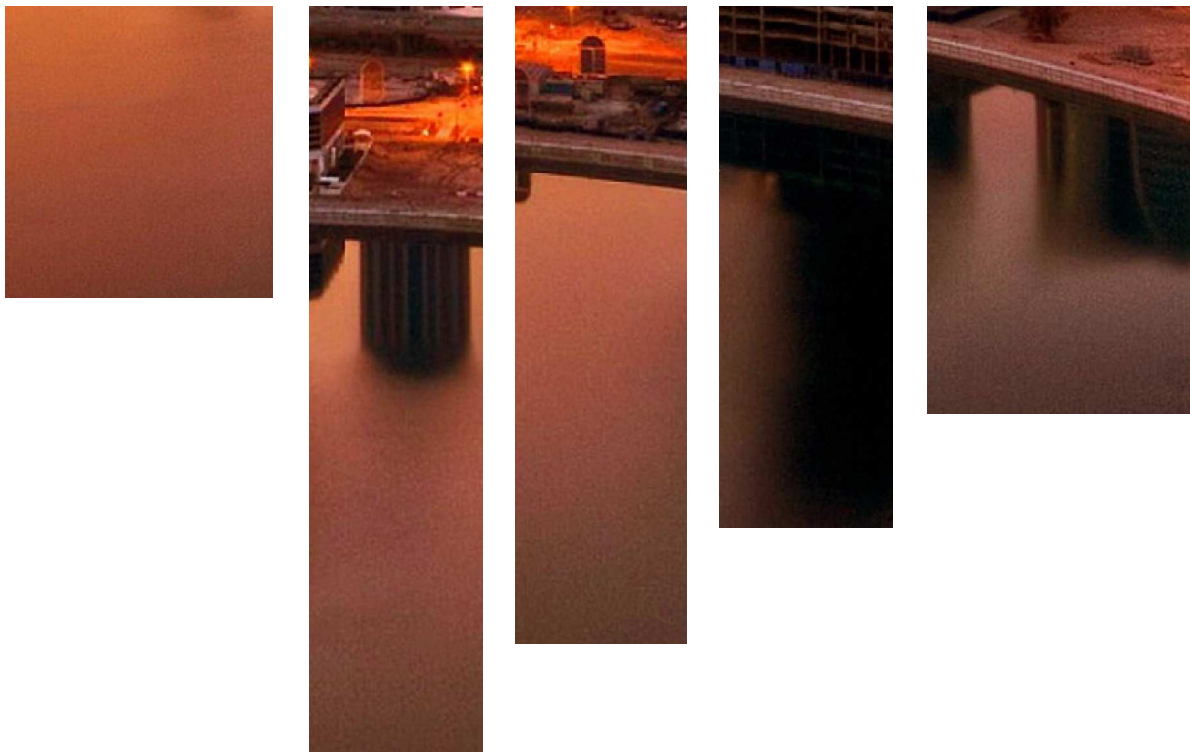


Onyx Capital Advisory

Dubai Market Report

26th March 2024





Key Points

- The soon-to-be-prompt May Brent/Dubai has been more rangebound this fortnight following the previous fortnight's post-OPEC+ announcement plummet. The May tenor was seen oscillating between 5-15c/bbl over the past two weeks.
- On a technical basis, levels in the May Brent/Dubai have fallen into the oversold territory whilst the Bollinger bands were seen to widen - denoting higher volatility.
- Flows in Apr Brent/Dubai are more balanced overall but we see a tilt towards selling seen in May and beyond. On a 7-day basis, we see a substantial sell side skew in the Jun and Oct contracts but see movement towards length in May.
- Open interest in the May Brent/Dubai between the 11th and 16th trading day of the month has been higher relative to last month but lower from levels seen when Jan, Feb and Mar were M2 tenors.

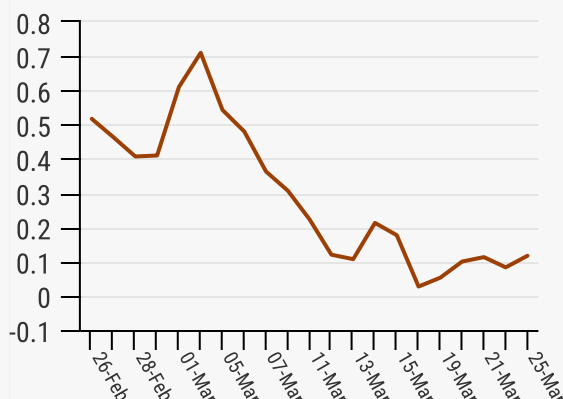
Comfort Zone

The extension announced to OPEC+'s cuts at the beginning of the month triggered a massive sell-off in Brent/Dubai, causing a variety of players to stop out of their long positions. Following this crash down, Brent/Dubai has returned to the rangebound nature we have all become all too familiar with, with the soon-to-be Bal Apr oscillating between -20c/bbl and -10c/bbl all fortnight. Looking to the more deferred, we see participants happily sell their quarterly Brent/Dubai contracts at 52c/bbl and 72c/bbl for Q3 and Q4, respectively. Accordingly, no one is willing to sell the Q3/Q4 box below 18c/bbl - fully aware of the knowledge that the back continues to be offered.

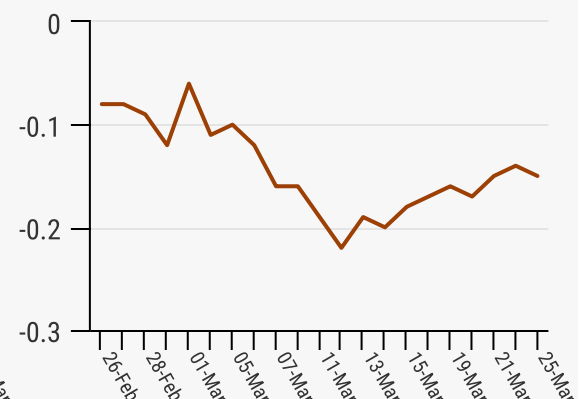
In Dubai swaps, a Middle Eastern producer was seen buying spreads in the Aug to Nov region in good volume. We saw the almost prompt May/Jun Dubai rally 10c to 90c/bbl between Mar 21-26. Returning to Brent/Dubai, the soon-to-be prompt May/Jun Brent/Dubai box rallied over the past fortnight, edging up from -25c/bbl on Mar 12 to a high of -14c/bbl on Mar 26. Interestingly, while the front boxes have shifted in-line with the outright contracts, the back remains relatively anchored. The flow in these boxes is definitely skewed towards selling, but nothing appears to be moving. This now appears to be a market in equilibrium with many sellers but not enough chasers. We saw the same market right before OPEC+'s announcement and despite the brief hullabaloo these players found themselves in, they're back to their comfort zones.

Having said that, Brent/Dubai has found itself in a cycle of deep contango. While it does look like these equilibrium enthusiasts will keep this cycle going for the near term, all eyes will be affixed on any further OPEC+ developments that could rattle these rangebound markets. Despite the contango, should OPEC+ continue its cuts into Q3, we may see another significant plummet in Brent/Dubai.

Q2 Brent/Dubai (\$/bbl)



Apr/Jun Brent/Dubai (\$/bbl)

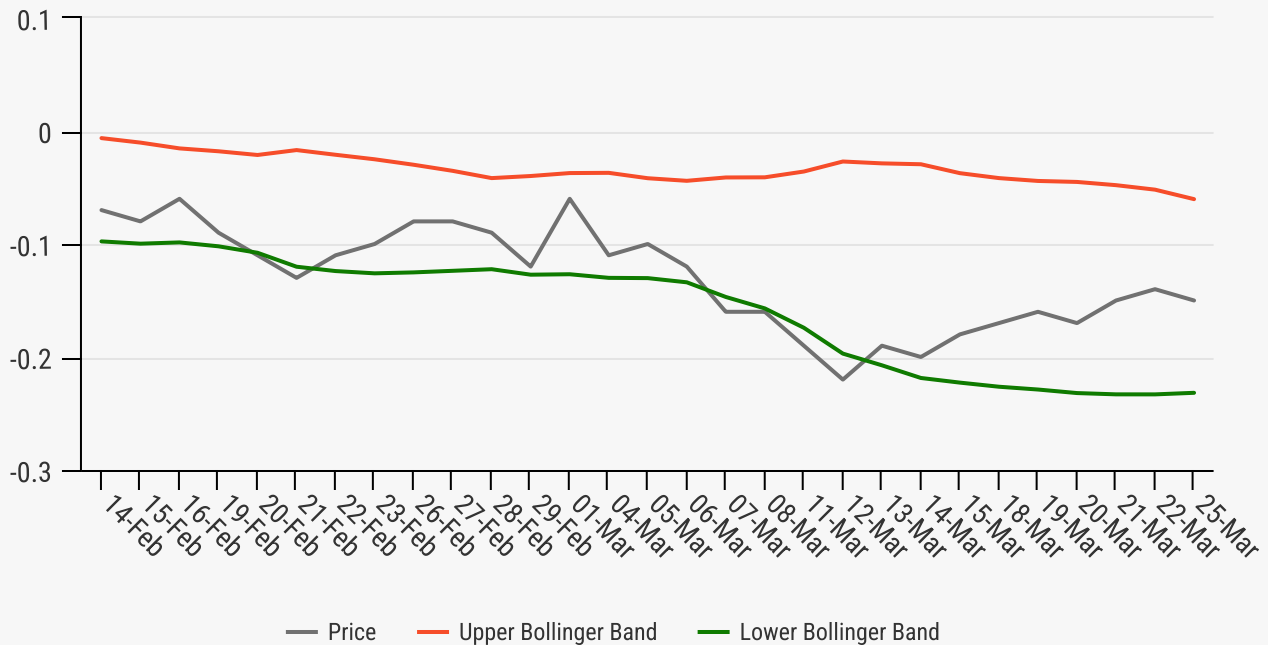




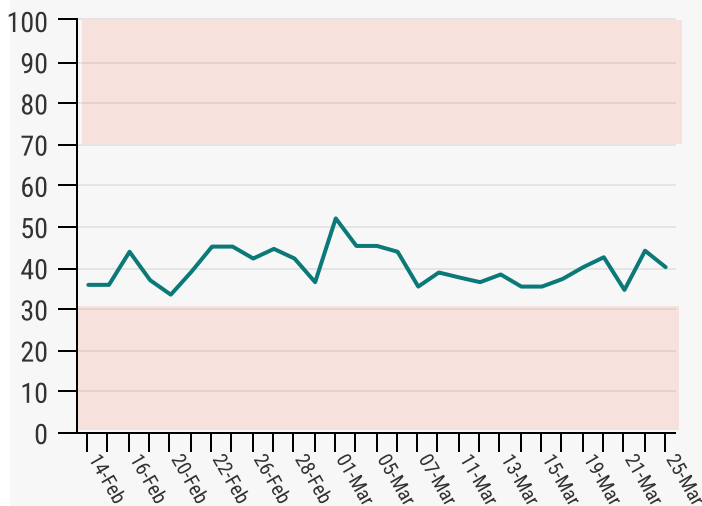
Short May/Jun Brent/Dubai box

We see good risk reward entering short on the soon-to-be prompt May/Jun Brent/Dubai box at these levels. This idea stems from expectations that the May/Jun spread will roll down to where the almost Bal-Apr/May spread currently is. Corroborating this view is counterparty data showcasing trade houses selling 125kbbbls of the May/Jun spread to Onyx over the past week.

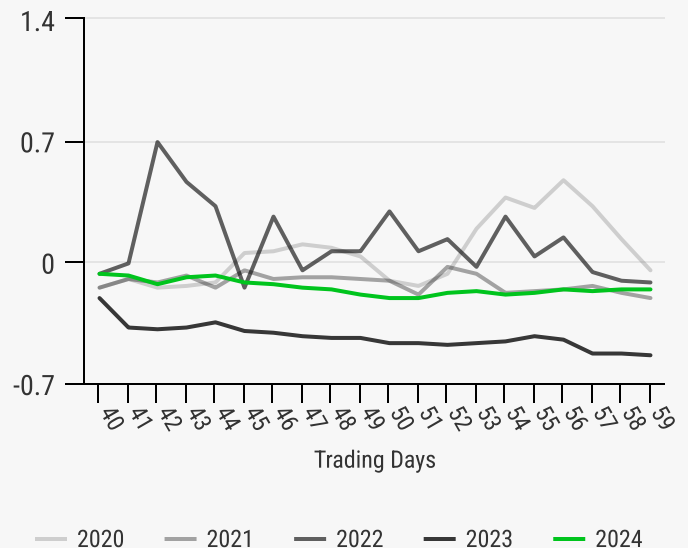
May/Jun Brent/Dubai box (\$/bbl)



RSI Marker



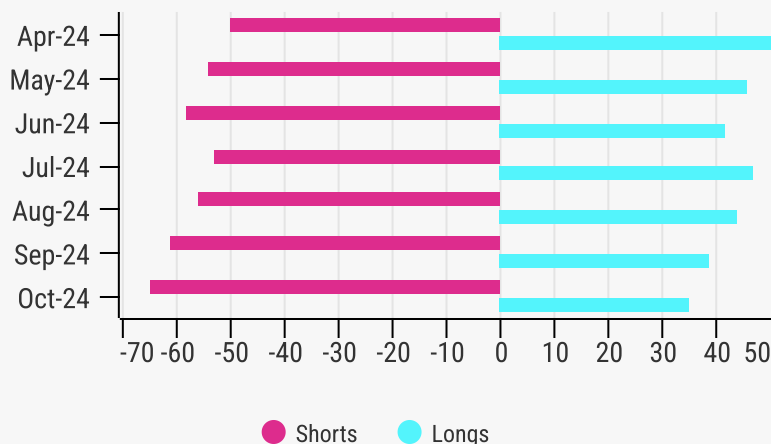
Historical May/Jun Brent/Dubai box (\$/bbl)



Market Positioning - Brent/Dubai



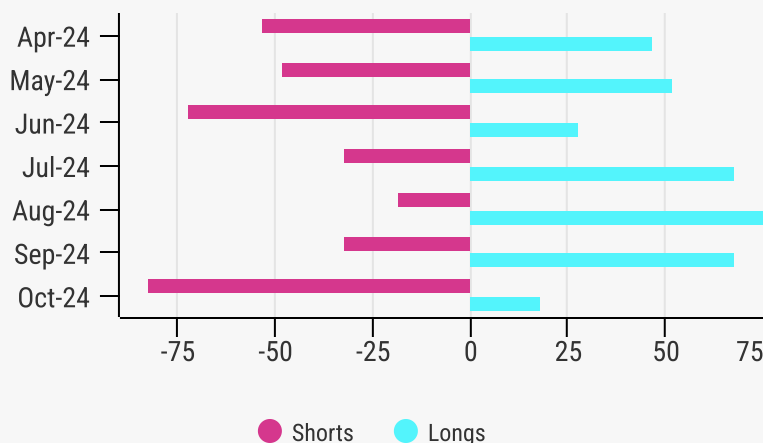
Overall Market Trading Split



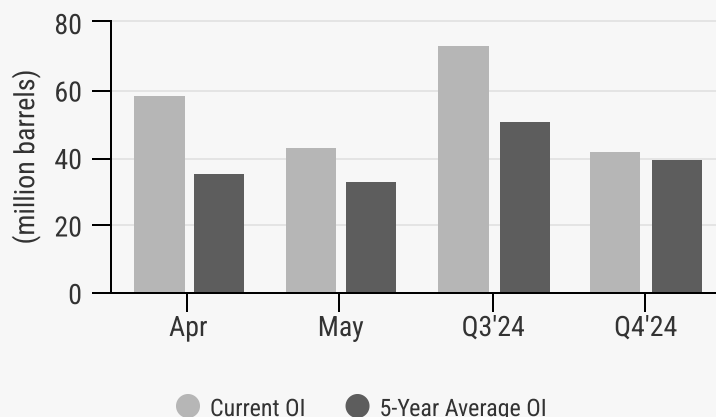
Brent/Dubai Positioning

Overall, the market is fairly balanced in the front with April seeing a 50:50 long:short split. From May onward, there is a slight sell-side skew, notably in Sep (40:60) and Oct (35:65).

7-Day Market trading Split



We continue to see a sell side skew in Apr on a 7-day basis. However, this week also saw refiners adding length to the still-prompt Brent/Dubai. More deferred, we see a substantial sell-side skew in Jun and Oct but see a movement towards length in other tenors. Aug Brent/Dubai particularly sits on a 7-day market split of nearly 80:20 long:short.



Looking at the open interest across the curve, we continue to see OI surge beyond each tenor's respective 5-year average. The soon to be Bal-Apr is now 64% above the 5-year average of 35mbbls, where as the Q3'24 Brent/Dubai is currently seeing open interest sit at around 73mbbls, 43% above the five-year average.

View and Forecasts



OUTRIGHT

SPREAD

Contract	May Brent/Dubai
View	Bearish
Conclusion	We expect quietness with Easter approaching. The market appears to have found a floor in Brent/Dubai but we still expect May to roll down in the beginning of the new month.
2-Week Forecast	-\$0.10-0.00/bbl

Contract	Jun Brent/Dubai
View	Bearish
Conclusion	Similar view to May.
2-Week Forecast	+\$0.18-0.28/bbl

Contract	May/Jun Brent/Dubai Box
View	Bearish
Conclusion	As May rolls into the prompt, there is potential to roll down further to where the current prompt Apr/May is trading.
Current Price	-\$0.15/bbl
2-Week Forecast	-\$0.25/bbl

Contract	Jun/Jul Brent/Dubai Box
View	Small Bear
Conclusion	Due a roll down, given that the OPEC+ cuts got extended to Q2.
Current Price	-\$0.14/bbl
2-Week Forecast	-\$0.20-(0.15)/bbl

Most Recent Flows and Desk Observations



	Flow	Brent/Dubai	Flow	Brent/Dubai Box	Net Impact
May24	0	Very rangebound, oscillating between +7c/bbl to +20c/bbl and struggling to breakout either side amid no one willing to chase.	0	Followed Brent/Dubai, with back staying sticky, boxes moving accordingly	Neutral
Jun24	0	Same as May	+1	Jun/Jul box initially fell to -17c/bbl, but has now found more support around the -15c/bbl-(14)c/bbl	Neutral
Q3'24	-1	Interest is definitely on sell side, but due to nature of the low liquidity market, sellers are happy to stay where they are with no one willing to chase	-1	Interest definitely remains skewed to the sell-side with people willing to remain where they are	Bearish
Q4'24	-1	Same as Q3			Neutral
Cal25	0	Very muted flows			Neutral

COT - Brent/Dubai



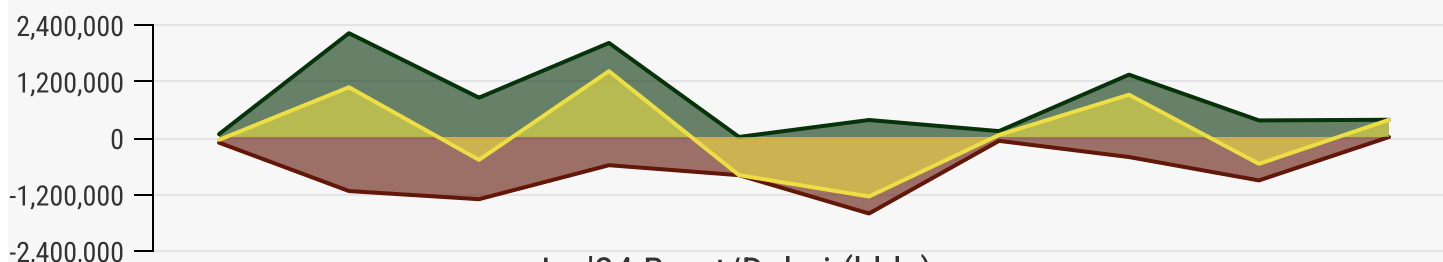
	Exchange OI (mbbl) (% weekly Change)	7-Day Onyx Market Share	Hedging OI (mbbl)	Spec OI (mbbl)	Long:Short	OI- Average
Apr24	58.45 (-5%)	25.3%	42.47	15.98	50:50	64%
May24	43.12 (4%)	22.6%	33.99	9.13	55:45	31%
Q3'24	73.28 (1%)	17.2%	66.02	7.26	50:50	43%
Q4'24	41.80 (10%)	28.1%	38.53	3.27	45:55	5%

Brent/Dubai and Dubai Swaps - Onyx Contracts

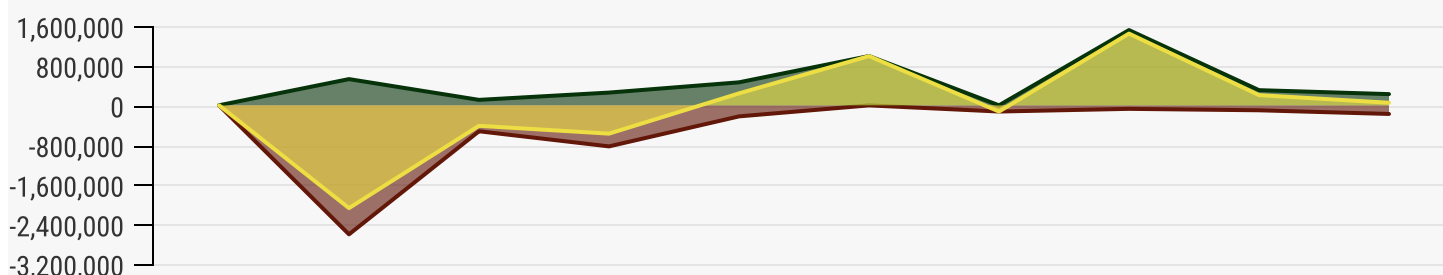


Looking at the market positioning over the past two weeks, we can see that flows in the soon-to-be prompt May Brent/Dubai shifted from net long to a brief foray into net selling with Mar 19 witnessing 1.6mbbls selling against 360kbbls of buying. The contract, however, ended the fortnight at net buying of 365kbbls. The Jun Brent/Dubai contract saw a clearer move from net sell side to net buy side flows with Mar 13 seeing net selling of 2mbbls and Mar 21 witnessing net buying of 1.5mbbls. We continued to see flows remain oscillatory in Dubai where both May and Jun Dubai flipped between net buying and selling, to ultimately end the fortnight at net buying of 62kbbls and 1.3mbbls, respectively.

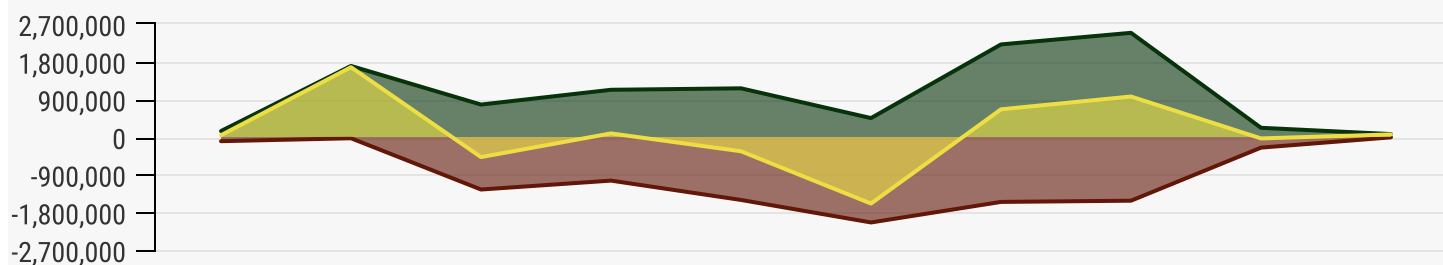
May'24 Brent/Dubai (bbls)



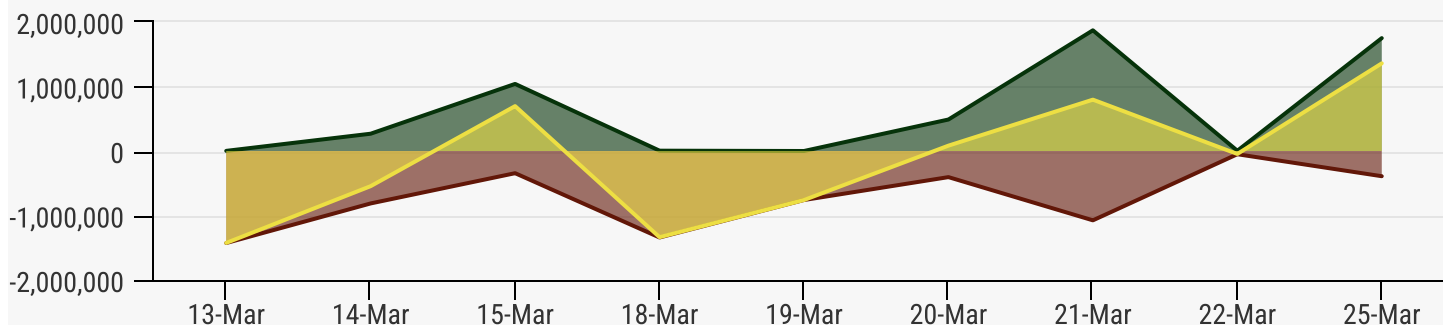
Jun'24 Brent/Dubai (bbls)



May'24 Dubai (bbls)



Jun'24 Dubai (bbls)



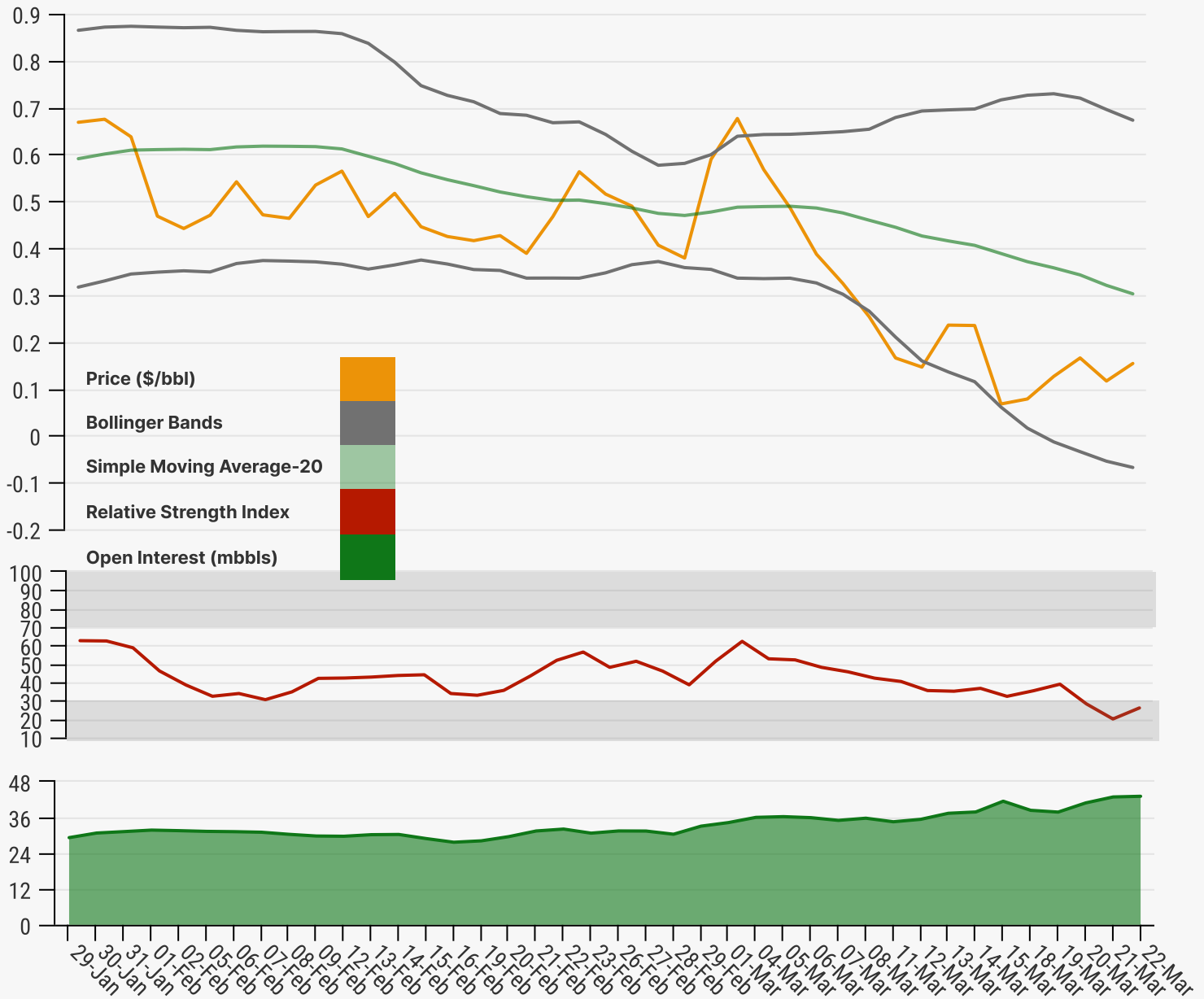
● Short ● Long ● Net

Brent/Dubai - Technical Analysis



- **Bollinger bands** have widened as prices crashed. May fell from 72c/bbl on Mar 5 to 5c/bbl on Mar 13 where they dropped below the lower Bollinger band. A correction was then seen and the Bollinger band later acted as a support point on Mar 19. Prices have since been more supported and have crept up in high volatility. May trades around 15c/bbl on Mar 26.
- The **RSI** breached the oversold territory on Mar 21 and has remained there since as prices have begun to see some support.
- **Open interest** for the May contract fell from Mar 15 to Mar 19, to below 38mbbls amidst dropping prices. There has since been more interest in May as OI climbed to over 43mbbls on Mar 22 in more supported price action, showing a greater deal of buy-side interest.

May'24 Brent/Dubai (\$/bbl)

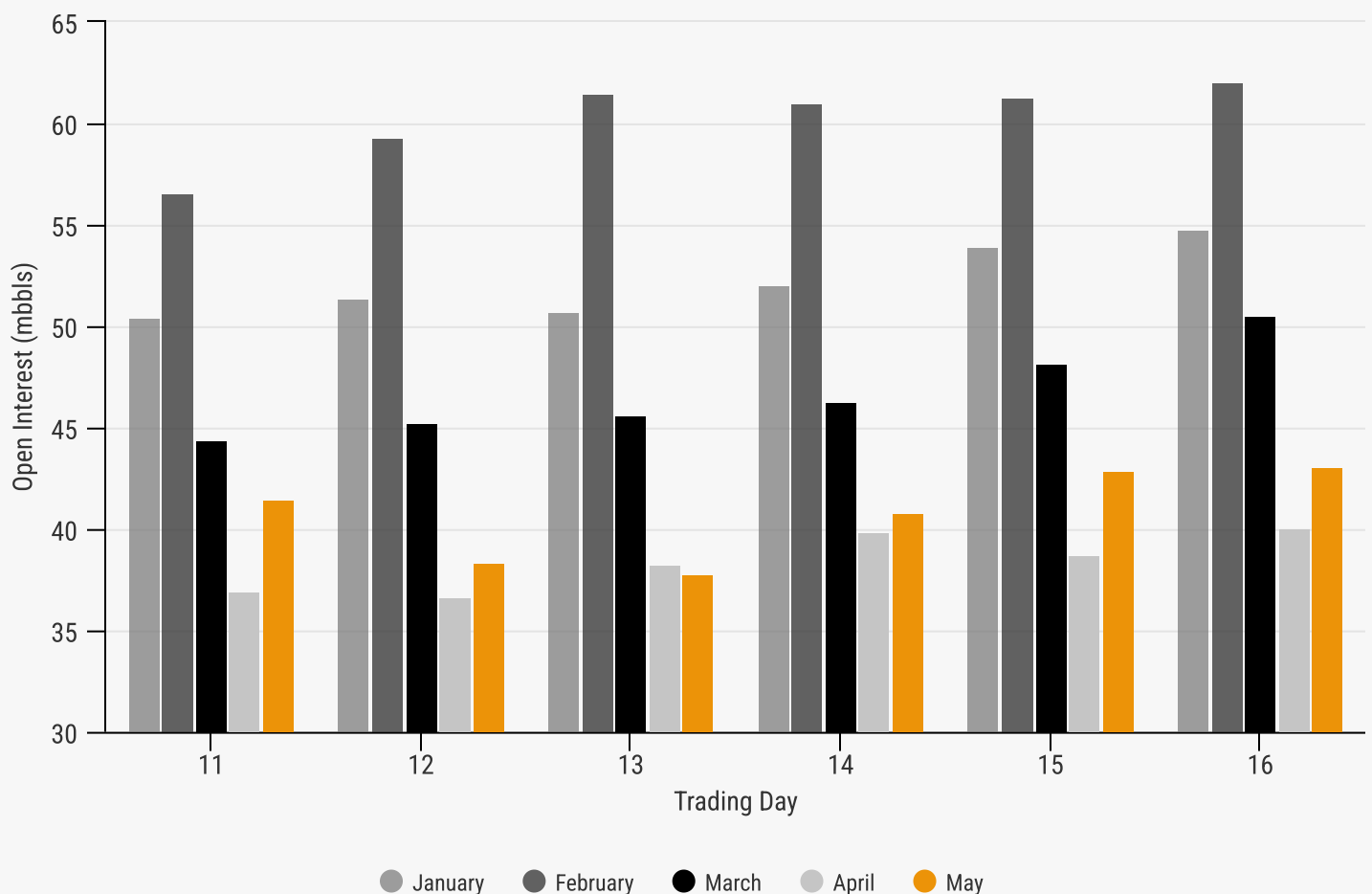


Brent/Dubai - Open Interest



- **Open interest** in the M2 May contract between the 11th and 16th trading day of the month has been higher relative to that in the previous month's M2 despite still remaining short of levels seen when Jan, Feb and Mar were M2 tenors.
- Open interest for the M2 in the 16th trading day of Mar stood at 43mbbls - 15% below the OI for Feb as of the 16th trading day of December.
- Specifically over the past week, open interest for May first fell below 40mbbls, after which OI swelled up to 43mbbls.

M2 Brent/Dubai Open Interest in respective months

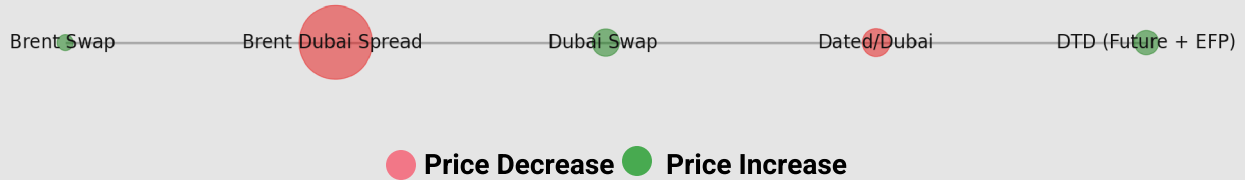


*For reference, January was the M1 in the 1st-6th trading days of December.

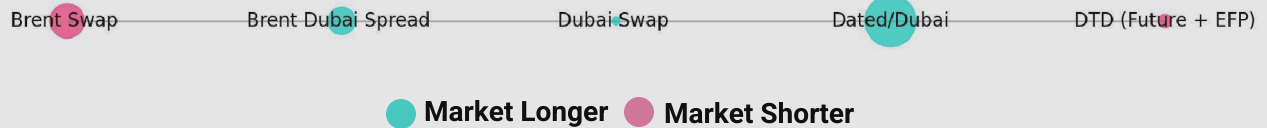
Network Analysis



Price Difference



Net Market Positioning



Volume Traded



Above is the network analysis for the May swaps contract or March 15-22. We can see across the complex, there was an increase in volumes traded as players were happy to add risk into the contract again after OI suffered. The price action of the May Brent/Dubai was relatively rangebound following the collapse in the previous week, although there was a decrease of 9c/bbl in the week. Although volumes increased across the board, the Brent/Dubai May contract saw OI decrease Mar 15-19, possibly profit-taking at low levels.



Size of bubble proportional to increase or decrease.

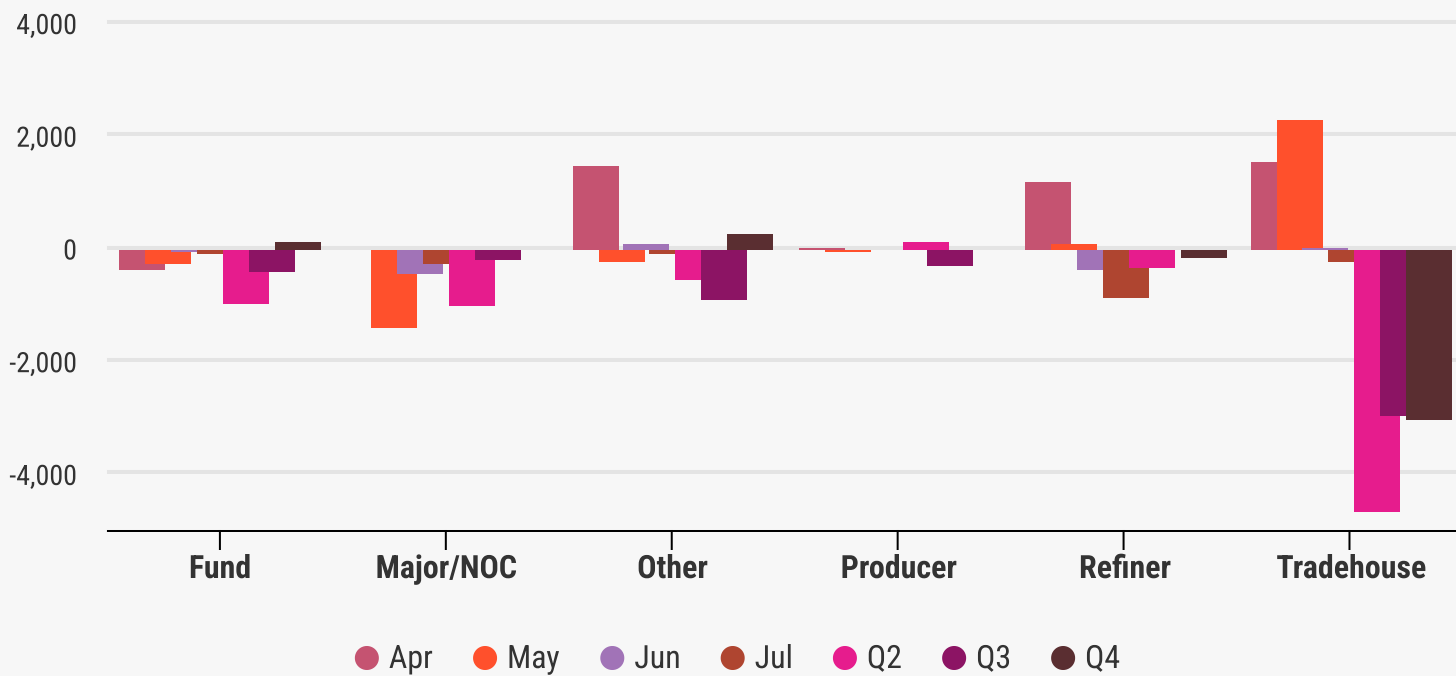
Volume Size: log of absolute volume

Price Size: scaled by standard deviation

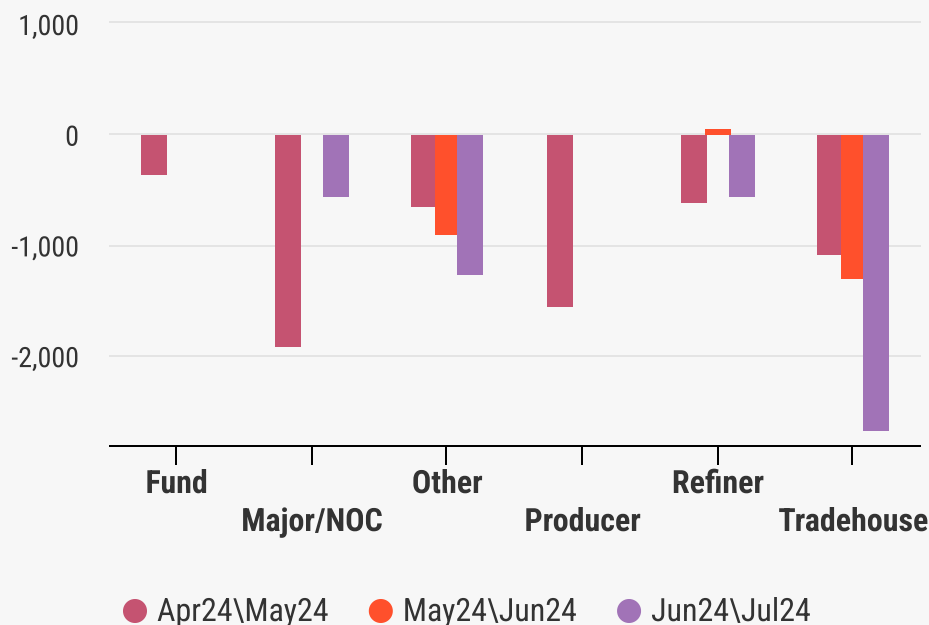
Counterparty Type - Brent/Dubai



Brent/Dubai counterparty type net position (kbbbls)



Brent/Dubai boxes counterparty type net position (kbbbls)

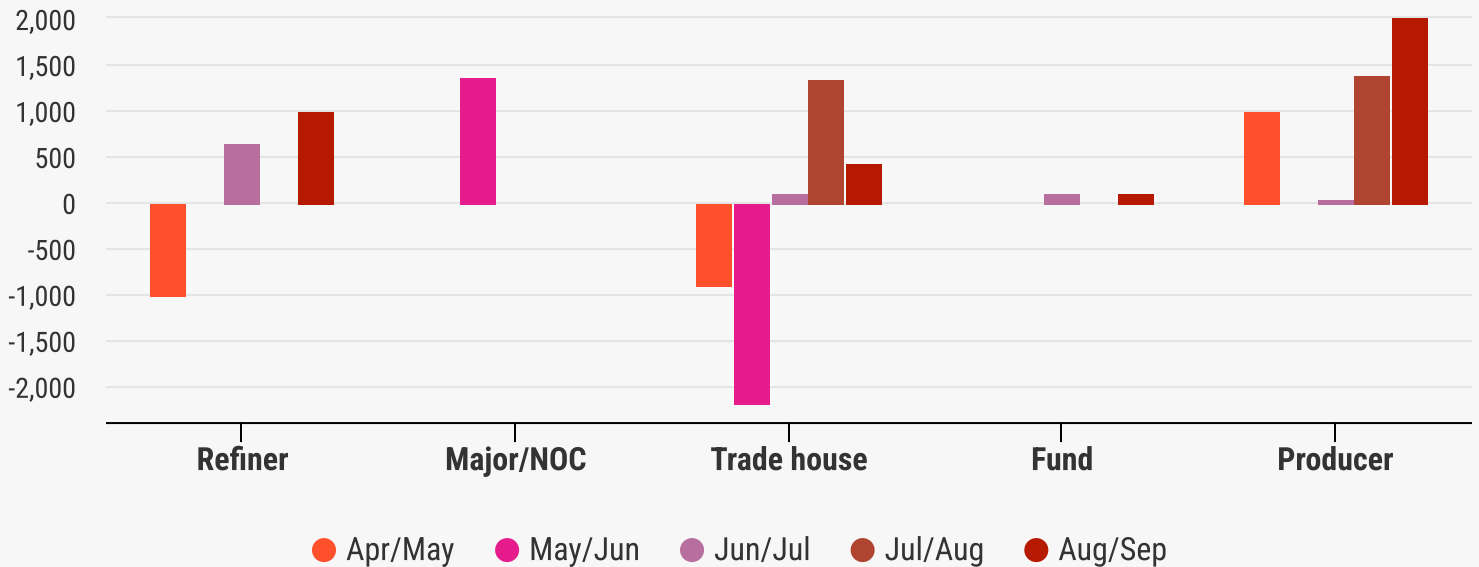


- Trade houses remained active buyers of the front Brent/Dubai tenors, flipping to a sell side position in Jul. These players were also seen adopting net selling positions in Brent/Dubai boxes from the Apr to Jul region. The May Brent/Dubai clocked in 2.3mbbls of net buyside flow from trade houses as of Mar 25 whilst the Q3 contract saw over 3mbbls selling.
- Refiners were also seen buying the Apr and May Brent/Dubai contract but flipped to selling deferred and quarterly contracts.
- Funds and majors/NOCs were net sellers of Brent/Dubai across the curve save for fund net buying of 135kbbbls of Q4 Brent/Dubai.
- Brent/Dubai boxes remain offered overall based on net positions across counterparty types.

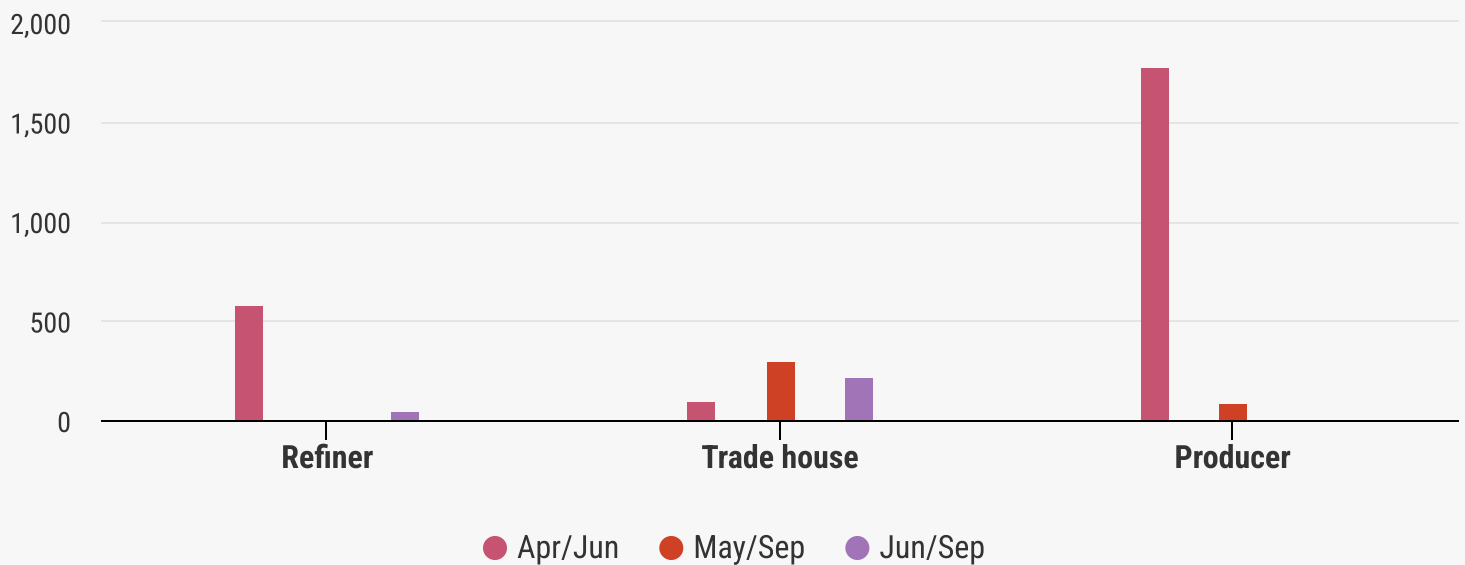
Counterparty Type - Dubai Spreads



Dubai spreads counterparty type net position (kbbbls)



Longer Dubai spreads counterparty type net position (kbbbls)



- There was a good mix of players holding net positions in both sides of the Dubai spreads in the past 2 weeks. Trade houses sold over 2mbbls of May/Jun to Onyx and bought 1.4mbbls of Jul/Aug. Refiners and trade houses both sold the front Apr/May spread and producers bought 1mbbls of it from Onyx.
- In longer spreads, producers put on the largest net position in the fortnight of over 1.7mbbls of Apr/Jun. Refiners and trade houses also bought this spread from Onyx.

Arbitrage Barrels

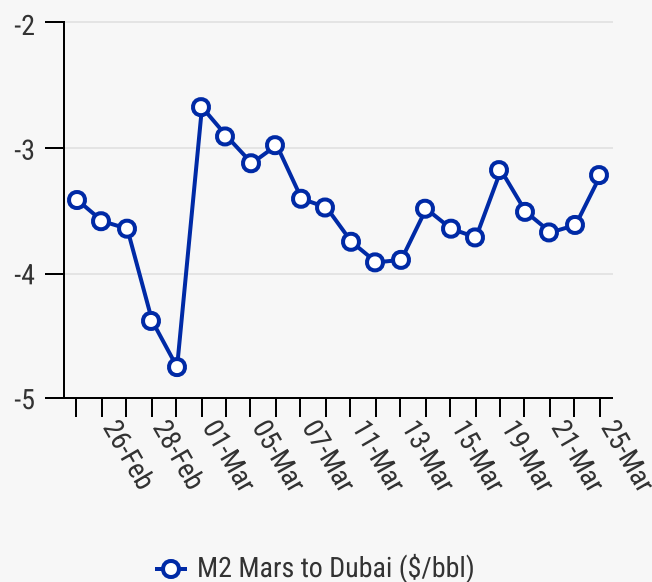
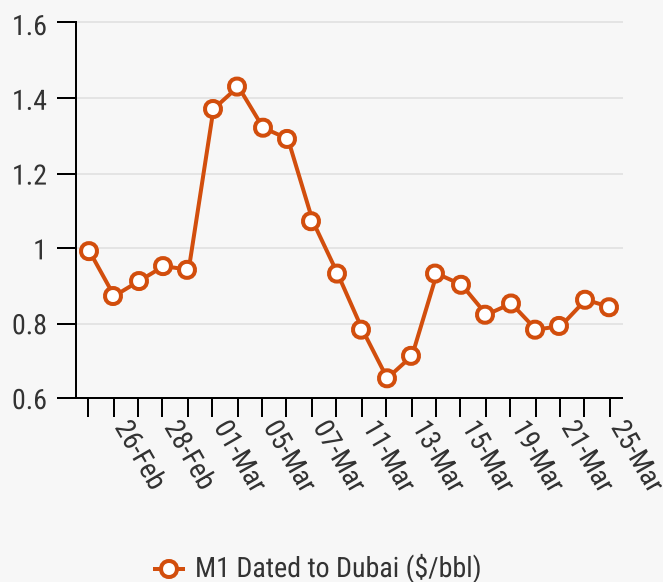


Dated to Dubai

Tenor	Differential Value (\$/bbl)	Adjusted Differential for Voyage Time*	vs 1-year Average	vs 5-year Average
M1	0.26	1.13	-0.47	-1.40
M2	0.84	1.61	-0.20	-1.06
Q2-24	0.95	-4.38	-1.08	-1.28
Q3-24	0.92	1.87	-1.11	-1.31

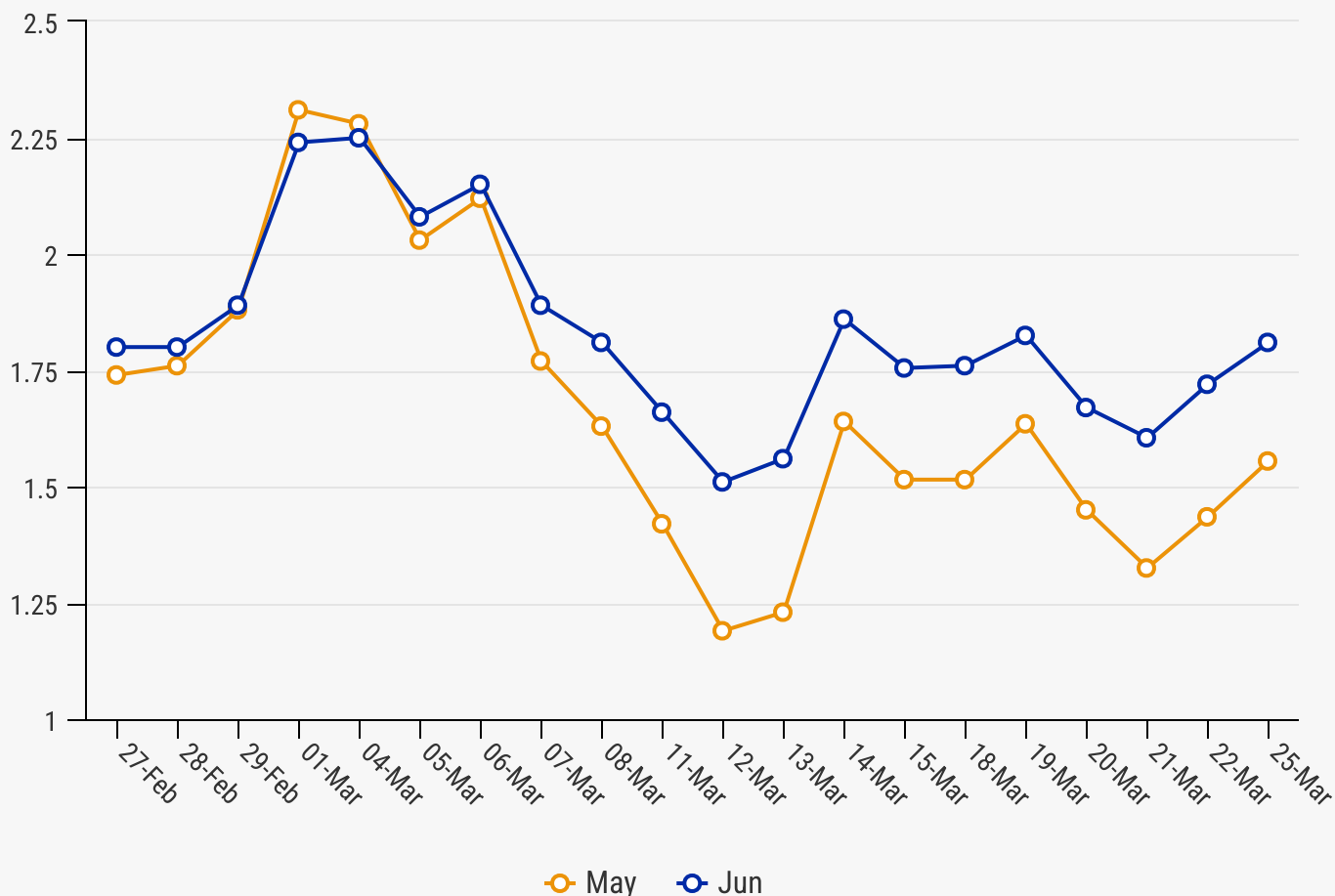
Mars to Dubai

Tenor	Differential Value (\$/bbl)	Adjusted Differential for Voyage Time*	vs 1-year Average	vs 5-year Average
M2	-3.22	-2.86	0.49	-1.33
M3	-2.67	-2.86	0.81	-0.95
Q2-24	-3.34	-8.71	0.17	-0.90
Q3-24	-3.35	-1.92	0.09	-0.98





May and Jun Brent/Dubai EFS (\$/bbl)



Summary:

- The Brent/Dubai EFS in May and Jun fell to lows of \$1.19/bbl and \$1.51/bbl on Mar 12 in line with the collapse in Brent/Dubai.
- Support was seen following this with the May and Jun EFS rising to \$1.56/bbl and \$1.81/bbl respectively on Mar 25.

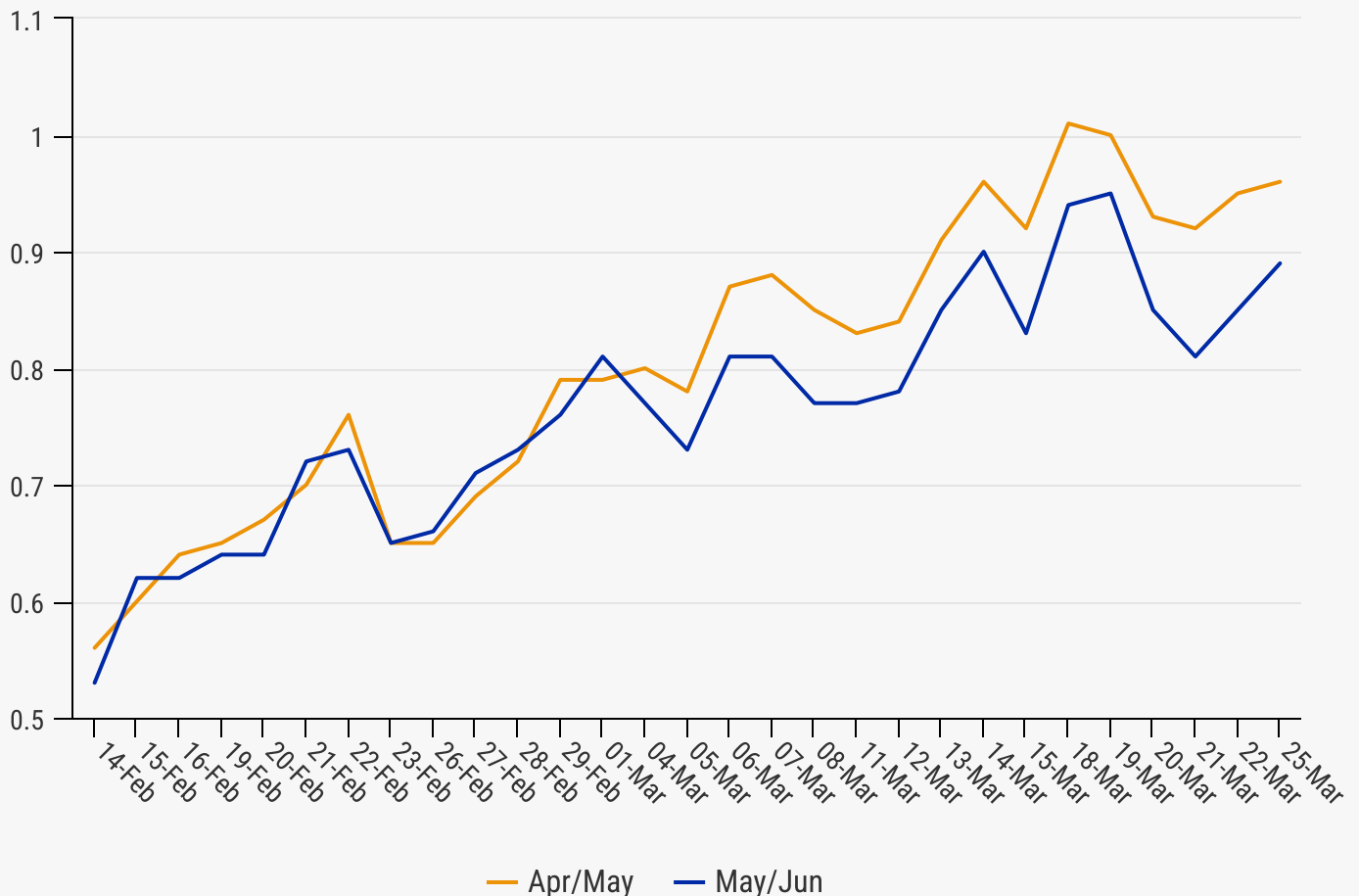
Notable Flows:

- 14 Mar: We saw refiner selling of the Jun for Apr cross-month EFS, trading at -\$0.10/bbl.
- 15 Mar: The refiner selling of the Jun for Apr cross-month EFS continued, trading down from -\$0.01/bbl to -\$0.06/bbl.
- 19 Mar: The Jun for Apr EFS remained offered, trading at -\$0.13/bbl in the early afternoon.
- 20 Mar: The Jun for Apr EFS remained offered this morning as well, trading at -\$0.09/bbl.

Pricing Spread



Mar/Apr and Apr/May Dubai Spread (\$/bbl)

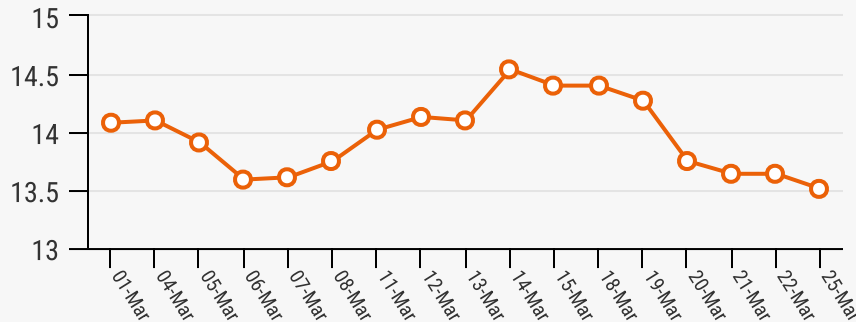


- Dubai spreads have seen an oscillatory fortnight, clocking in initial weakness only to eventually dial back upwards. The Apr/May and May/June stood at \$1/bbl and \$0.90/bbl, respectively, recording a two-week change of +3% and -5%.
- Over the fortnight, we saw trade houses and refiners selling nearly 1.6mbbls of the Apr/May Dubai spread alongside producers buying 1mbbls of the spread.
- The May/Jun spread witnessed 2.2mbbls of trade house selling against 1.3mbbls of buying from majors/NOCs.

Freight Rates

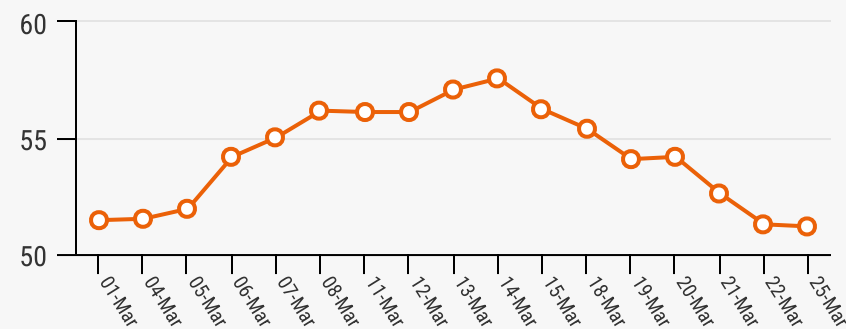


M2 TD3C - Dirty Freight Route from Middle East Gulf to China



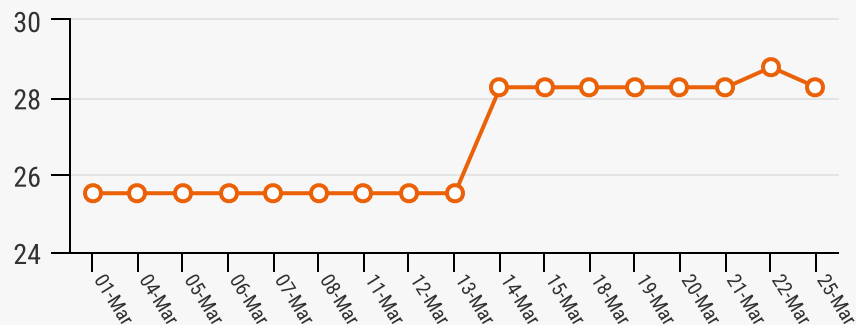
Tenor	Level (\$/mt)	2 Week change (%)
M1	13.75	-4%
M2	13.51	-4%
Q3-24	12.72	0%
Q4-24	15.11	-1%

M2 TC5 - Clean Freight Route from Arabian Gulf to Japan



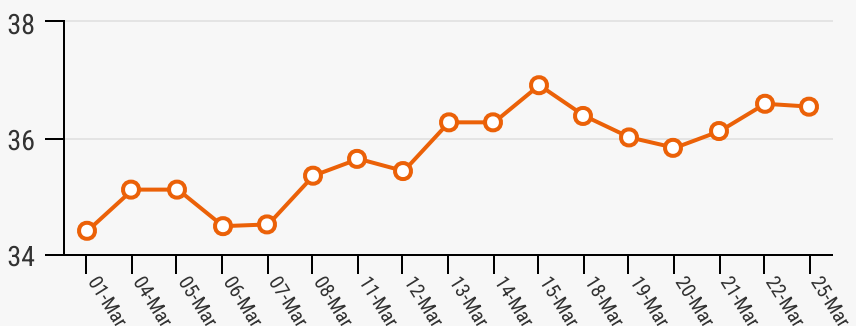
Tenor	Level (\$/mt)	2 Week change (%)
M1	54.43	-6%
M2	51.19	-9%
Q3-24	48.08	2%
Q4-24	46.48	-3%

M2 TD8 - Dirty Freight Route from Kuwait to Singapore



Tenor	Level (\$/mt)	2 Week change (%)
M1	30.43	10%
M2	28.26	11%
Q3-24	22.79	2%
Q4-24	24.21	0%

M2 TD25 - Dirty Freight Route from US Gulf to ARA

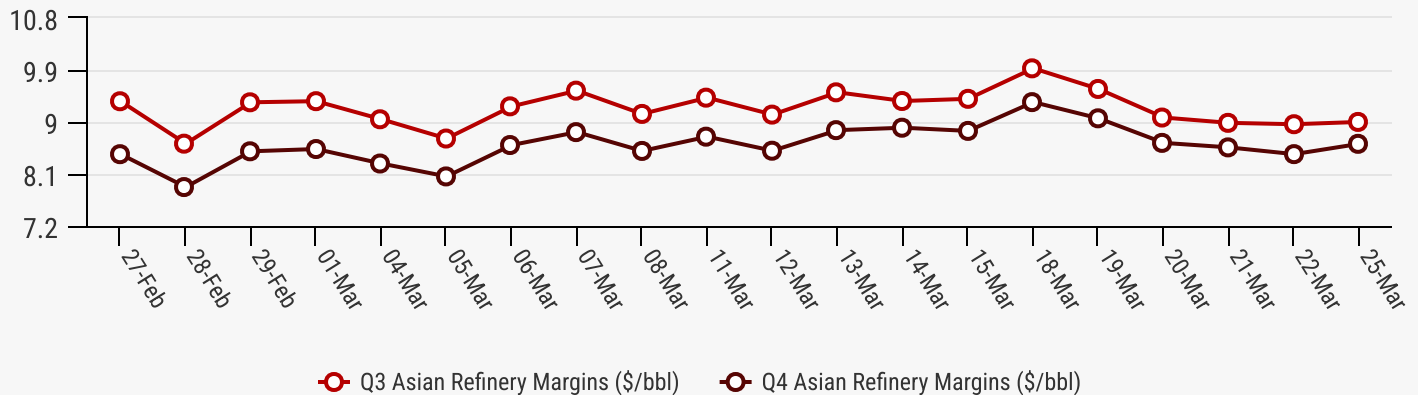
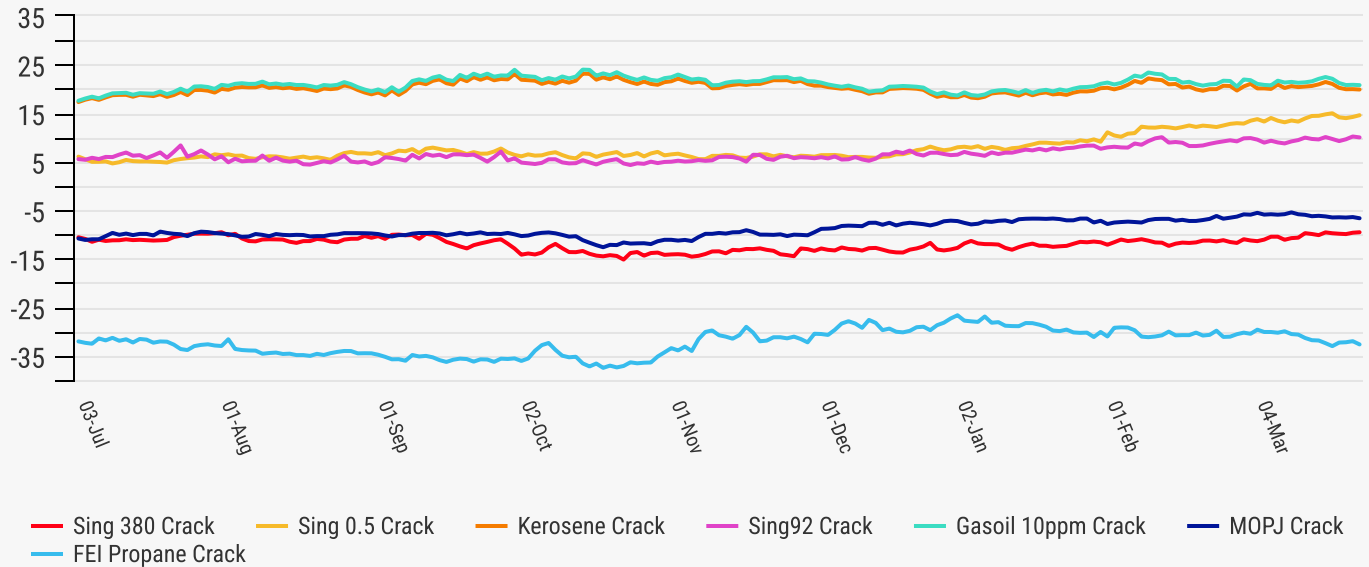


Tenor	Level (\$/mt)	2 Week change (%)
M1	37.33	-2%
M2	36.54	3%
Q3-24	34.14	4%
Q4-24	37.96	1%

Asian Oil Products



2H24 Eastern Oil Products Crack (\$/bbl)

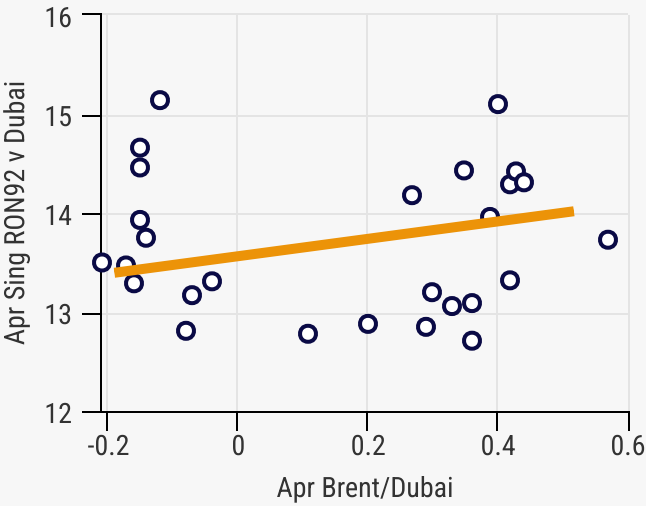
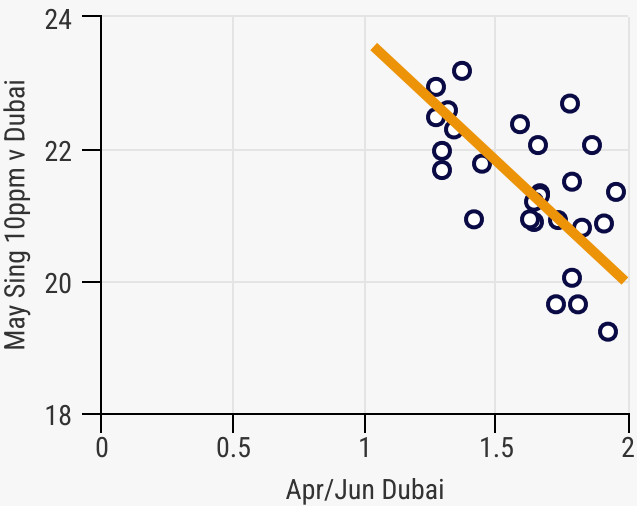
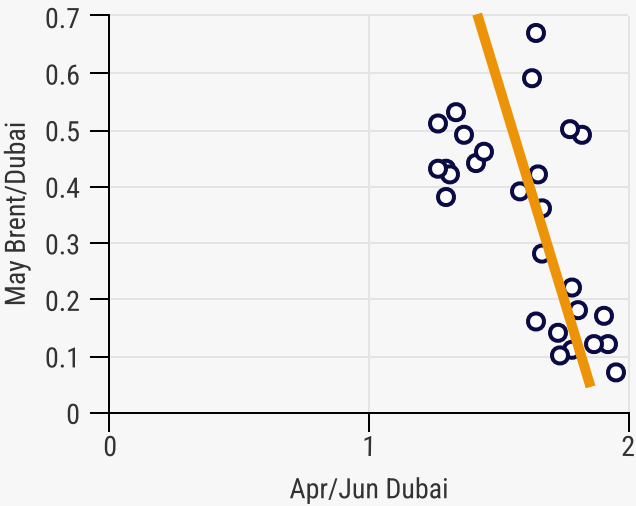
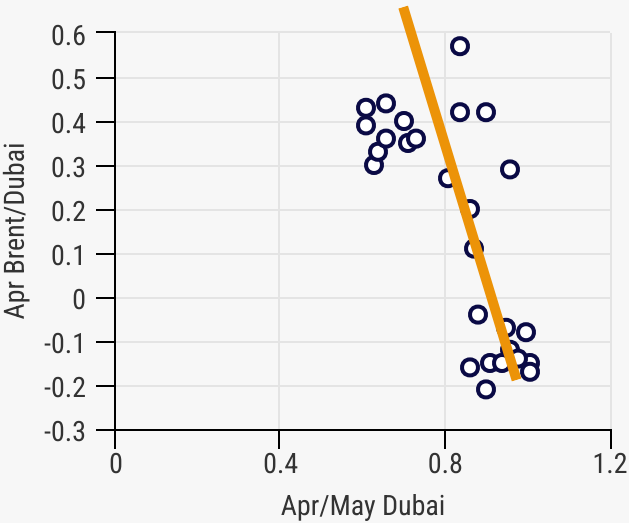


- **Asian refinery margins** surged up to a peak on Mar 18, where they reached \$9.90/bbl and \$9.30/bbl in Q3 and Q4, respectively. Following this, the margins eased off to \$9/bbl in Q3 and \$8.60/bbl in Q4. Both margins clocked in fortnightly weakness, largely led by strength in the Dubai complex.
- **Asian gasoil cracks** in 2H strengthened from \$21.20/bbl on Mar 12 to \$22.40/bbl come Mar 18, following which they declined to \$20.75/bbl handles by Mar 20 over concerns of oversupply in Asia.
- The **gasoline 92 crack** also strengthened into the fortnight but continuously found resistance around the \$10/bbl mark in H2. The H2 crack stood at levels just shy of \$10/bbl on Mar 25.
- **Sing 380 fuel oil cracks** in 2H have found support over the past two weeks. Prices for the H2 crack surged up from levels below -\$10.60/bbl on Mar 12 to -\$9.75/bbl the following week and ultimately -\$9.50/bbl on Mar 25.
- **Naphtha cracks** have weakened over the fortnight. The H2 crack oscillated from -\$5.80/bbl on Mar 12 to around -\$6.50/bbl into the week before plummeting to levels just above -\$6.70/bbl on Mar 25.
- **Propane cracks**, like naphtha, saw weakness over the past fortnight with the H2 crack sinking from -\$30/bbl on Mar 12 to nearly -\$32.70/bbl on Mar 25.

Correlations Analysis of Dubai-Related Contracts

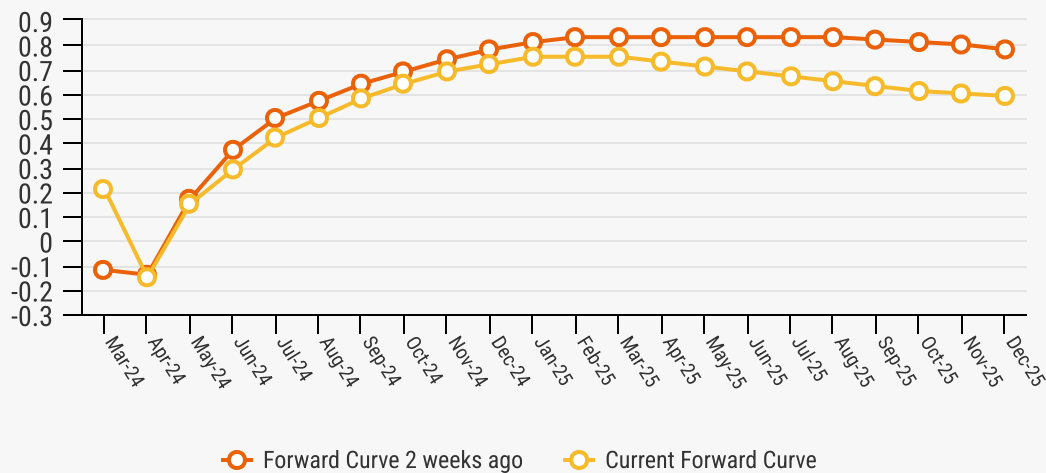


	Apr/May Dubai	Apr/Jun Dubai	Apr Brent/Dubai	May Brent/Dubai	Apr 10ppm/Dub	May 10ppm/Dub	Apr RON92/Dub	May RON92/Dub
Apr/May Dubai	100%							
Apr/Jun Dubai	100%	100%						
Apr Brent/Dubai	-73%	-71%	100%					
May Brent/Dubai	-63%	-62%	97%	100%				
Apr Sing 10ppm v Dubai	-76%	-75%	71%	61%	100%			
May Sing 10ppm v Dubai	-63%	-61%	63%	55%	97%	100%		
Apr Sing RON92 v Dubai	-5%	-5%	2%	-3%	-9%	-9%	100%	
May Sing RON92 v Dubai	41%	41%	-32%	-31%	-41%	-34%	82%	100%

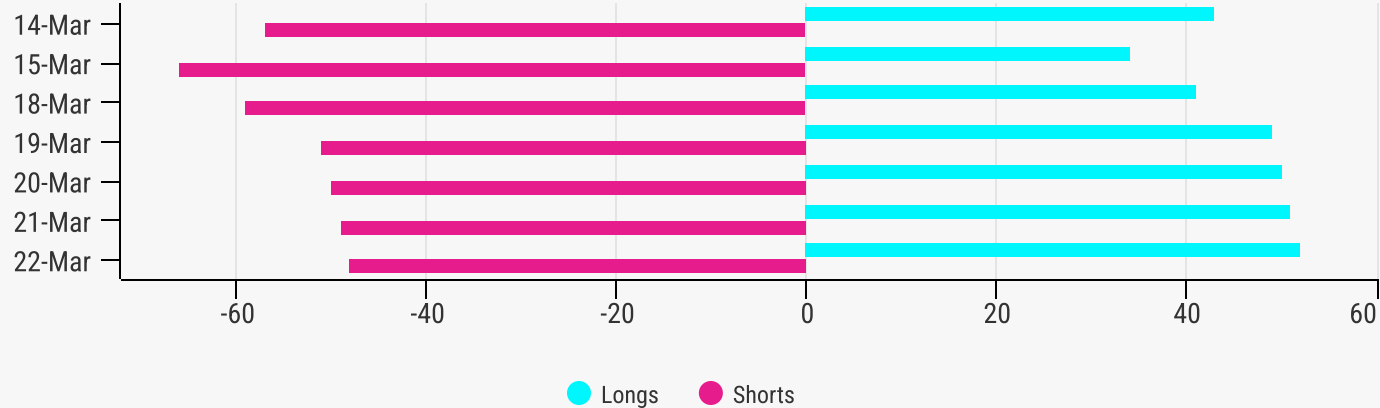




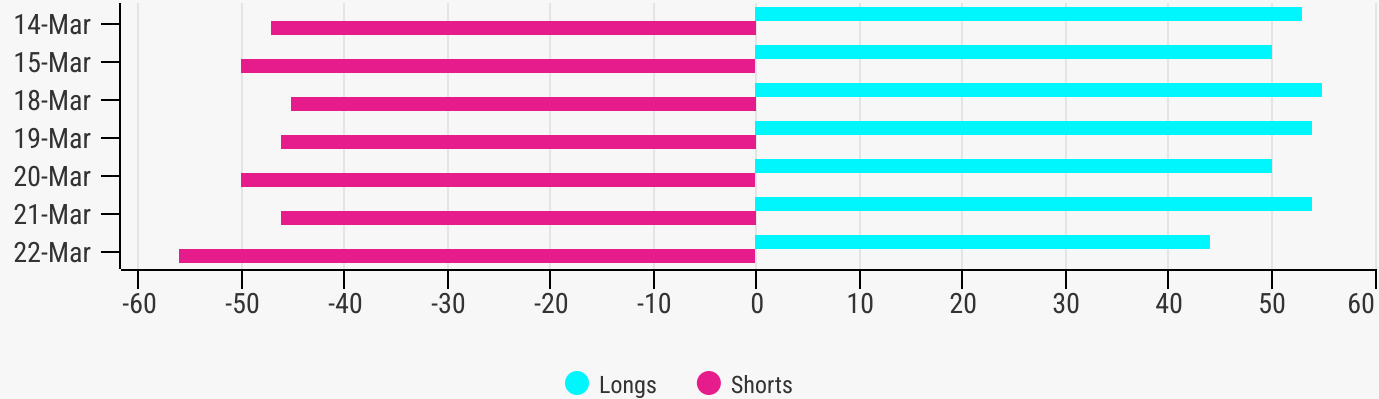
Brent/Dubai Forward Curve (\$/bbl)



7-Day Market Trading Split - Apr24 Brent/Dubai

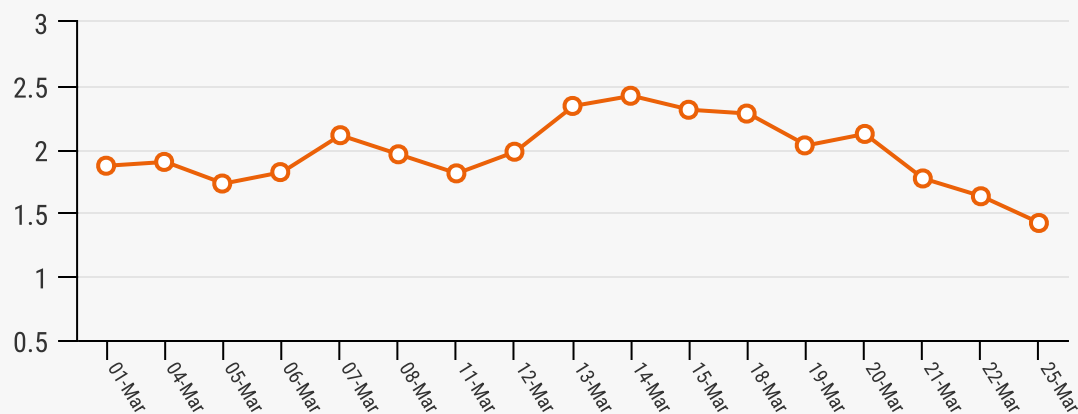


7-Day Market Trading Split - Q2 Brent/Dubai

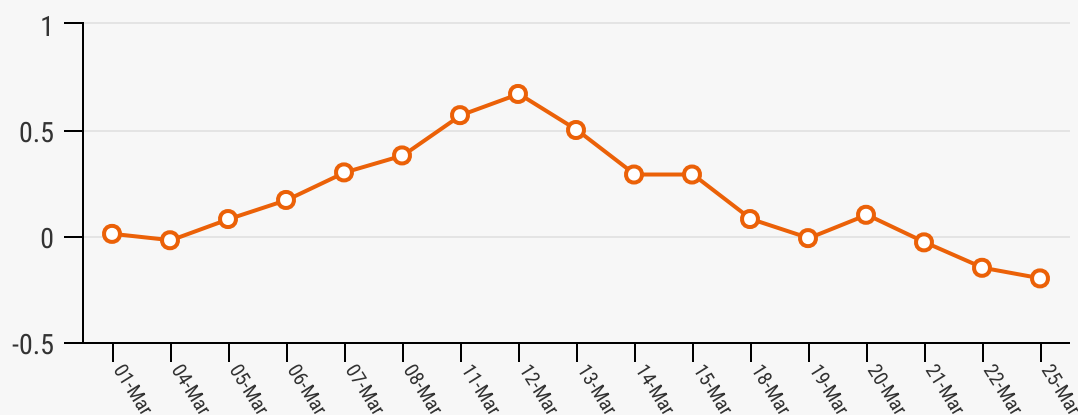




M2 Brent/Dubai EFS (\$/bbl)



M2 Murban/Brent Futures (\$/bbl)



M1 Distillate vs Dubai Cracks (\$/bbl)

