



NEWS FLASH

OIL JUMPS AS SEIZURE OF TANKER ESCALATES PERSIAN GULF TENSIONS

Oil climbed after Iran's Revolutionary Guard Corp said it seized a British-flagged tanker in the Strait of Hormuz, raising stakes in the critical oil chokepoint. London-traded Brent futures climbed almost 1% while the U.S. benchmark also rose. The seizure of the tanker is the second Iranian move against a U.K. ship in just over a week. Tensions were already simmering Friday after Tehran refuted President Donald Trump's claim that the U.S. had downed an Iranian drone near the strait. Still, New York futures ended the week 7.6% lower, the biggest weekly loss in nearly two months, amid fears about waning demand. The U.S.-China trade war has also weighed on prices, as have expanding American fuel stockpiles. "The biggest factor driving oil prices today is the Iran-U.S. tension story," said Phil Flynn, senior market analyst at Price Futures Group Inc. "The rallies appear to show the conflict in Strait of Hormuz might be more serious and that stakes are raised going into this weekend." West Texas Intermediate for August delivery rose 33 cents to settle at \$55.63 a barrel on the New York Mercantile Exchange. Brent for September settlement rose 54 cents to \$62.47 on the ICE Futures Europe Exchange. It closed down 6.4% for the week. The global benchmark crude traded at a premium of \$6.71 to WTI for the same month. The Stena Impero was traveling between ports from Fujairah to Dubai within the United Arab Emirates when it was seized in the Persian Gulf, said Stena spokesman Pat Adamson. The vessel was ultimately en route to Saudi Arabia. The tanker, which was built last year to carry petroleum products and chemicals, was carrying ballast for balance and not any valuable cargo, Adamson said. The Stena Impero had made stops in Houston and Beaumont back in April and May and then trekked to India before eventually making its way to the Middle East. The United Kingdom-based Stena has its only U.S. offices in Houston for its bulk vessels and drillships operations. The British government said it was urgently seeking further information about the seized tanker, the latest apparent offensive from the Islamic Republic. On July 11, the British navy intervened to stop Iran from blocking a commercial oil tanker leaving the Persian Gulf. That followed an incident in early July when U.K. forces seized a tanker off Gibraltar that was suspected of carrying Iranian oil to Syria. Iran denied the vessel was heading to Syria and has since vowed to retaliate. "This is the second time in just over a week the U.K. has been the target of escalatory violence by the Iranian regime," Garrett Marquis, spokesman for National Security Council at the White House, said in an email. "The U.S. will continue to work with our allies and partners to defend our security and interests against Iran's malign behavior."