

Oil prices remain caught in a whirlpool of uncertainty



Oil prices endured another disorientating week and remain caught in a whirlpool of uncertainty.

The first days of 2026 are already feeling like an extension of 2025's chaos, rather than a reset. Markets have inherited last year's volatility and added new layers of geopolitical risk in barely two weeks.

Three main stories are keeping fear and uncertainty centre stage.

The first is Venezuela, although it has slipped from front-page prominence. The capture by the US of President Nicolás Maduro has left markets grappling with what comes next. Acting President Delcy Rodríguez is engaging with US diplomats to unlock Venezuela's oil potential, while simultaneously condemning Washington for what she calls Maduro's "kidnapping."

Negotiations around Venezuela's crude output and reserves are underway. Still, comments from ExxonMobil's CEO, Darren Woods, who described the country as "uninvestable," underscore the scale of the challenge of Venezuela's roughly 10 crude grades, seven of which are heavy or sour and require diluents to flow. Naphtha is commonly used, and with prices trading \$4–5 per barrel below ICE Brent, it represents good value and could see renewed demand if Venezuelan exports recover meaningfully.

The second, and now dominant, story is Iran. Unrest that began on December 28 has spread across all 31 provinces, reportedly sparked by traders protesting a deepening currency crisis and soaring inflation. With a population of around 90 million, many Iranians are said to be struggling to afford basic goods. The protests have evolved into broader opposition to economic isolation, regional spending, and nuclear priorities at the expense of domestic investment.

According to Bloomberg, the government's response has included a \$7 monthly cash handout and promises to curb price gouging. Oil markets reacted swiftly to the risk that Iran's roughly 3 million barrels per day of crude production could be disrupted. That fear helped push ICE Brent from below \$60 midweek to around \$63 per barrel by Friday.

Geopolitics has once again overwhelmed fundamentals. Even key US inventory data, showing crude stocks down 3.8 million barrels week-on-week, gasoline up 7.7 million, and distillates up 5.6 million, barely registered amid the noise.

The third source of tension remains the war in Ukraine. US-mediated peace talks continue, but President Putin has expressed little interest in compromise, warning that if Europe seeks war with Russia, "Russia is ready now." Such rhetoric does little to calm markets.

Together, these three narratives ensure oil prices remain servants of geopolitical chaos, rendering many traditional trading strategies ineffective.

In other developments:

The US seized a Russian-flagged tanker in the North Atlantic after a three-week pursuit and boarded another vessel in the Caribbean over alleged illicit activity.

Iraq plans to nationalize the 500,000 b/d West Qurna 2 oilfield after Lukoil withdrew under sanctions.

Rio Tinto and Glencore are in early talks on a potential \$207 billion merger.

Vitol and Trafigura are reportedly negotiating to market Venezuelan oil.

Iberian refiners Moeve and Galp are discussing a downstream merger.

The US Congress may vote on 500% tariffs on buyers of Russian oil. China has doubled down on Saudi crude imports following further price cuts.

This week's closing guide prices:

Name	Price	Last Week
Ice Brent	\$63.02	+2.80
WTI	\$58.78	+2.05
Ice Gas Oil	\$623.75	+14.25
Euro Mogas Swaps	\$614.75	+27.25
Euro Naphtha Swaps	\$516.00	+30.00
Nymex Gasoline	\$1.7749	+8.76¢/gal
LPG Swaps	\$466.00	+10.00
OPEC Basket	\$59.61	
Gold	\$4500	