
17 March 2025

Chinese stimulus measures drive Brent up and out of the USD 69-71/b trading range

A tight sideways range last week. Bearish equities on tariff fears. Brent crude rose 0.3% last week with a close of USD 70.58/b. It traded in a range of USD 68.63 - 71.25/b. Closing wise it held well within the USD 69 - 71/b band, held down by S&P 500 moving into correction mode and the Russel 2000 index moving into bear territory. Brent is up 0.6% this morning at USD 71/b with a high so far today of USD 71.8/b. That is the highest intraday price point since 3 March. Brent crude is thus pushing towards the upper boundary of the trading range over the past 8-9 days.

Chinese stimulus measures feed some optimism back in crude. The upwards move this morning is driven by news that politicians will boost people's income, revive consumption and stabilize the stock and real estate market. The Chinese economy has been struggling for a while following Covid-lockdowns and a tanking real estate market. The tariffs from Donald Trump are now an additional challenge making it even more imperative to support the Chinese economy. While the signaled measures are supportive and positive, words like "reasonable" growth in wages are used. There isn't any sense of "bazooka" stimulus measures as of yet.

Moving up with the negative fallout from the Trump tariffs is left for another day to worry about. The oil market is thus in a balance between the negative effects of Trump's tariffs versus the positive effects of Chinese stimulative measures. The global oil market isn't in surplus yet if we look at the 1-3mth time-spreads as a measure. The bearish downwards pressure on oil has come from the forceful selloff in US equities with natural fears that the tariffs from Trump will give both the US and the global economy a hard, negative kick. But today it seems that the positive political signals from China on stimulus there is set to lift Brent crude up and out of the depressed range it has traded in over the past 8-9 trading days. The negative fallout from the Trump tariffs is left for another day to worry about it seems.

Brent crude 1mth has traded in a tight range over the past 8-9 trading days when it has closed between USD 69-71/b. Today it looks set to move up and out of that range.



Source: Bloomberg graph

Bjarne Schieldrop

Chief analyst commodities

bjarne.schildrop@seb.no

+44 207 246 4642