War fuels **fears** of new oil crisis

AFP | Paris, France

Attacks on oil infrastructure in the Gulf region and soaring oil prices are raising the spectre of a new oil crisis, although economists say we're not quite there just yet.

What is an oil crisis?

An oil shock is generally understood to mean a supply shortage that sparks a sharp rise in oil prices and consequently a negative impact on global economic growth, although there is no single definition.

The world is currently experiencing an energy price shock, but "it may be a bit too early to call it a true oil shock" such as those of 1973 or 1979, Helene Baudchon, deputy chief economist at BNP Paribas, told AFP in an interview.

"Supply constraints today are less severe" than some fifty years ago and remain concentrated around the Strait of Hormuz, through which one-fifth of global consumption of oil and liquefied natural gas typically passes.

Member states of the International Energy Agency have also decided to release 400 million barrels from their strategic reserves and the IEA says it is prepared to release more "if necessary."

Philippe Dauba-Pantanacce, global head of geopolitical analysis and senior economist with Standard Chartered Bank, notes that "hydrocarbon supply is much more geographically diverse than it was in the 1970s typically, electricity sources have also expanded with the renewables."

He added that "all of this is not to say that there won't be consequences to the current oil supply shock, but there are many variables to take into consideration. We have revised our average for Brent to $85.50 for 2026, up from $70 before."

Additionally, global growth these days is less oil-intensive, requiring "four times less oil to generate one percentage point of GDP than in the 1970s," according to private bank Edmond de Rothschild.

Three oil shocks

- 1973 : On October 16, ten days into an Egyptian and Syrian offensive against Israel, six Gulf region OPEC members hike oil prices by 70 percent, the first time the producers' cartel has pushed through a price rise without the agreement of oil companies.

OPEC imposes an embargo on Western countries deemed pro-Israel, triggering a price surge and a global oil crisis. In December, the price per barrel reaches $11.65, four times higher than in September. The price then quintuples a year later. The consequences for Western countries: higher prices at the pump, an inflationary spiral, recession -- and rising unemployment.

- 1979: The Islamic revolution in Iran and a halt in Iranian exports sees oil spike once more, hitting $40. In September 1980, the Iran-Iraq war brings further rises.

- 2008 : From mid-2004, barrel prices rise strongly but progressively, against a backdrop of conflict in the Middle East and attacks in Iraq as well as social unrest in several producer states.

In August 2005 a barrel hits $70 after Hurricane Katrina hits oil industry infrastructure.

In January 2008, prices surpass the symbolic threshold of $100, then soar again to $147 in July for what was dubbed the third oil shock, triggered by a combination of factors: strikes in Venezuela, unrest in Nigeria, and the war in Iraq.

That period also brought rising demand from emerging economies. Speculators were also singled out as a contributing factor.

Fears of a new shock

During major geopolitical crises, the spectre of a new oil shock resurfaced, with the price per barrel incorporating a "geopolitical risk premium," to reflect the probability that a conflict will cause a drop in supply. The possibility of such a shock resurfaced after the start of the war in Ukraine in February 2022, when the price per barrel surpassed $100, and after the war in Gaza, following the Hamas attack on Israel on October 7, 2023.

The current war in the Middle East is causing "the most significant disruption" to oil supplies in history, according to the International Energy Agency. The two global benchmarks for crude, Brent and WTI, are hovering around $100 per barrel, a surge of 40 to 50 percent since the start of the war against Iran which the United States and Israel launched on February 28.

Edmond de Rothschild notes that "there are very few alternatives to the Strait of Hormuz" for regional supplies. Storage capacity in producing countries are also reaching saturation, forcing production cuts.

Oil prices climb as fresh strikes target infrastructure

Key figures at around 1340 GMT

West Texas Intermediate:	▲ 1.7%at $95.08 per barrel
Brent North Sea Crude:	▲ 2.0% at $102.16 per barrel
New York - Dow:	▲ 0.9% at 46,946.41 points
New York - S&P 500:	▲ 0.7% at 6,742.97
Nasdaq Composite:	▲ 0.7% at 22,517.17
London - FTSE 100:	▲ 0.9% at 10,411.62
Paris - CAC 40:	▲ 1.0% at 8,015.22
Frankfurt - DAX:	▲ 0.8 percent at 23,742.52
Tokyo - Nikkei 225:	▼ 0.1% at 53,700.39 (close)
Hang Seng Index:	▲ 0.1% at 25,868.54 (close)
Shanghai - Composite:	▼ 0.9% at 4,049.91 (close)
Euro/dollar:	▲ at $1.1538 from $1.1510 on Monday
Pound/dollar:	▲ at $1.3347 from $1.3327
Dollar/yen:	▼ at 158.88 yen from 159.14 yen
Euro/pound:	▼N at 86.43 pence from 86.36 pence

An oil tanker is guided to a berth at a port in Qingdao, in China's eastern Shandong province

London, United Kingdom

Oil prices rose again Tuesday as Iran launched fresh attacks on crude-producing neighbours, while stock markets were higher ahead of key central bank meetings.

Prices rebounded from the previous day's sharp losses, which came after the head of the International Energy Agency said more stockpiles could be tapped if needed.

Equity markets mostly gained after US chip titan Nvidia said it expected to make at least $1 trillion in revenue through the end of 2027 and several airlines reported better-than-expected revenue in the first quarter, taking some attention away from conflict in the Middle East.

The three main US indices opened higher in New York while most major European bourses were also in the green in mid-afternoon trading.

Delta Airlines and American Airline were up almost 5%.Stock markets have shown "resiliance", said David Morrison, Senior Market Analyst at Trade Nation, but "there was undoubtedly a cautious tone as investors weighed geopolitical risks and shifting monetary policy expectations."

Earlier in Asia, Hong Kong, Seoul and Taipei closed higher, though Tokyo and Shanghai dipped.

International benchmark Brent North Sea crude and the main US oil contract West Texas Intermediate were both up around 2%.

US Fed expected to keep rates steady as Iran war impact looms

U.S. President Donald Trump speaks to the media

US average gasoline prices have increased around 27 percent since the start of the war

AFP | Washington, United States

The US Federal Reserve opened its two-day meeting yesterday with policymakers expected to keep interest rates unchanged as they digest weak economic data and gauge the economic effects of the Iran war.

The central bank's rate-setting Federal Open Market Committee (FOMC) began its gathering at 10:30 am Eastern time (14:30 GMT), a central bank spokesperson said.

The meeting comes as the Fed battles stubbornly high inflation and weak demand in the US labor market, with its dual mandates potentially at odds with one another.

The US-Israel war on Iran, launched on February 28, is also expected to have major economic implications, with oil prices surging and supply chains disrupted.

Rising oil prices are expected to have knock-on global inflationary effects, including in the United States, where price increases have remained above the Fed's long-term two-percent target for years.

US average gasoline prices have increased around 27 percent since the start of the war, according to the AAA motor club's gauge.

Analysts have also warned of the conflict causing supply chain disruptions and oil shortages that will drag down economic growth.

Central banks tend to ignore the inflation effects of short-term price shocks, but it is unclear how long the war in Iran will drag on.

US households have been battered by years of higher-than-expected inflation after the Covid pandemic.

In January, the Fed's preferred inflation gauge came in at 2.8 percent, with core inflation rising by 3.1 percent, its highest level since March 2024.

The US labor market has also shown weakness in recent months, with unemployment ticking up in February due to weak labor demand.

Last week, there was more bad news, with new data showing the US economy grew at a significantly slower pace than initially estimated for the final months of 2025.

The new data and outlook for effects of the Iran war have seen traders change their expectations of the Fed.

Before the war, a rate-cut was expected as soon as the summer, with another possible later in the year.

On Tuesday, CME's FedWatch tool showed expectations of just one rate cut by the end of the year, likely coming after September.

Trump has repeatedly insulted and criticized Fed Chair Jerome Powell, and attempted to unseat another Fed Governor.

Last week, a Department of Justice investigation into Powell over cost overruns related to Fed building renovations ran into an obstacle when a federal judge quashed subpoenas in the case.

Powell's term as Fed chair ends in May, making this his penultimate meeting.

Trump has nominated Kevin Warsh to replace him, but he has yet to be confirmed by the Senate.

YOU KNOW WHAT

The Fed cut rates at three consecutive meetings late last year, but they remain above levels that US President Donald Trump has demanded.

Xbox opens 'Starfield' to PlayStation gamers in further blow to exclusivity

AFP | Paris, France

Microsoft subsidiary Bethesda said Tuesday hit space exploration game "Starfield" will appear on rival Sony's PlayStation 5, effectively ending the practice of keeping some releases exclusive to Xbox consoles.

Only available on the latest-generation Xbox machines and PC since its 2023 release, "Starfield" was developed by the same Bethesda studio as hit series "Fallout" and "The Elder Scrolls".

Bethesda Softworks' parent company ZeniMax Media was bought by Microsoft for $7.5 billion in 2021.

A similar buyout in late 2023 of "World of Warcraft", "Candy Crush" and "Call of Duty" publisher Activision Blizzard was supposed to stoke purchases of Xbox hardware -- although Microsoft assured gamers that the "Call of Duty" shooter series would remain available on PlayStation.

But slumping sales of the tech giant's Xbox Series X and S, released in 2020, have prompted Microsoft to change tack since 2024. Some previously exclusive titles have been available more broadly as the company looks to recoup the swelling costs of developing high-end games.

In 2025, Microsoft said that the next instalment in its sci-fi shooter saga "Halo" would also come out on PlayStation, a first for the series. Microsoft -- which has been selling successive versions of the Xbox for 25 years -- is not giving up on the hardware market.

Its gaming unit this month said it was working on a new console, dubbed "Project Helix".

And the group's former AI chief Asha Sharma has taken over the gaming division from previous leader Phil Spencer.

Microsoft has not named a release date for "Project Helix", which Xbox vice-president Jason Ronald said will be capable of playing both PC and Xbox games. The machine will offer "an order of magnitude leap" in graphics capability, Ronald promised, leading to "more realistic, immersive and dynamic worlds for players".