

# MARKET UPDATE

**29/10/2024**

## **Oil prices little change.**

Oil prices were little changed on Tuesday after falling in the previous session as a U.S. plan to buy oil for the Strategic Petroleum Reserve (SPR) provided some support though wider concerns about weaker future demand growth exerted pressure.

Brent crude futures climbed 4 cents to \$71.46 a barrel by 0705 GMT, while U.S. West Texas Intermediate crude was down 1 cent at \$67.37 a barrel.

Both contracts tumbled 6% on Monday to their lowest since Oct. 1 after Israel's retaliatory strike on Iran at the weekend bypassed Tehran's oil infrastructure. With signs that neither country seemed likely to escalate the conflict after the attack, investor concerns about flagging global oil demand growth for this year and next rose to the fore.

"While outlook for the Middle East situation remains alarming, the market is expecting a temporary lull in retaliatory strikes between Israel and Iran," said Hiroyuki Kikukawa, president of NS Trading, a unit of Nissan (OTC:NSANY) Securities.

The U.S. on Monday said it was seeking up to 3 million barrels of oil for the SPR for delivery through May next year, a purchase that would leave the government with little money to buy more until lawmakers approve more funds.

## **Asian stocks mixed.**

Asian stocks were broadly mixed in volatile trading on Tuesday as investors girded for three days of tech megacap earnings reports on Wall Street, kicking off with Google parent Alphabet (NASDAQ:GOOGL) later in the day.

The dollar drifted not far from a three-month high with one of the Federal Reserve's preferred employment gauges - the JOLTS job openings report - due on Tuesday, ahead of highly anticipated monthly non-farm payrolls data on Friday. U.S. Treasury yields eased from three-month peaks.

The yen found its footing following Monday's plunge to a three-month low as the coalition government's drubbing in weekend elections clouded the outlook for Japanese fiscal and monetary policies. The Nikkei index recovered from a cautious start to build on the previous session's gains.

Crude was on the back foot following a plunge on Monday on signs the war in the Middle East would not widen, after Israel avoided targeting oil and nuclear facilities in a retaliatory strike on Iran at the weekend.

## BP third quarter profit slumps to \$2.3 billion.

BP (NYSE:BP) on Tuesday reported higher-than-expected third quarter profits of \$2.3 billion, their lowest in almost four years, weighed down by a drop in refining profits and weaker oil trading.

The 30% drop in profits from a year earlier comes amid a slowdown in global economy activity and oil demand, particularly in China, raising pressure on CEO Murray Auchincloss who has vowed to boost BP's performance amid investor concerns over its energy transition strategy.

BP's underlying replacement cost profit, the company's definition of net income, reached \$2.27 billion in the third quarter, exceeding forecasts of \$2.05 billion in a company-provided survey of analysts.

That compared with a \$2.8 billion profit in the previous quarter and \$3.3 billion a year earlier.

The results were the weakest since the fourth quarter of 2020, when profits collapsed during the pandemic.

The energy giant maintained its dividend at 8 cents a share after raising it in the previous quarter. It also kept unchanged the rate of its share buyback programme at \$1.75 billion over the next three months.

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