude fell to less than \$64 in early trading this morning while West Texas Intermediate plunged to just over \$60, the lowest level since the grim days of the pandemic in April 2021. Analysts cited Trump's tariffs, the decision by eight OPEC+ members to unwind voluntary production cuts more quickly than expected, and tariff retaliation by China on the [US](#), as the three main reasons.

Brokers believe the steep fall in prices and more long-haul cargoes should benefit the tanker market, particularly [VLCCs](#) and Suezmax vessels. In its weekly Tanker Opinion, Poten & Partners point out that crude oil shipped from the eight OPEC+ members which agreed to the voluntary cuts in November 2023 – [Saudi Arabia](#) (1m b/d), [Russia](#) (500,000b/d), Iraq (223,000b/d), [UAE](#) (163,000b/d), Kuwait (135,000b/d), Kazakhstan (82,000b/d), Algeria (51,000b/d) and [Oman](#) (42,000b/d) – is shipped on VLCCs, 66%, Suezmaxes, 18%, and [Aframaxes](#) 15%.

Another potential boost to the mainstream tanker market could come from the fact that the price of Russian Urals crude is now below the price cap, Poten said. This market, therefore, is now open to mainstream tanker owners, with their ships replacing 'dark fleet' tankers.

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However, the global economic outlook has changed dramatically in recent days and tanker owners could be in for a tough time. The reasons for the decision by the eight OPEC+ members to increase oil production more quickly than expected are not clear. OPEC's official announcement cited "continuing healthy market fundamentals and positive market outlook", but as Poten points out, many analysts

do not share this positive view. In fact, in the wake of Trump's tariffs, economists are warning of a major shock to the global economy and a likely economic slowdown.