Oil price soars past $105 as Russia’s attack on Ukraine rattles markets

**AGENCIES**

Oil prices jumped on Thursday, with Brent rising above $105 a barrel for the first time since 2014, after Russia's attack on Ukraine sent prices higher amid concerns of global energy supply.

Russia invaded on an all-out invasion of Ukraine by land, air and sea in the biggest attack by one state against another in Europe since World War II. The United States and Europe have promised the toughest sanctions on Russia in response.

"Sanctions affect pay- ment transactions, Russian banks and possibly also the insurance that covers Russian oil and gas deliveries. Outcomes cannot be excluded," said Commerzbank analyst Carsten Fritsch.

At least three major buyers of Russian oil were unable to open letters of credit from Western banks to cover purchases on Thursday, sources told Reuters.

Brent rose as much as $8.15, or 7.8%, to $107.68 a barrel as of 12:31 GMT, having touched a high of $108.70, the highest since August and July 2014 respectively.

"Russia is the third-largest oil producer and second-largest oil exporter. Given low inventories and shrinking spare capacity, the oil market cannot absorb the supply cuts," said UBS analyst Giovanni Staunovo.

"Supply concerns may also spark oil stockpiling activity, which supports prices," Russia is also the largest provider of natural gas to Europe, providing about 35 per cent of its supply.

United Kingdom Prime Minister Boris Johnson vowed the UK and its allies would unleash a massive package of economic sanctions on Russia and said the West must do more to reduce dependence on Russian oil and gas.

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Global oil supplies remain under pressure from the coronavirus pandemic and Europe is suffering from severe shortages. Brent rose to $105.79 on Thursday. Brent ended up $8.15, or 8%, at $107.68 a barrel, the highest since August 2014.

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