

25 AUGUST 2025

What's new in the oil markets

OIL PRICES INCREASE AFTER RENEWED FIGHTING BETWEEN UKRAINE AND RUSSIA.

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Oil prices increase after renewed fighting between Ukraine and Russia. The U.S. dollar is trading much lower after the important speech by the U.S. central bank chair Powell. This morning, Brent crude oil price is trading around \$67.25 (November contract).

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Attacks on Russia's biggest nuclear power plants and a fire at a Russian refinery, caused by a Ukrainian drone attack, was burning for the fourth day yesterday, according to the acting governor of the region. The refinery sells fuel mainly for export and has an annual capacity of 5 million metric tons of oil, or around 100,000 barrels per day.

Also yesterday, the U.S. Vice President said that Russia has made "significant concessions" towards a negotiated settlement in its war with Ukraine and was confident progress was being made despite the lack of clear advances towards ending the conflict. However, there seems to still be uncertainty around a potential ceasefire, and the negotiations are not going as quick as the market would have hoped and for now everyone is waiting for the U.S. President Trump's next step. On Friday, Trump said that he will see if Russian President Putin and Ukraine President Zelenskiy will work together in ending Russia's war in Ukraine but also renewed threats that he would impose sanctions on Russia if there was no progress toward a peaceful settlement in Ukraine in two weeks.

The markets took note of the Jackson Hole economic conference for signals of a Federal Reserve interest rate cuts where the Federal Reserve Chair Powell pointed to a possible interest rate cut at the U.S. central bank's meeting next month but did not commit to it. Powell's remarks acknowledged both the growing risks to the job market and the ongoing threat of higher inflation. The comments are interpreted as that the U.S. central bank will reduce its policy rate by a quarter of a percentage point at its 16 and 17 September meeting and the U.S. dollar dropped significantly after the speech.

Several key economic indicators will be released this week. In the U.S., the focus will be on July's durable goods orders, consumer confidence, and home price data tomorrow, Tuesday. On Thursday brings the second estimate of Q2 GDP and pending home sales, followed by Friday's personal income and spending, PCE inflation, and Chicago PMI—all crucial for gauging consumer strength and inflation trends.

In Europe, Germany's IFO Business Climate kicks off the week, followed by preliminary CPI data on Thursday and Spanish flash CPI on Friday. These will be closely watched for signs of inflationary pressure. Japan will report unemployment and industrial production on Thursday, while China is relatively quiet but may release industrial profit figures. These data points will help shape expectations around central bank policy and economic momentum heading into September.