Overnight & Singapore Window

Flat Price

The May Brent futures has slightly softened this morning with the contract opening below the $83/bbl mark and hovering around the same levels for the rest of the morning. At 10:00 GMT (time of writing), the contract was seen trading at $82.75/bbl. China said it was committing to reduce the energy intensity of its economy by 2.4% this year. Last year, China set a 2% target for a reduction in energy consumption per unit of DGP. However, it failed to reach the goal. The country had set itself a 13.5% target reduction in energy intensity between 2021 and 2025 as well as an emissions intensity reduction of 18%. Both are also about to be missed. Exxon and Malaysia's state-run Petronas announced they would extend gas exploration off the coast of Suriname. The current exploration is not as successful as the Guyanese undertakings due to the two companies discovering a gas well in 2020 that was not commercially attractive. If the new well is proven to be viable, production would commence around 2031 at the earliest. The front and 6-month Brent futures spreads are at $0.73/bbl and $3.81/bbl respectively.

Crude

A slow and weak morning for Dated, beginning with Apr DFL sold aggressively on screen at $0.75/bbl, 10c lower than the day before despite spreads finding a touch of support, as a European trade looked to sell DFLs. We saw Balmo very well offered with minimal buyside interest, trading down from $1.83/bbl to $1.60/bbl. Prompt rolls remained offered, with 11-15/3 3w roll trading $1.17/bbl and v cal Apr at $1.84/bbl. Apr/May Dtd trades lower on the day, last trading 0.73/bbl.

Stronger morning in Dubai with Apr BD opening lower and proceeding to sell down to $0.44/bbl amid selling interest from trade houses and refiners. Boxes also opened lower with the Apr/May and May/Jun BD at -$0.15/bbl and -$0.11/bbl respectively.

Boxes saw some resistance throughout the morning, with brent spreads selling off and Dubai spreads still seeing buying interest, with $1.60/bbl trading in Apr/Jun Dubai and $1.51/bbl trading in May/Jul Dubai. Post window, after soft pricing in the Balmo spread at $0.52/bbl, we saw trade houses selling of Bal-Mar/Apr at $0.63/bbl with NOC buying.

Fuel

In HSFO, we saw buying interests on Jul/Aug 380 in large size this morning, trading at $5.50/mt. 380 MOC were well bid which supported the front 380 E/W, trading from -$9.50/mt to -$8.00/mt. 380 spreads were better bid post window, with Apr/May buying up to -$0.75/mt and May/Jul trading at $5.50/mt. Barge spreads were bid as well, with Apr/May trading at $0.25/mt and May/Jun trading at $3.00/mt. Barge cracks were strengthened, with Apr trading from -$10.95/bbl to -$10.80/bbl. Apr 380 cracks traded up to -$12.15/bbl. Visco were weakened, with Apr selling down from $19.50/mt to $17.50/mt at the end of the window.

In VLSFO, sing spreads were weakened, with Bal-Mar/Apr selling down from $6.25/mt to $5.75/mt and Apr/M0ay trading from $10.00/mt to $9.50/mt. Sing cracks collapsed, with Apr trading down to $14.35/bbl before the window. It rebounded up to $14.60/bbl at the end of the window. Then the 0.5 Sing cracks dropped down to $14.50/bbl immediately post window. We saw Q3 Sing cracks buying before the window, trading at $11.05/bbl. Deferred sing spreads were a touch firmer post window, with May/Jun and Jun/Jul trading at $10.00/mt. Apr/May Sing kept selling down to $9.00/mt. Euro spreads were well offered in the front, with Apr/May trading down to $7.75/mt and Apr/May/Jun fly trading at flat.

Distillates

This morning in Distillates, we saw prompt ICE Gasoil spreads saw rangebound trading into the window before firming up a touch post, seeing the Apr/Jun diff trading up from $24.75/mt to $26.00/mt. Further down the curve we saw the Jun/Jul spread stronger as well up from $6.50/mt to $7.00/mt. ICE Gasoil cracks were stronger this morning, seeing the Apr crack up from $24.3/bbl in the early morning to $24.90/bbl post-window and the Q2 crack higher at $24.10/bbl. HOGOs opened up stronger and saw mostly rangebound trading with the Apr diff trading around 6.10c/gal and the Q2 diff trading around 6.50c/gal. NWE Jet diff continue their rebound in the prompt after yesterday's post-window buying interest resurgence, seeing the Apr diff trading up to $45.50/mt and structure firming up as well with the Q2 indicated higher at $54/mt. We saw selling interest in the prompt Sing Gasoil spread in the early morning, before seeing a recovery post-window to see the spreads end the session mostly unchanged. We saw selling interest in the Apr/May spread into the early morning before we saw some buying interest emerge into the window, seeing the spreads go slightly better bid post-window; trading down from $0.65/bbl to $0.60/bbl in the early window before recovering to $0.64/bbl post-window seeing some Market Maker buying. Further down the curve we saw selling interest in the Jun/Jul spread in the early morning seeing it come off from $0.77/bbl to $0.75/bbl going offered at this level, before strengthening slightly post-window to around $0.82/bbl. In the deferred parts of the curve we saw some buying interest in the May/Sep Gas but no trades. The Apr E/W arbs were rangebound in the morning, trading at -$31.00/mt going into the window, before ticking down slightly to end the morning trading at -$31.50/mt. Further down the curve we saw selling interest in the Q2 in the early morning and buying interest in the Q3, seeing the Q3 trading at -$25.75/mt and the Q3 at -$25.00/mt. Prompt regrade went better bid in the morning, seeing the Apr diff trading up from -$2.15/mt to -$1.90/mt before ending the day trading at -$1.95/mt.

To discuss any points mentioned in this report further please do not hesitate to contact us at:
insight@onyxcapitaladvisory.com

Overnight & Singapore Window

Further down the curve we saw real buying interest in the Jun Regrade with MM on the bid in the earlier morning, seeing no trades. The prompt Sing kero spreads were indicated stronger this morning, with the Apr/May spread ending the session indicated at $0.50/bbl.

Gasoline

This morning in Gasoline, we saw flat price trade at the end of the morning window equivalent to $13.40/bbl on a crack basis in Apr 92. MOC was again better bid in Apr this morning, and spreads saw offers on spreads including Jun/Aug at $3.50/bbl, aside from the Bal-spread which was bid up from -$0.30/bbl to $0/bbl. Post-window we saw bids come in on the Jul/Aug/Sep fly at $0/bbl and the Sep/Oct/Nov/Dec condor at $0.30/bbl, from phys players. We saw majors offering the Q2/Q3 crack roll at $2.90/bbl. Deferred cracks were well bid, in Q4 from refiners at $7.10/bbl and Q3 at $10/bbl. E/W continued to be offered this morning in Q3 at -$7.60/bbl from phys, but the prompt E/W was bid up to -$9/bbl. Arbs in Apr were bid around the 8.90c/gal range, but well offered in Q4 this morning, trading at 3.60c/gal from real players. Spreads in EBOB were well bid in the morning, with Apr/Sep bid up to $81/mt, Jun/Jul up to $16.50/mt and Sep/Oct up to $54/mt. Cracks were offered in Q3 EBOB, trading at $17.55/bbl, offered by a bank.

Real players had interest to buy the Apr/May gasnaph box this morning, trading between -$0.25/mt and $0.25/mt.

Naphtha

This morning in Naphtha we saw flat price valued at $679.50/mt in Apr MOPJ, on a -$5.45/bbl crack equivalent with E/W notably seeing strength with strong buying interest coming from Asia. The phys window was better bid this morning and saw major lifting end window which resulted in buyside interest of MOPJ flat price by trade and major post-window, trading at $681/mt.Apr/May MOPJ was up 75c from yesterday’s close at $12/mt with AG refiner on the buyside and May/Jun well bid by trade at $9.50/mt. Front E/W opened well bid this morning, recovering from weakness yesterday, seeing mixed buying from 13.5/mt this morning up to $16/mt post-window with Q3 seeing buying at $13.75/mt. NWE cracks softened with e/w buying, the front opening at -$7.10/bbl and reaching -$7.45/mt post-window with Jun24 seeing selling at -$8.25/bbl. NWE cracks in Q2 seeing levels trading at -$8/bbl.

NGLs

Another morning with limited early DCE flows on NGLs, as the Tokyo LPG conference enters its second day. There was a flurry of arb activity pre window as Apr opened at -$165/mt, a touch higher than where it ended last night, but retraced swiftly to -$167/mt. Heading towards the window, however, a major started offering CP spreads with Apr/May opening a touch softer to $24/mt in both propane & butane; CP propane then traded down to $23/mt over the morning. Off the back of this, activity picked up and prompt FEI/CP traded down from $5/mt to $4/mt by the end of the window. Deferred FEI/CP went better bid, however, as Q3 and Q4 traded at $44/mt and $43/mt. FEI spreads stayed static in the prompt with Apr/May trading at $7/mt, but deferred structure softened as Jun/Dec traded at -$20.50/mt as the back end of the curve went better bid. NWE saw some strength in the prompt though as the Bal-Mar/Apr spread traded at $14/mt.

Global Macro

Overnight China Announced - Targeting 2024 Growth 5%, CPI Around 3% - Aims To Add 12 million Urban Jobs In 2024. That will require much more stimulus considering the collapse in the property market and the economy is currently experiencing deflation.

French Industrial Production m/m -1.1% vs -0.1% expected.
Gold continues to surge higher to $2,116, threatening the all-time high $2,146.

US ISM Services data today. The economy remains strong but the impacts of higher rates are taking effect.