

20 OCTOBER 2025

What's new in the oil markets

U.S. AND UKRAINIAN LEADERS MET FRIDAY EVENING AND THE FRAGILE CEASEFIRE IN GAZA REMAINS

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After oil prices increased Friday, prices are trading slightly lower again this morning after the U.S. and Ukrainian leaders met Friday evening and the fragile ceasefire in Gaza remains. This morning, Brent oil is trading around \$60.80.

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The meeting between the U.S. and Ukrainian presidents on Friday did not provide much market related news but the American president appears more interested on brokering a peace deal than upgrading Ukraine's arsenal of weapons. Trump will meet with Russian president in Hungary in the coming weeks, while the U.S. is stepping up pressure on buyers of Russian crude. The upcoming summit between Trump and Putin adds uncertainty to the outlook.

The ceasefire between Israel and Hamas in Gaza remains fragile, but despite unrest over the weekend, the ceasefire seems to still be in place. This eases fears of oil supply disruptions in the Middle East, lowering the geopolitical risk premium along with above potential progress in peace talks over Russia/Ukraine.

Last Friday the head of the World Trade Organisation (WTO) urged the U.S. and China to de-escalate trade tensions and WTO warned that a decoupling by the world's two largest economies could reduce global economic output by 7% over the longer term.

Also the U.S. dollar finished a bit higher on Friday but is also trading lower this morning as the market is responding to a week where we are now 20 days into the U.S. government shutdown and the market is missing the job data and other, so the market is coping with limited visibility and the U.S. central bank also has to cope with that. Added to that is the trade tension between the U.S. and China that remerged the past weeks.

This morning, China's Q3 GDP numbers have been announced with an increase of 4.8% vs Q2's 5.2%. This week, attention turns to the European Central Bank, where Christine Lagarde will be speaking twice during the week. Germany will release producer prices and PMI figures. The UK will publish inflation and retail sales data, and the Bank of England's deputy governor is scheduled to speak. In the US, focus remains on the labor market with weekly jobless claims and housing data, but Friday's CPI report for September could significantly influence interest rate expectations.