

## Flat Price

The Brent futures flat price for the prompt contract has seen a relatively choppy, yet weak, morning. Price action weakened from \$83/bbl handles at 06:35 GMT to \$82.34/bbl at 09:55 GMT, despite a small spike to \$82.82/bbl at 09:30 GMT. As a consequence of the ongoing Red Sea tensions, Chinese booking for tankers carrying crude oil from the Persian Gulf has risen this week, with at least 10 VLCC provisionally booked from the Persian Gulf to China. BP has joined Shell in plans to reduce crude consumption in Germany from 2025, scaling back its oil-refining operations in the country on the back of higher costs and declining demand for fuels. Chevron has restarted drilling in the Petroindependencia field in Venezuela, with the goal of drilling 30 new wells through 2025, which is projected to produce as many as 400kbbbls/d at full capacity. The front and 6-month Brent futures spreads are at \$0.73/bbl and \$3.89/bbl, respectively.

## Crude

A weak morning for Dated, and with spreads slipping lower we saw Apr DFL sold down to \$0.72/bbl. There was size selling interest in Cal Mar Dtd v Apr Dubai, whilst Balmo DFL was also sold down to \$1.25/bbl on screen. In line with this, we saw aggressive selling of 18-22/3 1w roll at \$0.37/bbl then \$0.34/bbl and offered over. May/Jun Dated was also weaker, sold at \$0.68/bbl.

The strength continues in Dubai with Apr BD trading down to lows of \$0.09/bbl. Strong buying of spreads saw the Apr/May and May/Jun box trade down to -\$0.24/bbl and -\$0.18/bbl respectively. The only real buying interest came out from a producer, with \$0.23/bbl and \$0.41/bbl trading in the Apr and May BD respectively before capitulating shortly after. We saw selling as well in Q2 and Q3 BD, trading down to \$0.33/bbl and \$0.68/bbl respectively. We saw major and trade house selling interest in the Sep/Dec box as well, trading at -\$0.11/bbl.

## Fuel

A strong morning in HSFO, 380 spreads were well bid, with Apr/May buying up to \$1.00/mt and May/Jun trading at \$3.25/mt. We saw good buying interests of 380 cracks by Chinese, with May buying up to -\$10.00/bbl. 380 E/W were supported, with Apr trading from -\$4.00/mt up to -\$0.50/mt post window. Q2 and Q3 E/W were offered, with Q2 trading at -\$1.75/mt and Q3 trading at -\$3.25/mt. Barge spreads came under pressure, with Apr/May trading down from \$0.25/mt to -\$0.25/mt and May/Jun selling down to \$2.75/mt. Deferred barge cracks were well offered, with Q3 trading at -\$9.95/bbl which put pressure on the front barge cracks, trading down from -\$10.10/bbl to -\$10.60/bbl. Then we saw Apr 380 cracks were better bid by banks, which supported the front barge cracks trading up to -\$10.30/bbl.

A slow start in VLSFO, the front Sing cracks traded at \$14.50/bbl in the early morning. Then gradually sold down to \$14.05/bbl at the end of the window due to moc hedging. There were deferred Sing cracks buying during the window, with Q4 trading at \$9.25/bbl. Sing spreads were a touch softer, with Apr/May trading down from \$8.00/mt to \$7.75/mt and May/Jun trading down from \$9.50/mt to \$9.25/mt. European structures were stable, with Apr/May implying around \$8.00/mt. We saw Apr Euro cracks buying at \$6.70/bbl in good volume and Q3 Euro cracks traded at \$4.35/bbl. Sing cracks rebounded to \$14.20/bbl post window. Apr 0.5 E/W implied at \$47.50/mt.

## Distillates

ICE gasoil spreads were relatively rangebound after yesterday's strong close. The Apr/May spread remained between \$18.00/mt and \$18.75/mt, with the May/Jun at \$11.00/mt post-window. The Apr crack is at \$25.60/bbl, with the Q4 crack at \$23.70/bbl, stronger into the mid-morning period. NWE Jet Diffs were weaker at the front of the curve, with Apr trading down to \$46/mt, with the Q3 Diff trading at \$62.25/mt in the morning. HOGOs were also rangebound this morning on thin trading.

The Apr swap is at 4.65c/gal, while the Q4 is a touch stronger at 10.70c/gal.

Sing gasoil spreads opened stronger on the day at the front, with the Apr/May getting lifted from \$0.60/bbl to \$0.65/bbl, while the May/Jun similarly traded up from \$0.88/bbl to \$0.90/bbl. There was buying interest in the back end in Q4 tenors, with Oct/Nov trading at \$0.67/bbl and the Nov/Dec trading up from \$0.67/bbl to \$0.70/bbl. The E/W at the front saw weakness on the strong ICE Gasoil performance into last night and this morning, with Apr selling off from -\$32/mt to -\$33.50/mt, before recovering back to -\$33/mt where there was size physical buying pre-window. The back end saw Q3 interest, as it traded at -\$23.50/mt. Regrade sold off into the window but recovered after it, with Apr trading down to -\$2/bbl, but size buying on screen absorbed the selling and it rallied to -\$1.90/bbl into the late morning. Kero spreads primarily saw trading in the Sep/Oct tenor, as it traded at \$0.40/bbl, while the Apr/May kero saw buying interest around \$0.45/bbl to \$0.50/bbl but did not trade.

## Gasoline

A volatile morning in Gasoline, where we saw flat price trade at the end of the morning window equivalent to \$12.45/bbl on a crack basis in Apr 92. MOC felt better bid today in the window, in Apr and May. We saw majors and refiners on the buy side of 92 spreads, including Apr/May at \$0.85/bbl and Jun/Sep between \$0.95/bbl and \$5/bbl. E/W was well offered this morning, in the prompt and in Q3. Apr E/W trading up to -\$7.85/bbl, and were offered from real at -\$7.20/bbl in Q3. We had some bank interest in buying deferred 92 cracks, with Q3 at \$9.45/bbl. 92/MOPJ also came in bid in the morning in Apr at \$18.40/bbl. RBBRs remained rangebound at the \$23.60/bbl handles in May in the window but ticked up to \$23.90/bbl handles post-window. Arbs were well-bid this morning, in Apr at 9.50c/gal and in Q2 between 9.50c/gal and 9.30c/gal from physical players.

The front EBOB spread, Apr/May was well-offered this morning, down to \$7.75/mt, but Apr/Sep was bid up from \$69.50/mt in the morning to implied \$71.75/mt, with Apr/May trading \$8.25/mt and May/Sep bid from refiners at \$63.75/mt. Q3 EBOB cracks saw buying at the \$16.75/bbl levels from ref, but the EBOB crack rolls saw selling in the morning, with Apr/Jun offered at \$1.20/bbl, and then flipped to buying interest, with Jun/Jul crack roll bid at \$1.13/bbl.

## Naphtha

A supported morning in Naphtha where we saw flat price valued at \$684/mt in Apr MOPJ, on a -\$5.15/bbl crack equivalent with the East continuing to see buying on spreads and flat price. Front spreads firmed with Apr/May trading 50c higher at \$13.25/mt with trade buying and the front fly see buying at \$1.75/mt. Deferred saw petchem selling interest with the Q3/Q4 initially trading at \$13/mt and seeing buying at \$14/mt post-window. E/W continued its uptrend with spreads bid, major lifting up to \$19.50/mt on the Apr E/W and remaining in \$19/mt handles post-window with strong buying interest in May at \$18/mt. May MOPJ cracks saw Korean buying up to -\$5.75/bbl. NWE cracks were well bid this morning, opening at -\$7.25/bbl in Apr and reaching -\$7.05/bbl post-window as crude weakened with trade on the buy side. Crack rolls strengthening with Q2/Q3 crack roll seeing buying at \$0.70/bbl.

## NGLs

A weak morning for FEI on NGLs today with all the international strength focused on CP contracts; a Sing trade house was buying CP spreads down the front of the curve and Jun/July traded up from \$8/mt to \$9/mt while May/Jun traded up to \$20/mt. CP strength was absorbed by FEI/CP which traded down to -\$7/mt in the prompt and \$42/mt further out in Q3. Into the window in the physical, a tradehouse got hit on H1 Apr FEI at Apr FEI +\$13.50/mt. FEI paper structure weakened off the back of this; Q2/Q3 FEI traded down to \$2/mt and this led to the E/W diff trading down at \$72/mt in the prompt.

## Global Macro

Japan's Rengō & Zensen unions says average wage demands topped 5% for the first time since 1994. This is significant because it was the last hurdle the BOJ set to exit negative rates. Followed by bullish comments from Governor Ueda - BOJ's Ueda: Possible to exit stimulus measures while striving to achieve 2% price target. Short dated OIS jump pricing a March hike, Yen immediately rallies 1%, and gold makes new all-time highs.

German Factory Orders Plummet as Major Orders Retreat – Bloomberg  
GERMANY JAN. FACTORY ORDERS FALL 11.3% M/M; EST. -6.0%  
German JAN. FACTORY ORDERS FALL 6.0% Y/Y; EST. -6.0%

ECB today (no change expected) and secondary data U.S jobless claims at 1.30pm.