

Flat Price

Crude flat price has been trading a touch below \$83/bbl levels on Monday morning, trading at \$82.68/bbl at 10:30 GMT. Price action has been well supported amid persistent geopolitical tensions surrounding the Red Sea. On the other hand, slowing demand forecasts from the IEA as well as a higher-than-expected increase in US producer price index numbers in January amid strong gains in the costs of services could amplify inflation concerns, and therefore a bearish factor. Analysts have noted that OPEC's spare capacity currently sits at an 8-year high of 6.4mbpd, providing a buffer against potential supply disruptions. Houthi militants in Yemen said on Monday they had attacked the Rubymar cargo ship in the Gulf of Aden. The cargo ship is Belize-flagged, British-registered and Lebanese-operated. Singapore plans to introduce a levy on air fares to pay for sustainable aviation fuel. The front- and 6-month Brent futures spreads are at \$0.69/bbl and \$3.40/bbl respectively.

Crude

Very thin morning in Dated Brent following a strong close on Friday evening. Interest in Apr and May DFL has switched, with Apr now a touch better bid trading \$0.49/bbl and May better offered to also trade \$0.48/bbl in smalls. Mar DFL is still yet to trade, whilst interest out of this week was predominantly sell-side as was balmo DFL interest. Little else to report.

Firmer Dubai market as some of the Chinese cp's are back. BD sold off in the morning on the back of strong window print and EFS ticking down 15c. We saw tradehouses stepping in to pick up some BD at the lows across the curve with Q3 trading at 59c/bbl in decent volume. Spread activity is very low, with Mar/Apr consistently offered throughout the morning.

Fuel

In HSFO, moc were well bid in the window due to weakened 380 E/W, with Mar 380 E/W selling down from -\$16.25/mt to -\$18.75/mt. 380 spreads were better bid by Chinese funds before the window, with Mar/Jun trading at -\$3.25/mt and Jul/Sep trading at \$12.25/mt. Visco sold down to \$20.50/mt at the end of the window before rebounding to \$21.25/mt. 380 spreads came under pressure in the window due to weaker 380 E/W, with Mar/Jun trading down to -\$4.25/mt. Barge cracks traded from -\$11.15/bbl to -\$11.00/bbl post window. The front barge spreads were better bid, with Mar/Apr trading at \$3.50/mt.

In VLSFO, sing cracks opened lower in the early morning. We saw Mar Sing fp selling interests by a tradehouse in the window which put pressure on Sing cracks, with Mar Sing cracks trading around \$13.10/bbl. Sing spreads were a touch weaker, with Mar/Apr trading down to \$8.50/mt. Cracks rebounded post window, with Mar Sing cracks buying up to \$13.30/bbl and Apr trading up to \$12.50/bbl. Mar/Apr sing traded at \$8.75/mt later. No Euro spreads traded in the morning. Euro cracks implied around \$5.60/bbl post window.

Distillates

This morning in Distillates we saw the prompt Sing Gasoil spreads weaker. The Bal-Feb/Mar spread came off into the window trading down from \$0.85/bbl to \$0.79/bbl, finding support at these levels on the back of physical buying interest, ending the morning trading at 0.85/bbl. Further down the curve we saw the Mar/Apr spread open wide with a bank on the bid. We saw the spreads go offered into the window seeing them open lower than on Friday evening at \$1.25/bbl, seeing them hit down to \$1.12/bbl, indicated around this level post window. In the deferred parts of the curve we saw buying interest from last week return, having seen physical players on the bid last week. Specifically seeing buying on the Jun/Jul, Jul/Aug, and Aug/Sep spreads.

The Mar EW arbs were mostly rangebound this morning, with the arb weakening going into the window, trading down from -\$41.25/mt to -\$42.25/mt. Post window we saw MM lifting the EW seeing it trade up to -\$41.50/mt. In the deferred parts of the curve we saw some selling interest in the May and Jun arbs in the early morning, seeing also selling interest in the 2Q and 3Q from Refiners, seeing the May trading at -\$24.25/mt, 2Q trade at -\$26.00/mt, and the 3Q at -\$25.50/mt. Prompt Kero spreads were better offered this morning, while prompt Regrade went better bid. We saw the Mar/Apr Kero spread trade down to \$0.90/bbl while the Mar regrade was lifted up to -\$2.00/bbl. The Apr regrade felt like interest was more balanced but still rallied slightly with stronger Mar up, to indicated level of -\$1.77/bbl, having traded at -\$1.80/bbl. In the deferred regrades we saw some selling interest.

The Ice Gasoil spreads were slightly weaker this morning, seeing the Mar/Jun spread trading down from morning levels of \$59.25/mt to \$56.50/mt post window, before ending the morning trading around \$57.75/mt. Further down the curve we saw the Jun/Jul spread also weaker down from \$8.00/mt to \$7.5/mt. Ice Gasoil cracks were also weaker this morning, with the Mar crack down to \$28.7/bbl and the 2Q crack at \$25.2/bbl. HOGOs continue to be weaker this morning, with the Mar HOGO down to 7.2 cents/gal and the 2Q down to 6.7 cents/gal. NWE Jet diffs were weaker this morning, with the Mar diff down to \$55.00/mt and further down the curve we saw the 2Q down to \$64.25/mt.

Gasoline

This morning in Gasoline, we saw flat price trade at the end of the morning window equivalent to \$13.50/bbl on a crack basis in Mar 92. MOC was offered in Mar and Apr, which was accompanied by E/W selling in Mar from refiners, down from -\$2.90/bbl to -\$3.50/bbl. Deferred E/W saw offers come in, with Q2 offered by refiners down to -\$8.35/bbl and Q3 offered at -\$7.30/bbl. The front crack saw sellside interest from Majors this morning, trading at \$13.80/bbl pre-window and down to \$13/bbl post. Apr/Jul 92 was offered this morning at \$4.30/bbl as was Apr/May at \$1.30/bbl from a refiner. We saw limited activity in Europe this morning, however Mar/Apr traded at -\$33.75/mt and we saw the Mar/Apr E/W box trade in small size at \$5.20/bbl.

NGLs

Chinese were sellers of FEI fp in the morning. In line with CP fp buying, FEI/CP sold off down to -\$14/mt pre window. CP Spreads were better supported, with Mar/Apr trading \$34/mt. Into the window, FEI was better supported, with mar/may trading \$22.50/mt, fp going better bid into the close. The physical was also bid, with a player bidding 2h Mar FEI at +\$3/mt. FEI/CP as a result retraced its losses, with \$33.50/mt trading in May, Q4 seeing buying at \$50/mt.

Naphtha

This morning in Naphtha we saw Mar24 MOPJ flat price valued at \$670.5/mt end window, on a -\$6.8/bbl crack equivalent with spreads particularly under sellside pressure this morning. MOPJ spreads were well offered in the front by majors and trade, leading them to trade a dollar lower than Friday's close with MarApr trading at \$7/mt, AprMay and MayJun seeing selling at \$6.5/mt. With MOPJ spreads weakening, front E/W opened lower trading at \$17.5/mt

Global Macro

Markets are closed in the US with the Presidents Day public holiday.

FED minutes from last FOMC meeting **Wednesday**.

S&P Global Services PMI data **Thursday**.

5 FED speakers this week.

15% of S&P companies reporting earnings (Nvidia on Wednesday).

Comments over the weekend:

Fed's Daly: Can't wait for inflation to reach 2% before cutting rates.

Feds' Barr: Supervisors 'closely focused' on bank CRE loans.

Friday's PPI and Michigan consumer sentiment index continue the run of U.S. data beating expectations.