



By: TA | AP Brief

Oil prices rise after the US says it would block Iranian ports



Oil prices rose in early market trading Sunday after the U.S. said it would **blockade Iranian ports** beginning Monday.

The price of U.S. crude oil rose 8% to \$104.24 a barrel and Brent crude oil, the international standard, rose 7% to \$102.29.

Brent crude has swung dramatically during the Iran war, rising from roughly \$70 per barrel before the war in late February to more than \$119 at times.

On Friday, ahead of the peace talks, **Brent for June delivery** fell 0.8% to \$95.20 per barrel.

Iran has been effectively controlling the **Strait of Hormuz**, a key waterway for global oil shipping.

U.S. Central Command said the blockade would be “enforced impartially against vessels of all nations” entering or departing Iranian ports and coastal areas, including all Iranian ports on the Persian Gulf and Gulf of Oman.

It said it would still allow ships traveling between non-Iranian ports to transit the Strait of Hormuz.

Around a fifth of the world’s traded oil typically flows through the Strait of Hormuz every day. Saudi Arabia, Iraq, the United Arab Emirates, Kuwait, and Iran are all major exporters.

The blockade will raise prices

Traffic in the strait has been limited even in the days since the ceasefire. Marine trackers say over 40 commercial ships have crossed since the start of the ceasefire.

Claudio Galimberti, chief economist of Rystad Energy, said the blockade will raise prices but might move the needle on talks.

“It means the oil markets will be even tighter than before,” he said. “However, I think this is a negotiation tactic, which eventually resolves into a full opening of Hormuz. So, more pain

now, but more gain later.”

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However, Jim Krane, Energy Research Fellow at Rice University, said the blockade might be effective as a long-term strategy to impose pain on the Iranian economy, but it isn't a good short-term negotiating tactic when the oil market is already under strain.

“If the deficit to the oil market takes another jump it is going to impose pain on every person on Earth that’s subject to market oil prices,” he said.