Oil soars back above $105 as Ukraine crisis sanctions intensify

Oil prices have soared again and stock markets have fallen as the Ukraine crisis – and planned sanctions against Russia – intensified.

Brent crude surged past $105 a barrel in overnight trading on Monday, nearing the peak seen last week when it hit its highest level since 2014.

Russia represents 10% of global oil supply and it is feared measures **to isolate some of its banks** from a global interbank network could cause disruption.

Image:
BP has announced plans to exit its investment in Rosneft
Vladimir Putin's move to put the Kremlin's nuclear deterrent on high alert has only added to the anxiety.

Prices of other commodities exported from Russia also surged, with aluminium hitting a record high on Monday.

Gas prices, already at an elevated level, rose by as much as 31% to 275p per therm – though that was still some way short of the 460p peak reached last December.

Russia is already counting the financial cost of the conflict with the **rouble hitting a fresh all-time low** against the US dollar after details of latest sanctions emerged, and **oil giant BP** as well as Norway's Equinor announcing their exits from the country.

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Elsewhere, financial markets in Asia had a mixed start to trading for the week but stocks in Europe with greater exposure to the conflict saw a more volatile start following a **rollercoaster ride** in recent days.

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The FTSE 100 was 1.4% lower in early trading while France's CAC lost just over 3% and Germany's DAX was down by more than 2%.

Polymetal and Evraz – two miners with major operations in Russia that have seen their values battered by the crisis – were again the FTSE's biggest fallers, losing 50% and 22%.

Also on the slide was BP – after it announced plans to offload its stake in Russia's Rosneft – and banks Natwest, Barclays, HSBC and Lloyds – all more than 4% lower as the prospect of some Russian lenders being cut off from the SWIFT global interbank network loomed.

In Europe, lenders with significant operations in Russia such as France's Societe Generale, Italy's Unicredit and Germany's Deutsche Bank, saw even bigger losses.

Meanwhile, Renault, which controls Russian carmaker Avtovaz, fell more than 8% and carrier Finnair tumbled 21% after it withdrew guidance for 2022 due to the potential closure of Russian airspace.

Oil prices had climbed sharply last week at the start of the conflict to more than $105 before slipping back below the $100 level by the end of Friday but bouncing higher again on Monday.

The increase threatens to add to the cost of living squeeze facing UK consumers who are already seeing record costs at fuel pumps.

Daniel Hynes, commodity strategist at ANZ, said: “Moves by the US and Europe to remove certain Russian banks from the SWIFT system have raised fears of a disruption to supply of some sort in the near term.

“The risk to supply is the greatest we’ve seen for some time and it comes in a tight market.”