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COMMODITIES · BEGINNER · LESSON 7 OF 15

Crude Oil: WTI and Brent

Light and heavy, sweet and sour, the two benchmarks the world uses to price oil, why they trade at different prices and what moves them

13 min read 8 quiz questions with answer key

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Crude Oil: WTI and Brent

IN ONE SENTENCE

Crude oil is not one product: each grade has its own density and sulphur content. The world prices most of its oil against two light, sweet benchmarks. WTI is a US crude delivered at Cushing, Oklahoma and traded on NYMEX. Brent is a basket of North Sea crudes, now including US WTI Midland, traded on ICE in London. The gap between them, the Brent-WTI spread, reflects location and transport costs. Oil prices react to OPEC+ decisions, weekly inventory data, refinery demand and geopolitics, as 2026 showed.

Not all crude oil is the same

Crude oil comes out of the ground in hundreds of different **grades**. Refiners judge them mainly on two things:

- **Density.** It is measured on the **API gravity** scale, created by the American Petroleum Institute. The higher the number, the lighter the oil. Light oil flows easily and yields more gasoline and diesel. Heavy oil is thick and needs more processing.
- **Sulphur content.** Oil with little sulphur is called **sweet**. Oil with a lot of sulphur is called **sour**. Sulphur has to be removed during refining, which costs money.

Light, sweet crude is the easiest and cheapest to turn into fuels, so it usually sells at a higher price than heavy, sour crude. Both WTI and Brent are light and sweet. According to the US Energy Information Administration (EIA), WTI has an API gravity of about **39.6** degrees and about **0.24%** sulphur, while Brent has an API gravity of about **38.3** and about **0.37%** sulphur. Many Middle Eastern and Canadian grades are heavier and more sour.

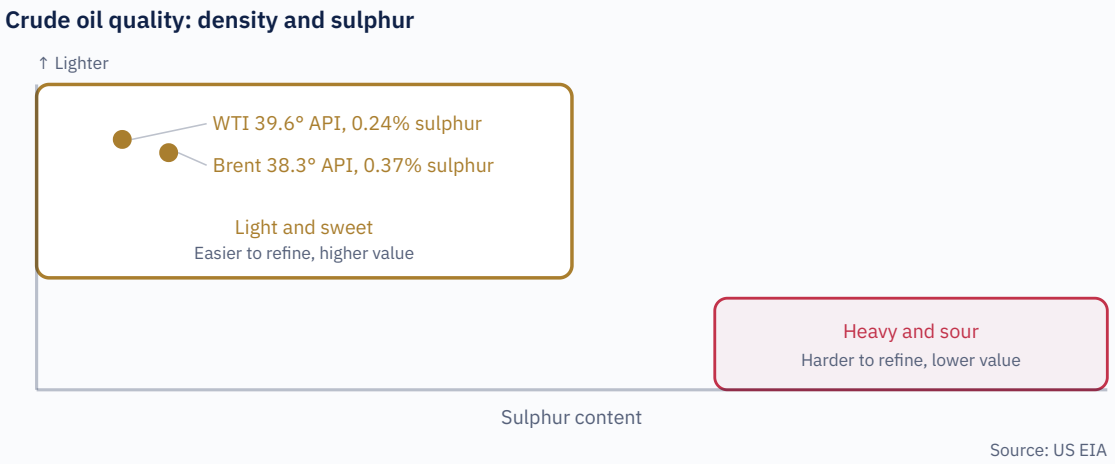


Figure 1. Crude oils differ in density and sulphur. WTI and Brent are both light and sweet, which makes them good benchmarks.

WTI: the US benchmark

West Texas Intermediate (WTI) is the benchmark for oil produced in the United States. Its futures contract trades on NYMEX, part of CME Group, under the code CL, and it is one of the most actively traded commodity contracts in the world.

WTI futures are **physically delivered** at **Cushing, Oklahoma**, a small town that is home to one of the largest crude oil storage hubs in the world, where many US pipelines meet. Because delivery happens inland, far from the sea, the price of WTI is closely tied to US pipeline capacity and to how full the tanks at Cushing are. That is exactly what drove the May 2020 contract below zero, as Lesson 5 explained.

The United States is the world's largest oil producer, and since US exports were allowed again in 2015, WTI has become an important international crude as well.

Brent: the world's benchmark

Brent takes its name from an oil field in the British North Sea. Today it is much more than one field. As North Sea production declined, the price reporting agency Platts added more grades to keep enough oil in the benchmark. Its **Dated Brent** price, the price of physical cargoes loading soon, is now based on a basket of six crudes: **Brent, Forties, Oseberg, Ekofisk, Troll and WTI Midland**. WTI Midland, a US crude shipped across the Atlantic, joined in 2023 and was the first crude from outside the North Sea in the basket.

Brent futures trade on **ICE Futures Europe** in London. Each contract covers 1,000 barrels, like WTI. Unlike WTI, Brent futures can be settled in cash against the **ICE Brent Index**, and each contract stops trading on the last business day of the second month before the delivery month.

Because Brent is a seaborne crude that can be shipped anywhere, it is used to price a large share of the world's oil, from Europe and Africa to parts of Asia.



Figure 2. Dated Brent is based on six crudes. On each day, the most competitive of them sets the benchmark price.

The Brent-WTI spread

WTI and Brent are similar oils, yet they rarely trade at the same price. The difference is called the **Brent-WTI spread**. Brent has usually been more expensive in recent years, mainly because of **location**: WTI is priced inland at Cushing and has to be piped to the US coast and shipped to reach most foreign buyers, while Brent is already at the coast.

The spread changes with pipeline capacity, shipping costs, US export demand and regional supply problems. When it gets wide, it pays to buy US crude and ship it abroad, which tends to narrow it again. On November 13, 2026, Brent settled at **$95.84** a barrel and WTI at **$88.56**, a spread of about **$7.28**, wider than usual because of disruption to Middle East supplies.

Other benchmarks are used in other regions. **Dubai and Oman** crudes are used to price oil sold from the Middle East to Asia, and **Murban** from Abu Dhabi has its own futures market.

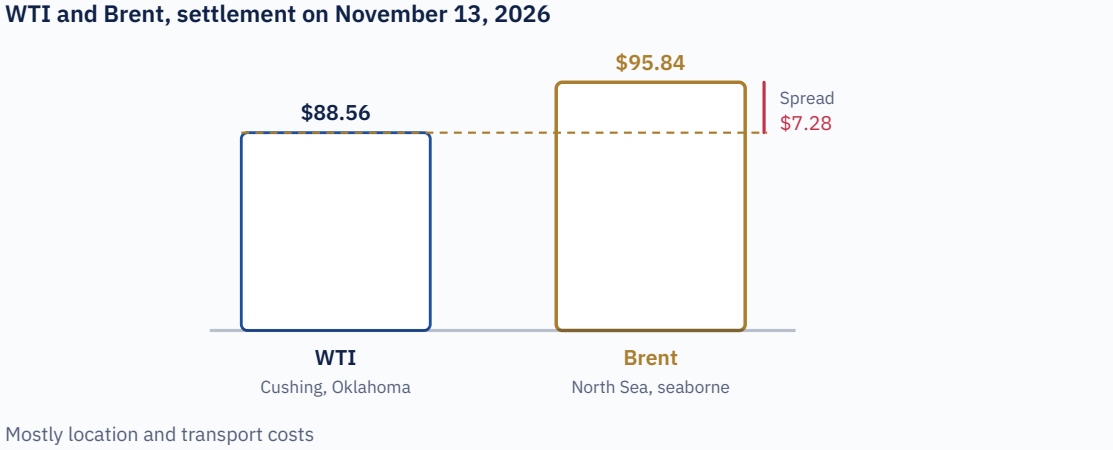


Figure 3. Brent settled $7.28 above WTI on November 13, 2026. The gap mainly reflects location and transport.

Inventories: the weekly pulse

One of the most watched numbers in the oil market is the change in US crude inventories. The EIA publishes its **Weekly Petroleum Status Report**, usually on Wednesday morning New York time, showing how much crude oil, gasoline and distillates are held in storage. The American Petroleum Institute publishes its own estimate the evening before.

A larger rise in inventories than expected suggests weak demand or plenty of supply, and usually pushes prices down. A larger fall than expected usually pushes them up. On November 18, 2026, for example, the EIA reported that US crude stocks rose by **3.4 million barrels** to **417.8 million barrels**, while analysts had expected almost no change. WTI fell about **3%** that day.

Traders also follow stocks at Cushing, refinery activity and fuel inventories, because together they show whether the market is tightening or loosening.

What moves oil prices

Oil prices respond to a wide range of forces:

- **OPEC+ decisions.** The group of oil exporters led by Saudi Arabia and Russia sets production targets. Cuts usually lift prices; increases usually weigh on them.
- **Global growth.** Oil demand rises with economic activity, travel and trade, and falls in a recession.
- **Inventories.** Weekly data show whether supply is running ahead of demand or behind it.
- **Refinery demand and fuel prices.** Refiners buy more crude when the margins on gasoline and diesel are high.
- **Geopolitics and supply routes.** Wars, sanctions and attacks on pipelines or tankers can cut supply suddenly.
- **The US dollar.** Oil is priced in dollars, so a stronger dollar tends to weigh on prices, as Lesson 14 explains.



Figure 4. The main forces that move the price of crude oil.

2026: from shortage to surplus fears

The year 2026 shows how quickly the oil story can change. After the war involving Iran began in late February and shipping through the **Strait of Hormuz** was disrupted, supply from the Gulf fell sharply and prices jumped. In early November, Brent was still above **$100** a barrel: it settled at **$103.60** on November 3.

Then the picture changed. Exports from the Gulf picked up, US inventories rose, and in its report of November 13 the International Energy Agency (IEA) forecast that world oil supply would exceed demand in the fourth quarter, the first surplus since the war began. Brent fell about **16%** in the week to November 6 and kept falling the following week. Attacks on tankers in the Strait of Hormuz still limited the decline.

The lesson for traders is that oil reacts not only to what is happening today, but to what the market expects next. A change in expectations, such as a forecast surplus, can move prices as much as a real change in supply.

Why this matters for traders

- **Know which oil you trade.** WTI and Brent are different contracts with different prices, expiry dates and settlement methods. Check which one your chart and your broker use.
- **Mark the calendar.** The EIA inventory report on Wednesdays and OPEC+ meetings regularly cause large moves. Avoid being surprised by them.
- **Watch the spread.** A sudden change in the Brent-WTI spread often tells you whether a move is driven by the US or by world supply.
- **Geopolitics can reverse fast.** Prices that rise on supply fears can fall just as quickly when the fear fades, as November 2026 showed.

Key terms

Grade	A type of crude oil with its own density and sulphur content, usually named after the field or region it comes from.
API gravity	A scale for the density of oil. The higher the number, the lighter the oil.
Sweet and sour	Sweet crude has little sulphur; sour crude has a lot. Sweet crude is easier and cheaper to refine.
WTI	West Texas Intermediate: the US light, sweet crude benchmark, traded on NYMEX and delivered at Cushing, Oklahoma.

Cushing	A storage and pipeline hub in Oklahoma that is the delivery point for WTI futures.
Brent	The main international oil benchmark, based on a basket of North Sea crudes plus WTI Midland, traded on ICE in London.
Dated Brent	The price of physical Brent-basket cargoes loading in the near future, assessed by Platts.
Brent-WTI spread	The price difference between Brent and WTI, driven mainly by location and transport costs.
Weekly Petroleum Status Report	The EIA's weekly report on US crude and fuel inventories, usually released on Wednesday.

Key takeaways

1. Crude grades differ in density (API gravity) and sulphur. Light, sweet crude is easier to refine and usually more valuable.
2. WTI is the US benchmark, traded on NYMEX and physically delivered at Cushing, Oklahoma.
3. Brent is the main world benchmark. Dated Brent is based on Brent, Forties, Oseberg, Ekofisk, Troll and WTI Midland, and ICE Brent futures can be cash settled.
4. The Brent-WTI spread reflects location and transport. On November 13, 2026, Brent settled at $95.84 and WTI at $88.56.
5. Oil reacts to OPEC+, inventories, refinery demand, geopolitics and the dollar, and to changes in what the market expects, as the move from shortage to surplus fears in 2026 showed.

Test yourself

Circle one answer for each question. The answer key with explanations is on the next page. You can also take this quiz online at markettalks.info and see your score instantly.

1. On the API gravity scale, what does a higher number mean?

A Heavier oil
B Lighter oil
C More sulphur
D A higher price in every case

2. What does "sweet" mean for crude oil?

A It contains sugar
B It has a low sulphur content
C It is very heavy
D It comes only from the Middle East

3. Where are WTI crude oil futures physically delivered?

A Rotterdam
B Cushing, Oklahoma
C London
D Houston port only

4. Which crude joined the Dated Brent basket in 2023 as the first grade from outside the North Sea?

A Dubai
B Murban
C WTI Midland
D Urals

5. What is the main reason Brent has usually traded above WTI in recent years?

A Brent is much lighter and sweeter
B WTI is priced inland and must be transported to reach most foreign buyers
C Brent is traded only on weekends
D WTI is not a real crude oil

6. On November 13, 2026, Brent settled at $95.84 and WTI at $88.56. What was the Brent-WTI spread?

A About $1.28
B About $7.28
C About $18.40
D About $95.84

7. The EIA reports a much larger rise in US crude inventories than analysts expected. What usually happens to oil prices?

A They usually rise
B They usually fall
C Nothing, inventories do not matter
D The exchange stops trading

8. Why did Brent fall sharply in November 2026, even though attacks on shipping in the Strait of Hormuz continued?

A OPEC+ was dissolved
B Gulf exports picked up and the IEA forecast a supply surplus, changing market expectations
C Oil stopped being priced in dollars
D Brent futures were delisted

Answer key

1 B

Lighter oil

The higher the API gravity, the lighter the oil. Light oil is easier to refine into gasoline and diesel.

2 B

It has a low sulphur content

Sweet crude has little sulphur, which makes it easier and cheaper to refine. Crude with a lot of sulphur is called sour.

3 B

Cushing, Oklahoma

WTI futures are delivered at Cushing, Oklahoma, a large inland storage and pipeline hub.

4 C

WTI Midland

Platts added US WTI Midland to Dated Brent in 2023. The basket is now Brent, Forties, Oseberg, Ekofisk, Troll and WTI Midland.

5 B

WTI is priced inland and must be transported to reach most foreign buyers

The spread mainly reflects location and transport costs. Brent is a seaborne crude at the coast, while WTI is priced at Cushing, far inland.

6 B

About $7.28

$95.84 - $88.56 = $7.28 a barrel.

7 B

They usually fall

A bigger than expected rise in stocks suggests weaker demand or more supply, which usually pushes prices down, as on November 18, 2026.

8 B

Gulf exports picked up and the IEA forecast a supply surplus, changing market expectations

Rising exports, higher US inventories and the IEA's surplus forecast shifted expectations from shortage to surplus. Ongoing attacks only limited the decline.

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