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Oil Prices Slide on Trump-Putin Talks

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Oil prices are heading for steep weekly losses amid reports that former President Donald Trump and Russian President Vladimir Putin may hold a meeting as early as next week. The news, combined with growing concerns about U.S. tariffs and weakening economic data, is weighing on global energy markets.

On Friday morning, international benchmark Brent crude inched up by 0.1% to $66.50 a barrel, while U.S. West Texas Intermediate (WTI) rose slightly to $63.90. However, these modest gains failed to reverse a broader trend: Brent is down 4.6% for the week, while WTI has tumbled by 7.7%.

The potential meeting between Trump and Putin is reportedly aimed at restarting dialogue over the ongoing conflict in Ukraine. While the specifics remain unclear, traders believe any agreement between the two leaders could reduce geopolitical tension and lessen the perceived risk to global oil supply chains. Analysts suggest that a thaw in relations might also lead to a review of U.S. secondary tariffs imposed on India and other trade partners, which are currently stifling economic confidence.

Market watchers say the anticipation of the Trump-Putin meeting is dampening oil prices, as traders factor in a possible easing of conflict-related supply disruptions. At the same time, fresh U.S. tariffs on key global partners, including China and the European Union, are beginning to weigh more heavily on demand forecasts.

The combination of reduced geopolitical tension and slower global demand is contributing to a pessimistic outlook for oil traders heading into next week.

“Any sign of diplomatic progress between Trump and Putin may weaken the geopolitical risk premium built into oil markets over the last two years,” said Jonathan Cook, an energy strategist based in Houston. “Meanwhile, tariffs continue to suppress cross-border industrial activity, which directly affects fuel consumption and transport logistics.”

Adding to the downward pressure on oil prices is the decision by OOPECC+, a coalition of oil-producing nations that includes Russia and Saudi Arabia, to begin unwinding its largest tranche of voluntary production cuts. These cuts, initially introduced to stabilise markets during the post-pandemic recovery, are now being gradually reversed.

Although the unwinding was expected, its timing has coincided with broader signs of economic softening in the United States and Europe. With central banks holding interest rates steady and inflation remaining sticky, growth is slowing, and energy demand is being reassessed.

Analysts say the synchronisation of these events, ts tariff tensions, peace discussions, and supply increases, is compounding the impact on oil prices.

Recent economic figures out of the United States are also unsettling traders. A report released Thursday showed that U.S. manufacturing output declined for the third consecutive month, while consumer sentiment indexes dropped to their lowest levels since early 2023. These data points suggest that the tariffs may be taking a toll on domestic production and consumer spending, both of which are key drivers of energy demand.

Federal Reserve officials have warned of “uncertain” economic conditions ahead, and many energy companies are beginning to scale back short-term production forecasts, citing the likelihood of weaker-than-expected demand in the fourth quarter.

With oil supply expected to increase and demand projections being revised downward, traders are bracing for continued volatility. Despite the potential easing of geopolitical tensions through a Trump-Putin meeting, uncertainty remains high regarding the longevity of U.S. tariffs and their broader implications on global trade.

India, one of the fastest-growing oil importers, has been especially affected by secondary tariffs. If the Trump-Putin dialogue leads to tariff rollbacks, emerging markets like India could see a rebound in industrial activity, which would, in turn, boost global energy consumption. However, market participants are hesitant to make long-term bets until there is a firm diplomatic outcome.

For now, the market is caught between two powerful forces: optimism that a diplomatic breakthrough could lower conflict-related risks, and pessimism about demand destruction from tariffs and sluggish growth.

“Oil could stabilise next week if clarity emerges on the Trump-Putin talks and OPEC+ output moves,” said analyst Rachel Myers of Boston-based Orbis Energy. “But we’re still in a fragile zone.”

Oil futures remain volatile, and with no clear resolution in sight, traders are likely to remain cautious heading into the next cycle of economic releases and political developments.