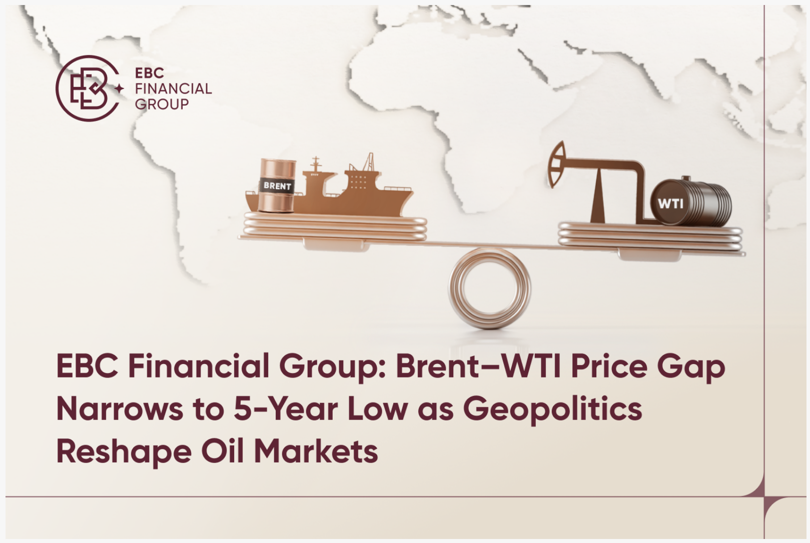
EBC Financial Group: Brent–WTI Price Gap Narrows to 5-Year Low as Geopolitics Reshape Oil Markets

Mideast tensions, US shale exports, and OPEC+ output shifts converge to rewrite crude's transatlantic pricing rules



Brent and WTI crude balance on a scale, reflecting their narrowing price gap as geopolitical shifts reshape global oil markets.

DC, UNITED STATES, October 2, 2025 /EINPresswire.com/ -- Oil benchmarks are converging as Brent and West Texas Intermediate (WTI) trade at their tightest spread in five years, reflecting a profound shift in global crude dynamics. Brent crude futures for November fell to US$67.50 per barrel on Tuesday, while WTI traded at US$63.05, leaving the Brent–WTI spread at around US$4.45. The narrowing premium underscores how geopolitics and U.S. export capacity are remapping oil's traditional pricing geography.

"Oil markets are entering a new phase where Brent's traditional dominance as the global benchmark is no longer guaranteed," said David Barrett, CEO of EBC Financial Group (UK) Ltd. "For traders, the narrowing spread signals opportunity — but also risk. The focus must be on disciplined strategies as the old pricing rules are being rewritten."

The Great Convergence

Historically, Brent commanded a sizeable premium over WTI, in part due to its global seaborne trade exposure. But that gap has been eroded as U.S. shale production and export infrastructure expand.

"What we're seeing is the great convergence — U.S. barrels once trapped in domestic markets are now reshaping global pricing," said David Barrett.

The resumption of crude exports from Iraq's Kurdistan region, after a two-and-a-half-year halt, has added 150,000 to 160,000 barrels per day into Mediterranean markets, with potential flows rising to 230,000 bpd as agreements with international oil companies deepen. This coincides with rising U.S. export volumes that are increasingly setting the marginal price for Atlantic Basin crude.

Crude's New Geography

Geopolitical flashpoints remain central to market volatility. OPEC+ is expected to approve an output increase of at least 137,000 barrels per day in November, adding supply to a market already wrestling with shifting flows from the Middle East. Meanwhile, tensions in the region from maritime security, shifting alliances, to spillover risks from Gaza — continue to amplify uncertainty around Brent's role as the global benchmark.

"WTI is no longer a purely domestic story," Barrett added. "As U.S. exports grow, it is becoming a global benchmark in its own right. The narrowing spread with Brent reflects both the logistics of new pipelines and the geopolitical backdrop that shapes seaborne flows."

Outlook: Volatility in Convergence

The near-term outlook suggests oil prices will remain volatile. Brent faces resistance near US$70, while WTI's downside support sits close to US$62. Analysts caution that the narrow Brent–WTI spread could widen again if geopolitical shocks restrict seaborne supply or if U.S. export growth stalls.

For traders, the key lies in positioning around volatility rather than banking on a sustained convergence. Hedging strategies in futures markets remain critical, while spreads and calendar plays may offer tactical opportunities. With old assumptions about Brent's dominance being challenged, risk management must take priority over directional bets.

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