

Oil

Daily Update

Tuesday 4th February 2025

Oil Fundamental Analysis:

Oil opened the week with a gap higher to 75.14 after President Trump announced trade tariffs on Canada, Mexico and China over the weekend. These included specific levies on energy from Canada and Mexico, which impact around 4.5 million barrels per day of flows. However, prices fell back lower later in day to touch 72.05 as news broke that the tariffs on Canada and Mexico had been delayed a month after a call between the country's leaders and President Trump.



This morning the volatility continued. As US tariffs on China came into effect they imposed retaliatory sanctions on some commodities exported to the US, opening up the potential of a nasty trade war between the world's two biggest economies. This saw Oil prices fall to a fresh low at 71.74 before some buyers appeared.

Looking forward, while tariff announcements between Canada, Mexico, China and potentially the EU will be followed closely there is also important US data to consider. The US ISM Services PMI is released at 1500 GMT on Wednesday, and the all important US Non-farm Payrolls release is on Friday at 1330 GMT. These two updates on the current strength of the US economy moving into the start of 2025 could influence the direction of Oil prices into the weekend.

Oil Technical Analysis:



Daily Analysis:

The latest price weakness is testing support at 71.93 which is the 62% retracement of the Nov to Jan upside. This level giving way can see falls back down to the next support at 68.44 (Dec 22nd low).

To the upside, breaks above 73.47 (half latest sell-off) are needed to suggest potential retests of resistance at 75.32 (38% retrace Jan/Feb sell-off).



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