

Assassination of General Soleimani impacted Oil Prices

Top Iranian military commander Qassem Soleimani has been assassinated by a pre-dawn American air raid near Baghdad airport which caused a remarkable spike in Brent crude prices, taking it to over US\$70 on Monday 6 January, according to a report by CITYA.M., the first time Brent crude has exceeded the US\$70 threshold since September.

According to Mihir Kapadia, the CEO of Sun Global Investments, oil prices will probably experience another increase: "Fears over supply have mounted considerably as both countries continue to threaten one another with action. Brent crude futures rose 2.04 per cent to that US\$70 price mark as investors will likely take a more cautious approach in the coming days."

This occurred because fears had emerged that Iran might disrupt the oil supply flow through Strait of Hormuz, which is the world's busiest passageway for oil and gas tankers, or through targeting energy facilities of the US allies in the region as a direct retaliation for Soleimani killing.

Tension was building up over the past few months of the assassination between the USA and Iran, exacerbated by incidents such as the 14 September attacks on Saudi Aramco's facilities. Second, according to Aljazeera, the killing of a US contractor and wounding a number of US workers on 27 December, which the USA blamed on an Iran-backed militia. In recent days, this tension has reached a critical point.