logo Image not found or type unknown

Iran Deal Hopes Ease Oil Slightly, but USVI Remains Exposed to High Fuel and Freight Costs

Brent crude eased only modestly as Trump and Vance pointed to progress with Iran, but Tehran’s demands remain substantial and the USVI continues facing higher gasoline, shipping and utility pressure tied to the Hormuz disruption.

Economy / **Published On May 20, 2026 05:23 AM /**

Ernice Gilbert May 20, 2026

Image not found or type unknown

Oil prices eased modestly Wednesday as signs of progress in talks between the United States and Iran raised hopes for a possible diplomatic opening in the U.S.-Israel war against Iran. However, the movement in Brent crude was limited, shipping through the Strait of Hormuz remains far below normal, and Iran’s central demands appear largely unchanged, leaving global energy markets — and import-dependent territories such as the U.S. Virgin Islands — still exposed to high fuel and freight costs.

The latest shift came after two Chinese tankers carrying about 4 million barrels of crude exited the Strait of Hormuz, according to shipping data cited by Reuters. President Donald Trump also said the war could end "very quickly," while Vice President JD Vance told reporters that progress had been made in discussions with Tehran and that the United States was "in a pretty good spot here."

Still, the market reaction was restrained. Reuters reported that Brent crude fell about 1 percent to $110.17 a barrel, while U.S. West Texas Intermediate dropped to $103.03. Analysts warned that prices may remain elevated even if a deal is reached, because supply through the region is unlikely to return immediately to pre-war levels.

The Strait of Hormuz remains the core pressure point. Before the war began on February 28, the waterway handled roughly one-fifth of the world's oil and energy flows. The conflict has severely curtailed shipments through the strait, and even recent tanker movement has not restored normal traffic through the channel.

The two Chinese tankers that exited the strait were the Yuan Gui Yang and Ocean Lily. The Yuan Gui Yang was carrying 2 million barrels of Iraqi Basrah crude, while the Ocean Lily carried 1 million barrels each of Qatari al-Shaheen and Iraqi Basrah crude. A South Korean-flagged tanker, Universal Winner, carrying 2 million barrels of Kuwaiti crude, was also moving through the strait after waiting in the Gulf for more than two months.

The movement of those vessels is being read as a positive signal, but not as evidence that the crisis is nearing resolution. The number of vessels crossing Hormuz remains well below the roughly 130 ships that typically passed through the strait daily before the war.

Negotiations also remain difficult. Iran's latest proposal calls for ending hostilities across the region, the departure of U.S. forces from areas near Iran, reparations for war damage, the lifting of sanctions, the release of frozen Iranian assets, and an end to the U.S. marine blockade. Those demands appear broadly consistent with positions Tehran has taken before.

The United States, meanwhile, continues to frame its central demand around preventing Iran from acquiring a nuclear weapon. Trump said Washington would be satisfied with an agreement that keeps Iran from obtaining one, while Vance said U.S. policy seeks to avoid a nuclear arms race in the region.

For the U.S. Virgin Islands, the limited easing in crude prices does not yet translate into relief. The territory remains deeply exposed to fuel and freight costs because food, household goods, construction materials, vehicles, refrigerated cargo and other essentials arrive largely by ship. The Consortium previously reported that Tropical Shipping and Crowley raised fuel-related cargo charges affecting USVI trade as the war constrained Hormuz and pushed oil above $100 a barrel.

The local impact has also been visible at the pump. The Consortium reported earlier this month that regular gasoline reached $5.32 per gallon at a St. Thomas Puma station on May 3, while premium prices on St. Croix topped $5 as the war-driven fuel pressure continued.

WAPA and the Public Services Commission have also been drawn into the wider cost pressure. The Consortium previously reported that oil above $100 had placed WAPA and the PSC on a collision course over rising costs, with the territory still dependent on imported fuels even as the utility has reduced its reliance on oil.

That is why Wednesday's oil movement, while directionally positive, is not enough to change the local picture. Brent remains above $100, shipping through Hormuz remains disrupted, and the terms of a possible agreement remain unresolved.