

# Political cat and mouse games keep oil prices on edge



This week, oil prices remained at the mercy of political cat-and-mouse games being played between artful powers. Let's define a "cat and mouse game": an idiom describing a situation where two parties engage in a prolonged, cunning and often frustrating pursuit or evasion, with one side persistently chasing the other only to be outsmarted or temporarily eluded.

Having set the backdrop, one such "cat and mouse game" continued to hog the headlines this week, leaving oil prices beholden to its outcome, except there was no outcome.

The USA and Iran continued talking around Iran's intentions to enrich uranium to fuel nuclear power, Iran declaring any such activities are for producing a domestic energy supply, the US countering Iranian uranium stockpiling not being for power generation but for building and stockpiling nuclear weapons to be used in any war against the West.

The lack of Iranian concessions to US demands remains, despite the "full Monty" might of the USA naval battle fleet sitting in blue water in the seas around the Middle East on full alert and within striking distance of Iranian soil and infrastructure, should the talks "not work out".

As if that wasn't enough, America has ordered the World's largest Aircraft carrier, USS Gerald Ford, to sail from the Caribbean to join the fleet to "reinforce the American argument".

The outcome of this particular cat-and-mouse game seems inevitable; the US will receive some concessions, albeit by threat rather than pure negotiation, but it's not as simple as that. Iran is the 4th largest crude oil producer in OPEC, 3.3 million barrels of crude oil per day is their current output estimate. They are a significant member of the Middle East alliance, and any change to that status via force could see interruptions to Middle East oil flows move fairly quickly, thus forcing oil prices higher.

Oil prices have risen and fallen on every comment surrounding this story for weeks. It feels like repetition from last week and the week before, but this cat-and-mouse game is very serious and is THE current oil price driver.

Needless to say, there were other stories this week that normally would impact oil prices, but all of them bounced off the main theme of the USA/ Iran talks and tensions and the warlike rhetoric swirling around them.

Those other stories worth mentioning, which sat around the edges of the main theme, are included.

OPEC and the IEA produced their monthly reports, and to some extent, it was the same old story.

OPEC+ boosted oil bulls' thinking, this time sending ripples through the media landscape as its leading members signaled readiness to start hiking production (albeit modestly) again after a quota freeze in Q1 2026.

Whilst the IEA report, as usual, predicted more oil supply and stuttering demand, their viewpoint found support from the weekly American EIA statistics, which showed crude oil inventories in America had risen 8.5 million barrels in 7

days, whilst gasoline levels reported the 13th weekly rise in a row to reach the highest inventories since April 2020!

In other news, courtesy of Oil Price.

**Saudi Arabia Wants Its Market Share Back.**

OPEC+ countries are currently leaning towards a resumption in oil production hikes from April 2026 onwards as the oil group reconvenes for its monthly meeting on March 1, having raised output quotas by 2.9 million b/d last year. Saudi Arabia clearly wants to recover market share.

**OPEC Warns of Waning Global Demand.**

Publishing its monthly report this week, OPEC anticipates Q2 crude demand for OPEC+ barrels to drop by 400,000 b/d compared to January-March 2026, but the oil group kept its global demand growth forecast for this year unchanged at 1.34 million b/d, maintaining a bullish bias.

**Libya Welcomes Oil Majors Back.**

Intelligence suggests Libya awarded oil and gas exploration blocks to international majors such as Chevron, ENI, Repsol, and Qatar Energy in the country's first licensing round since 2007, but only 5 out of 20 blocks on offer were allocated due to drilling commitment disputes.

**Chinese Refiners Double Down on Saudi Oil.**

Saudi Arabia's crude oil exports to China are predicted to reach a 3-year high after the country's refiners nominate at least 58 million barrels for March-loading cargoes, benefiting from lower prices as Saudi Aramco cut prices for the fourth straight month.

**Ukraine's Drone Strikes Hit Russian Refineries.**

Following a two-week lull in confirmed refinery hits, Ukraine reportedly struck the 320,000 b/d Volgograd refinery this week, and an attack on the smaller Ukhta refinery in Siberia's Komi region, with both plants operated by private major Lukoil.

### ***This week's closing guide prices:***

Name	Price	Last Week
Ice Brent	\$67.73	+0.45
WTI	\$62.81	+0.05
Ice Gas Oil	\$671.50	-14.50
Euro Mogas Swaps	\$639.50	-4.75
Euro Naphtha Swaps	\$549.50	+10.25
Nymex Gasoline	\$1.9060	-3.38 ¢/gal
LPG Swaps	\$496.50	-7.25
OPEC Basket	\$68.06	
Gold	\$5042	