28 Mar 2024

European Window

ONYX ADVISORY

Flat Price

The Jun Brent futures contract strengthened back into $86 territory this morning and stands at $86.40/bbl as of 13:05 GMT (time of writing). The benchmark futures contract is poised to end the month higher for a third consecutive time. An analysis by Wood Mackenzie found that more than a fifth of global oil refining capacity is at risk of closure amid weakening gasoline margins and rising pressure to reduce carbon emissions. In macroeconomic news, the US economy grew faster than previously estimated in Q4'23 with GDP rising at 3.4% (revised from 3.2%). Players will be on the lookout for further directional cues on oil prices from tomorrow's US personal consumption expenditures data and next week's OPEC JMMC meeting. Finally, Jun/Jul and Jun/Dec Brent spreads are currently at $0.80/bbl and $4.30/bbl, respectively.

Crude

A strong expiry day for Dated, seeing the cash trade $0.85/bbl last. Apr DFL rallied, gapping up to highs of $0.69/bbl, now trading $0.65/bbl, as the front of the curve saw good buying. 15-19/4 1w roll trades up to $0.01/bbl, with the 3 week roll paid at $0.40/bbl, whilst 8-12/4 3w trades $0.10/bbl last. The Apr/May DFL was well bid, trading -$0.22/bbl last, and the Dated roll eventually topped out at $0.66/bbl before settling back down to $0.60/bbl. In the NS window, there were no bid/offer indications in the physical, implying a sharp rollup in the physical diff as we approach next week where the physical diff is implied around flat. CFDs saw better buying, with 15-19's trading around $0.57/bbl, and 22-26's $0.60/bbl with Chinese, trade and refiner bidding.

Fuel Oil

In HSFO, We saw large size physical selling on 380 which put pressure on the 380 cracks, with April trading down to -$11.50/bbl .There was large size selling in the window which saw Euro barge MOC uncharacteristically selling down to -$0.25/mt. Following the window we saw selling on cracks resulting in the May crack price trading down to -$10.70/bbl.

In VLSFO, Euro 0.5 cracks came under pressure this afternoon due to stronger crude and limited buy side interest in spreads. We saw April/May sing trade $2.50/mt and May/June trade $5.50/mt whilst April/May Euro 0.5 was sold down to $6/mt and May/June remained bid $6.75/mt. Euro 0.5 cracks came under pressure from large size discount selling on MOC which pushed cracks down from $5.70/bbl to $5.55/bbl this supported 0.5 E/W with market makers lifting may up to $42.75/mt with physical hedgers on the sell side. Further down the curve spreads were unchanged as stronger crude and weaker cracks worked to balance the market.

Distillates

ICE gasoil spreads remained rangebound throughout the afternoon, trading between $9.75/mt and $10.25/mt, and currently offered at $10/mt. Similarly, the May/Jun spread traded rangebound, with it indicated at $6.50/mt. ICE gasoil cracks remained stable throughout the morning, with May trading up to $22.40/bbl. Interest was observed in the deferred market, with the Q4 indicated at $23.50/bbl and Q1'25 trading up to $23.20/bbl. The European jet diff strengthened at the front of the curve, with Apr trading up to $41/mt and May up to $54/mt. Down the curve, interest was seen, with Q3 trading at $62/mt. The HOGOs continued its downward momentum on a stronger IPE, with the Apr swap at 1.60c/gal and the Q4 swap at 9.20c/gal.

Throughout the morning, the Sing gasoil structure firmed, with the Apr/May spread reaching its high of $0.08/bbl set earlier, while the May/Jun spread rallied up to $0.24/bbl from earlier lows of $0.19/bbl. Further down the curve, the Aug/Sep spread traded at $0.33/bbl. On the back of higher Sing spreads, the E/W rebounded to its earlier highs of -$34.75/mt, previously set in the morning, after hitting lows of -$36.50/mt post the Sing window. Similarly, the May E/W strengthened to -$26.75/mt before coming off to -$27.25/mt at the end of the window. Interest was also seen in the deferred market, with Q3 trading up to -$24.25/mt. In the regrade market, buying interest was seen at the front of the curve, with the Apr regrade been lifted up to -$1.70/bbl from -$1.73/bbl and the May regrade lifted up to -$1.50/bbl from -$1.60/bbl earlier in the morning. Further down the curve, the Q4 regrade traded up to -$0.50/bbl before coming off to -$0.55/bbl. The Apr/May kero spread continued to weaken, trading down to a new low of -$0.20/bbl, while the Jun/Sep kero spread traded up to $0.70/bbl after the window from $0.47/bbl earlier in the morning.

Gasoline

A quiet afternoon in gasoline where we saw cracks trade at the end of the window around $22.55/bbl in Apr EBOB. RBBRs stayed between the $25.60/bbl and $26/bbl in May, with arbs seeing buying today from funds and trade. May arbs saw the main buyside interest at 9.70c/gal. EBOB saw spread bids come in from phys players, with May/Sep at $76.25/mt. Apr/May saw more offer side interest in the window, at $8.50/mt. The Jun/Jul crack roll saw sticky buying today at $1.55/bbl. Gasnaphs saw real buying today in Apr and Q3, with Apr bid between $215/mt and $216/mt, and Q3 at $185.50/mt. In the East, we saw E/W better bid up to -$8.80/bbl in May. Gasnaphs in the East were better offered, trading at $21.10/bbl in Jun, offered by ref, and $22.10/bbl in May.

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

European Window

Naphtha

A weak afternoon in Naphtha where we saw Apr NWE cracks fall to -$8.80/bbl end window after opening at -$8.15/bbl off the back of stronger crude, gasnaph buying and trade selling. End window saw cracks seeing support at -$8.80/bbl in Apr, fund good sellers of May down to -$9.45/bbl. Front spreads were offered with crack weakness, Apr/May seeing selling at $12.75/mt and May/Jun at $8/mt. Backend naphtha saw a lack of bids, Q3 trading at -$9.55/bbl post-window and Q4 at -$9/bbl. Front E/W firmed with Europe weakness, last trading at $11.25/mt.

NGLs

A quiet early European window on NGLs, FEI spreads were supported with Apr/May at $8/mt and Apr/Jun at $13.50/mt. CP improved in comparison to FEI as May FEI/CP traded at $7/mt; the April CP contract price will be announced by Saudi Aramco on Sunday but with April propane flat price trading at $628/mt, Asian term lifters were recommending a largely unchanged price to March's $630/mt. European propane went better bid in the window with April trading at $521/mt, further out Q1/Q2'25 NWE traded at $39/mt. There was thin liquidity on the US open, physical offers were originally lifted helping the April LST/FEI arb, which had softened to -$173/mt, retrace to -$171/mt although LST flat price has since gone better offered at the front of the curve.