



Dated Brent Report

Onyx Capital Advisory

19th March 2024



Key Points

- May Brent futures remains well supported, breaking above \$87/bbl for the first time since November supported by reduced crude exports from Saudi Arabia and Iraq, along with indications of increased demand and economic expansion in China and the United States.
- The North Sea crude collapsed in March as the long market stopped out in thin liquidity and physical offers were unmet, pushing the whole curve down. The physical diff fell from 139c/bbl on Mar 7 to 7.5c/bbl on Mar 15.
- Although most flows in the now pricing 18-22 Mar CFD were stopping out there was some opportunistic trade house buying. Flow in 25-29 Mar was similar, with heavy major selling.
- According to Onyx counterparty type data refiners have been buying Apr DFL and Apr/May Dated. Trade houses have been on the sell-side of the Apr DFL, however, as they buy the Apr/May Dated spread in good size.
- European refinery margins remain well supported with Apr'24 Euro margin \$11.24/bbl on Mar 18. A strong EBOB complex and a European gasoil breaking previous resistance points have supported both the light and heavy ends of the barrel.

"You Can't Handle The Bull"

In January, we saw a very bullish market, with genuine supply tightness, and what we ended up with was a market that jumped the gun, and got too short too soon ahead of maintenance. This strategic misstep led to an explosive physical market as players scrambled to cover shorts. It's like déjà vu, but it seems we skipped the learning curve, opting instead for a bold leap into overconfidence. The signals were all there – robust margins, OPEC steadfast in its production cuts – yet, here we stand, witnessing a downturn in the physical market, following our last tête-à-tête.

Margins? Sure, they took a hit, but not enough to justify the dramatic plunge. The real turning point came when we started seeing cargos going offered in the window and we saw levels start to tick lower. We caught a glimpse of a trade house trying to don the bull cape for the 4-8 March, and although they were unable to push the physical higher, they did manage to price the partials strong that week. Having loaded up on length, two refiners were seen offering Midland and Forties, likely unwinding their hedges and spooking an overly saturated long market into unwinding their length, with the curve pushed down in low liquidity.

Come Friday, we were teetering on the edge, with the physical almost dipping into the red zone, but cargo offers for 13-17 April got lifted at 130c on a CIF basis and prevented this, though Monday rolled around with no offers seen in the physical, highlighting the clear tentativeness in the market. WTI Midland differentials are getting offered so low they can't even sell high into the cash because nobody is buying. Further supporting the move lower, TD3C freight rates roofed making transits far too expensive for Asia to take US crude and are pulling light sour as an alternative.

This backdrop of a weakening physical market has led to a significant unwinding of long positions in paper, with the Balmo segment shedding value, albeit on pretty thin liquidity, which exacerbated the move lower. Weakness in prompt April rolls and backend April and May rolls tapered off last week and right now there's a palpable sense of anticipation for a bullish turnaround.

The refining margins are not just healthy; they're thriving, with EBOB reaching new heights and gasoil setting higher lows. The significant draw at Cushing, paired with tightening in the Eastern market, hints at a shift back to bullish sentiment.

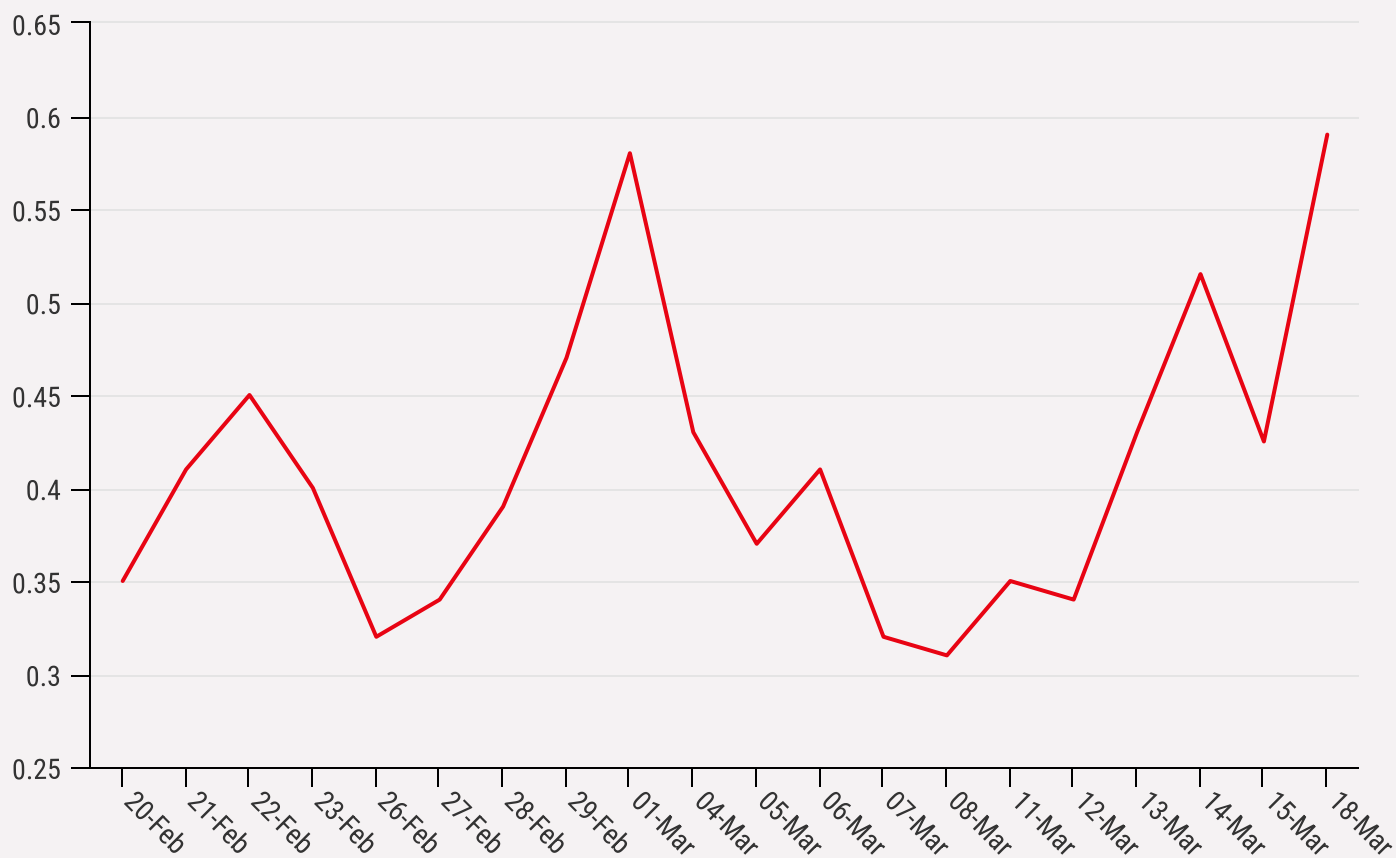
It seems it is a handful of lingering cargos that are anchoring the physical to their current lows. Flat price has broken out and looking at yearly highs, spreads that had come off a lot on the back of Dated weakness have started to move higher and it feels like the heavy selling is done now and we are on the cusp of a breakout. Once these cheap cargos are taken out, we expect the floodgates will open.



Trade: **Long** 22-26 Apr vs Cal May

With the phys diff so low we are seeing weakness coming into the prompt April contracts. There has continued to be hedge buying from the back end of Apr and May rolls. We expect the bullish market conditions of strong futures and strong refinery margins to support the market. However, with Apr coming off and the physical diff low we expect the strength to return to be better in the back as the market waits for the more 'unsure' weeks to pass.

22-26 Apr vs Cal May (\$/bbl)



HIGHLIGHTS - VIEW



BRENT SPREAD OUTRIGHT DFL

Contract	Apr 24 DFL
View	Bullish
Conclusion	Tentative market right now as maintenance cargoes linger. Once these get taken out, it will allow structure to rally and Apr will lead.
Current Price	\$0.65/bbl
2-Week Forecast	\$0.85-0.95/bbl
Contract	May 24 DFL
View	Bullish
Conclusion	Similar to above, with May also looking to be supported and dragged up.
Current Price	\$0.75/bbl
2-Week Forecast	\$0.95-\$1.05/bbl
Contract	May/Jul Brent Futures
View	Bullish
Current Price	\$0.77/bbl
2-Week Forecast	\$0.95-\$1.05/bbl
Contract	Jun/Jul Brent Futures
View	Bullish
Current Price	\$0.79/bbl
2-Week Forecast	\$1.00-1.10/bbl

Highlight and Views - CFDs



Tenor	Buy/Sell* Outlook	Spec Flows	Hedging Flows	Curve Impact	Trade Idea
18-22 Mar	0	Not been the most active week. Overall has seen good selling by majors in the windows. Spec flows have mostly been stop out type flows, with some opportunistic buying from trade houses, but nothing too notable as the phys was pressured lower.	No significant hedging flows.	The 1w roll has come off by quite a lot, from being around 40c/bbl handles in the last report to now print in small negative values.	Into pricing
25-28 Mar	0	Similar story as above with majors being the main sellers, offering almsot every window. 25-28 Mar 1w saw some spec buying from trade houses, but was pressured lower by Brent spreads and weak phys.	No significant hedging flows.	The 1w roll has also sold dwon from 40c/bbl to contango levels, printing at -12c/bbl on Mar 18	Small bull bias into pricing, expect to keep it light
02-05 Apr	+1	Originally saw good buying, prompt Apr weeks were bid, but has since faded away. 02-05 2w roll saw decent selling in line with a weaker phys and no one wanting to really own this week.	Hedge buying in Apr rolls shifted to more backend Apr and May rolls. Seeing some hedge and trade house selling	02-05 1w roll has likewise sold off from strong backwardation to small contango, with rolls firmly to the sell side in the prompt Apr weeks.	Short 02-05 Apr 1w fly
08-12 Apr	+1	Been a little better supported than 02-05 Apr, but still seen pressure with phys so weak.	Hedge buying shifting to more deferred weeks.	Hedge buying moving later has pressured this week lower.	Long 08-12 Apr vs Cal'Apr
15-19 Apr	+2	Overall is lower, but performed much better on a structure basis, with the 02-05 2w fly notably coming off.	Hedge buying but similar to above it is shifting later.	Traded up to near 60c/bbl on Mar 14, before being pressured lower.	Long 15-19 Apr vs Cal'May

*The Buy/Sell Outlooks are indicative of future potential flow trends, -2 meaning selling expected while +2 indicates more buying is expected. Commentaries are in retrospective of last weeks' flows.

COMMITMENT OF TRADERS - CFDS



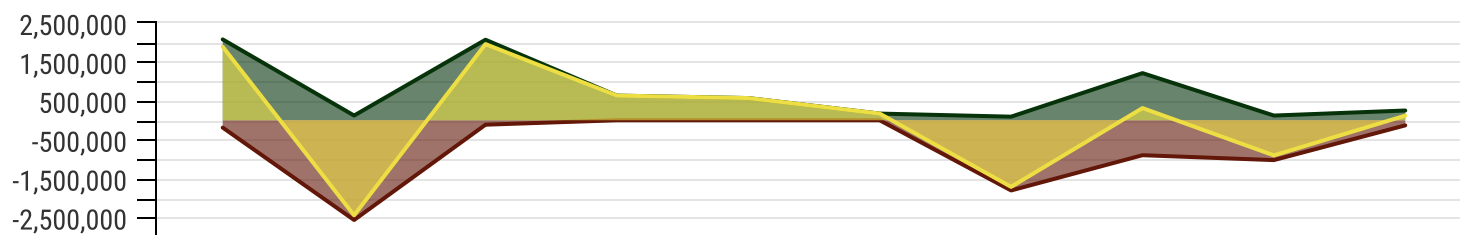
	Exchange OI (mm bbl) (% Weekly Change)	Market Maker	Hedging OI (mm bbl)	Spec OI (mm bbl)	Long:Short	OI-Average
25-29 Mar vs May BFOE	23.8 (6%)	30.3%	18.42	5.38	35:65	23%
01-05 Apr vs Jun BFOE	19.0 (192%)	40.0%	15.44	3.56	30:70	-29%
08-12 Apr vs Jun BFOE	13.3 (430%)	19.4%	11.65	1.60	10:90	13%

CFDs - DAILY FLOWS

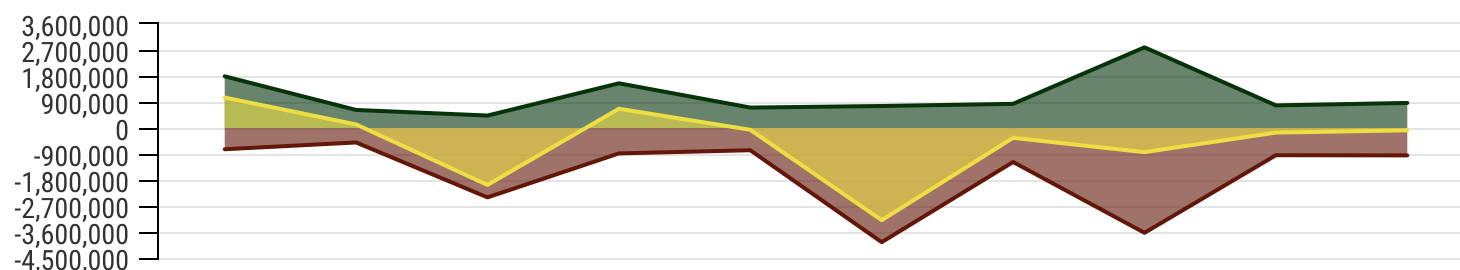


Although flows were quieter on Mar 8-12 this has picked up since. Net flow into the 25-29 Mar CFD flipped from buying to selling on 13 March although net flow has failed to maintain this sell-side net flow consistently. Mar 18 saw a net buying volume of just 119kbbbls in light trading. 01-05 Apr saw similarly balanced flow from Mar 13 although it remains skewed to the sell-side. Heavy volumes were seen on Mar 14 across all listed CFDs with around 6.6mbbbls bought, there were good volumes of 01-05 Apr traded with the market selling over 3.6mbbbls to Onyx over the day

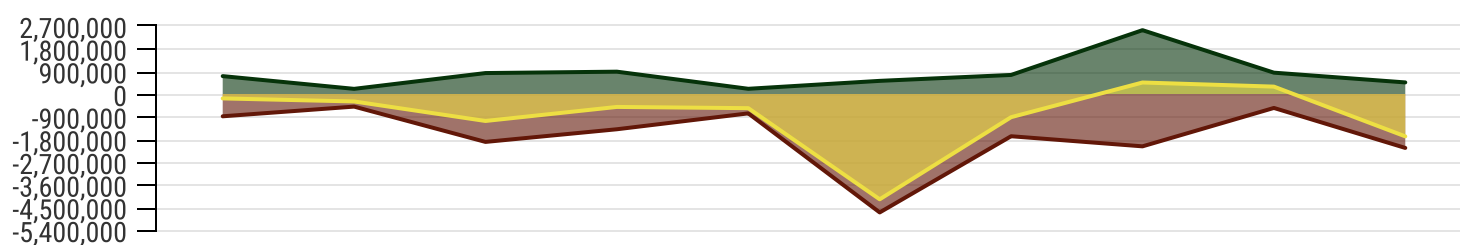
25-29 Mar



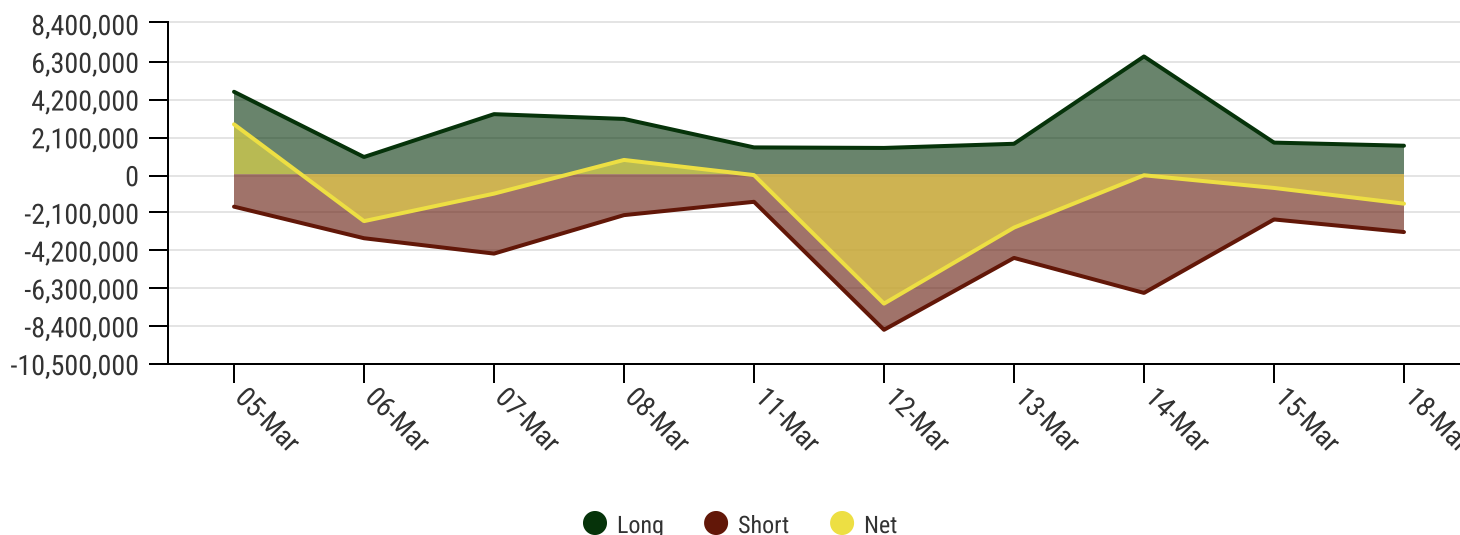
01-05 Apr



08-12 Apr



Aggregate of 04-08, 11-15 and 18-22 Mar.



FLOW DIAGRAM - DEFERRED



Tenor	Buy/Sell* Outlook	DFL*	Flow	DFL Rolls	Net Impact
Apr	-2	<p>Apr DFL has sold off quite aggressively since last meeting. It had been very strong, printing at 80c/bbl levels last meeting, but as Dated structure sold off in line with a well-offered phys, the DFL plunged. Since then, it has retraced higher and with spreads back stronger, Apr could move higher with an improved phys.</p>	+2	<p>The Apr/May roll had rallied to the +10c/bbl level but then was sold down aggressively to almost -20c/bbl. Since then it has bounced back slightly.</p>	<p>Apr DFL fell to close at 40c/bbl on Mar 12. However, recent support has seen the contract retrace to 60c/bbl handles.</p>
May	-1	<p>May DFL has been slightly better supported. It came off initially in line with Brent spreads and weaker Dated structure. Overall, selling pressure was not felt as much as in Apr and the strong selling of the Apr/May roll, lent support to a firmer May.</p>	+1	<p>May/Jun DFL roll saw better selling this fortnight, however has retraced back to between -5c/bbl and flat.</p>	<p>May DFL followed a similar course falling 30c/bbl in a few days to close at 45c/bbl on Mar 11. Prices are now back to mid 70c/bbl handles.</p>
Jun	-1	<p>Jun DFL followed a very similar suit to May, seeing slightly better support than Apr with the weakness more prominent in the prompt.</p>	+1	<p>Jun/Jul DFL roll has been relatively stable.</p>	<p>Near identical price action to May, falling from high-70s to 50c/bbl before strengthening to 80c/bbl over the same timeframe as above.</p>

*The Buy/Sell Outlooks are indicative of future potential flow trends, -2 meaning a lot of selling might occur and vice versa for +2. Commentaries are in retrospective of last weeks' flows.

COMMITMENT OF TRADERS - DFLS



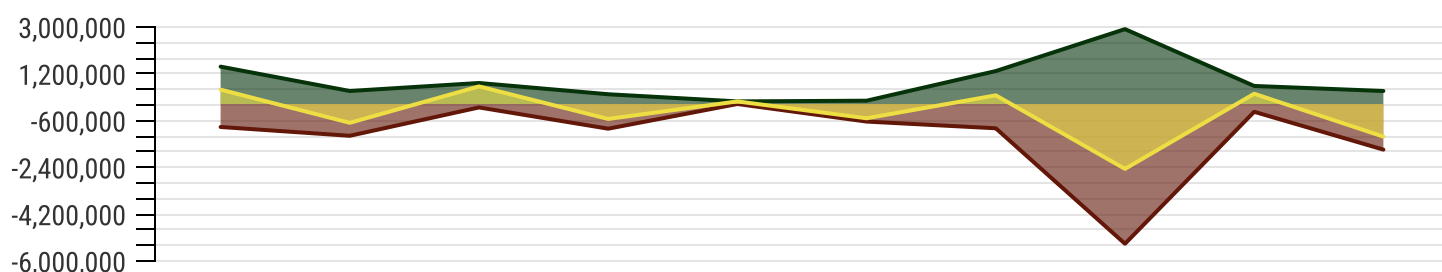
	Exchange OI (mm bbl) (% Weekly Change)	Market Maker	Hedging OI (mm bbl)	Spec OI (mm bbl)	Long:Short	OI-Average
Apr24	92.47 (13%)	21.4%	72.11	20.35	50:50	13%
May24	74.32 (27%)	26.6%	57.37	16.95	55:45	48%
Q3-24	60.03 (2%)	25.4%	55.24	4.79	55:45	-17%
Q4-24	43.63 (1%)	16.5%	40.57	3.06	55:45	-36%

DFLS & DATED - DAILY FLOWS

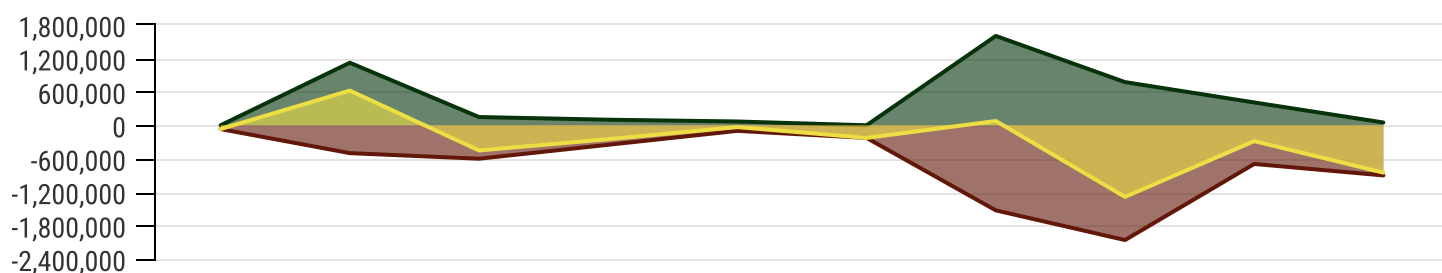


The following is the **market positioning** in the front month DFLs and Dated Brent swaps, observed from **Onyx's Crude desk** daily data. Looking at the flows in the April and May DFLs, there was an inconsistent and smaller net volume seen in early March, Mar 14 saw heavy selling in both Apr and May DFL of over 5mbbbls and 2mbbbls respectively. There was good trade house selling on Mar 14 with 900kbbbls of Apr sold to Onyx. The net volumes in Dated Brent have been inconsistent and the opposite flows in Apr and May are indicative of Dated spread trading, there was 300kbbbls of Apr/May Dated bought by a major on Mar 15.

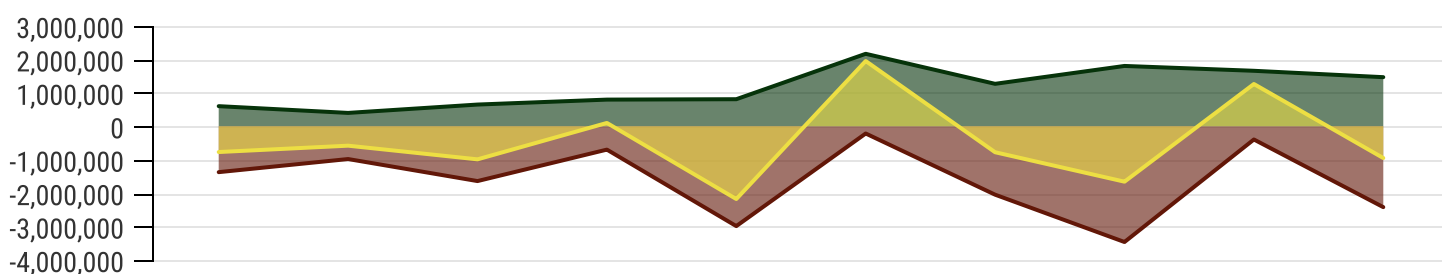
Apr24 DFL



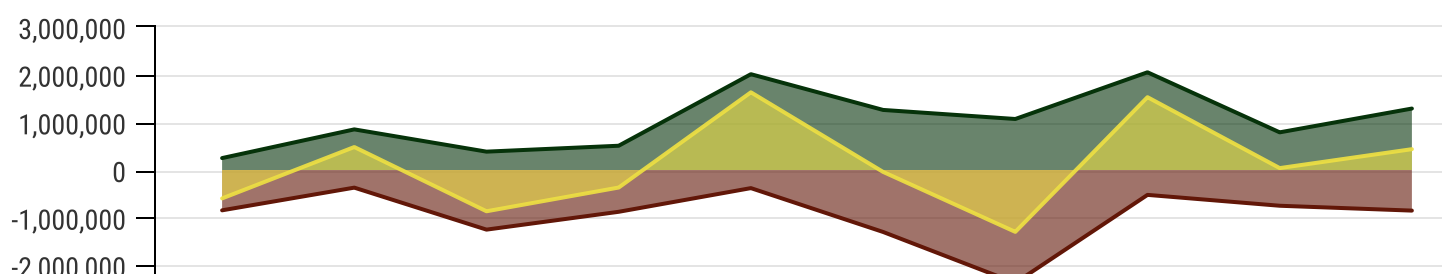
May24 DFL



Apr24 Dated Brent



May24 Dated Brent



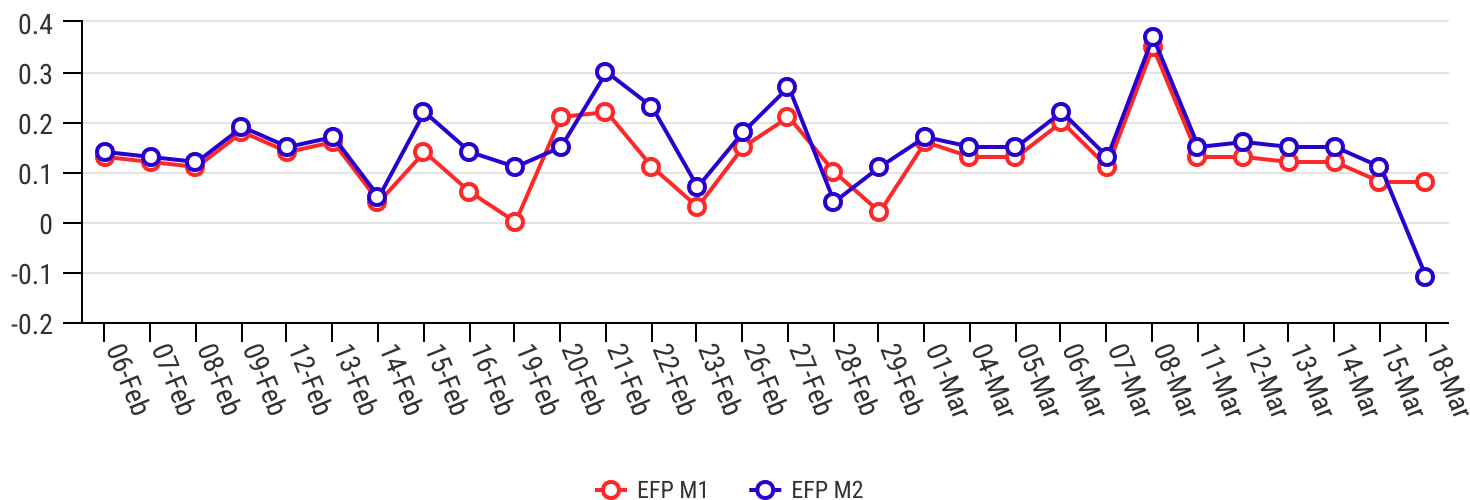
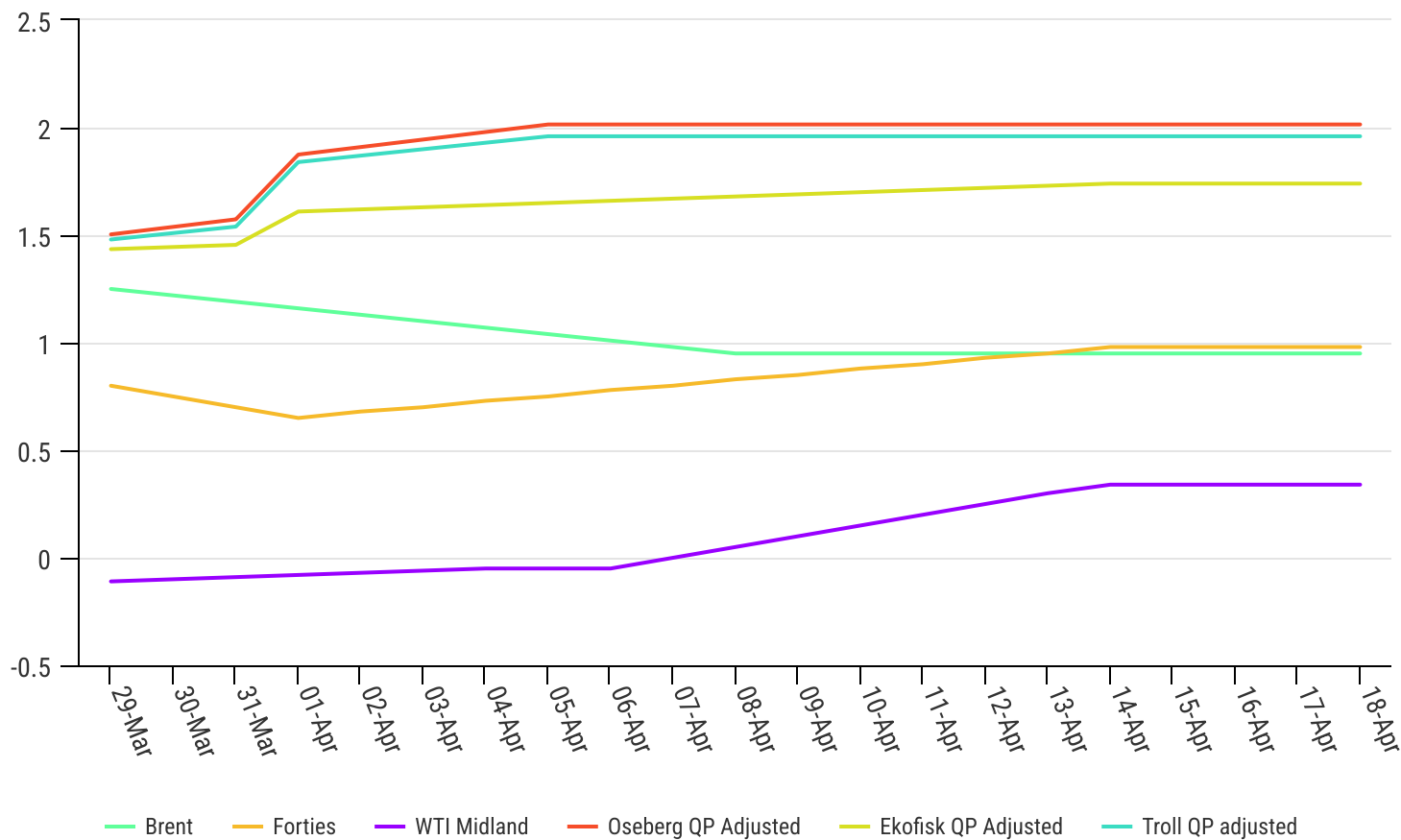
05-Mar 06-Mar 07-Mar 08-Mar 11-Mar 12-Mar 13-Mar 14-Mar 15-Mar 18-Mar

Long Short Net

PRICING - WINDOW ANALYSIS



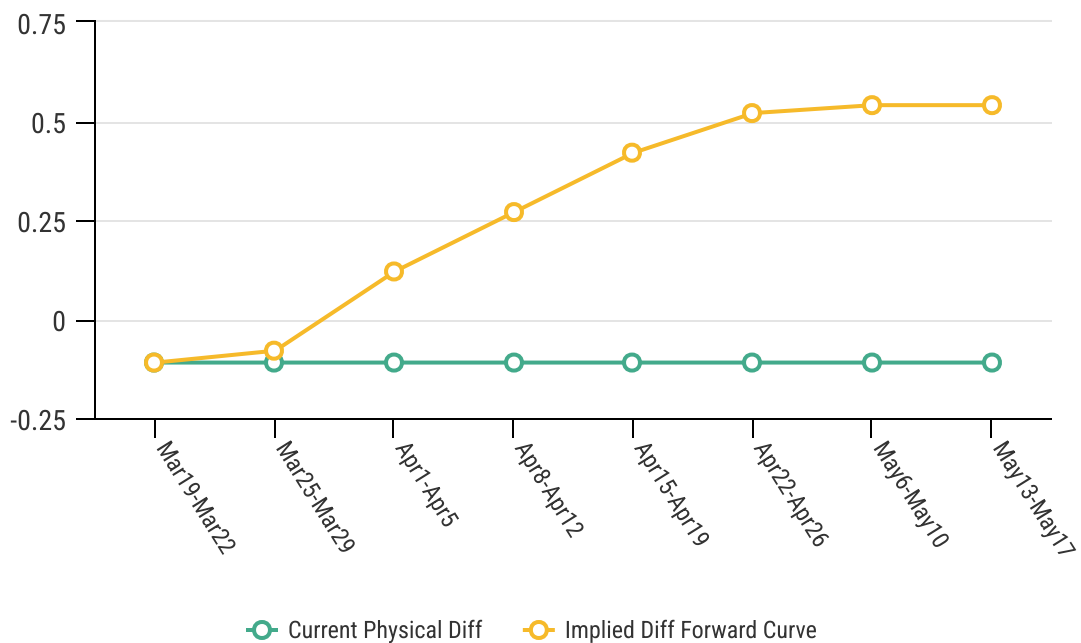
Physical 10-30 Forward Curve



PRICING - 14 DAY WINDOW PHYSICAL OUTLOOK



	Net Spec Position	Current Implied Physical Diff	Physical Adjustment	Grade Impact
CFD Week 1 (Mar25-Mar29)	Short	-8c/bbl	Needs to increase by 3c	Need cargo bids in BFOET in order to hit the curve
CFD Week 2 (Apr01-Apr05)	Long	+12c/bbl	Needs to increase by 23c	Need cargo bids in BFOET in order to hit the curve



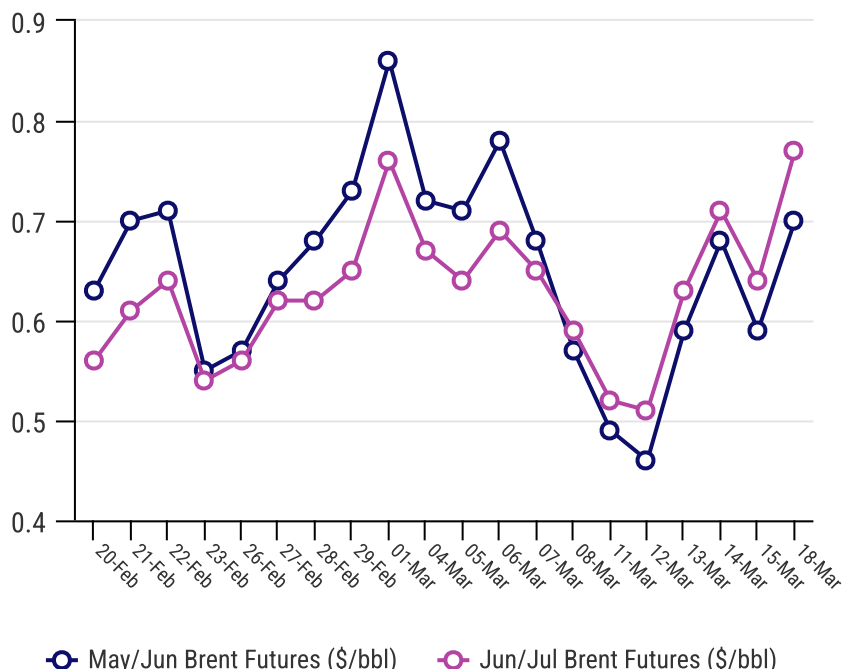
Paper Implied v Actual Physical Diff

	Paper Implied Physical Diff	Actual Physical Differential	Net Spec
04-08Mar	+166c/bbl	+137c/bbl	Long
11-15Mar	+96c/bbl	+50c/bbl	Long

SUKO 90 - Brent Spreads



Brent Futures Spreads



13 Mar: Generally, we saw initial sell side interest fade into stronger buying as the day progressed, with the May/June spread rallying from lows of 43c/bbl to close just below the 60c/bbl mark.

14 Mar: Buyside interest continued to dominate, although we did see 20kb offered in the afternoon for the May/June spread. This saw prices reach highs of almost 75c/bbl before retracing to close at 68c/bbl.

15 Mar: We saw greater selling interest in both spreads across the day. In turn price action was pressured with May/June falling to 58c/bbl and June/July down to 62c/bbl.

18 Mar: We saw a day of two halves for both spreads. Sell side interest was dominant in the morning, driving the May/June spread to lows of 51c/bbl. However, returning strong buyside interest saw the contract roof to close above the 70c/bbl mark.

Correlation between Brent-related spreads and products

M2/M3 Brent Futures vs M1 DFL	78%
M3/M4 Brent Futures vs M1 DFL	76%
M2/M3 Brent Futures vs M2 DFL	89%
M3/M4 Brent Futures vs M2 DFL	92%
M2/M3 Brent Futures vs M2 Brent Futures	73%
M3/M4 Brent Futures vs M2 Brent Futures	71%
M2/M3 Brent Futures vs M3 DFL	85%
M3/M4 Brent Futures vs M3 DFL	92%

BFOET PHYSICAL - US IMPORTS



Current levels for MEH/Dated

Tenor	Differential Value (\$/bbl)	Adjusted Differential for Voyage Time	vs 1-year Average	vs 5-year Average
M1	-2.41	-1.42	-1.29	-0.98
M2	-2.34	-1.30	-1.20	-0.86
Q3	-2.00	-1.63	-0.26	-0.28
Q4	-2.14	-1.31	-0.25	-0.38

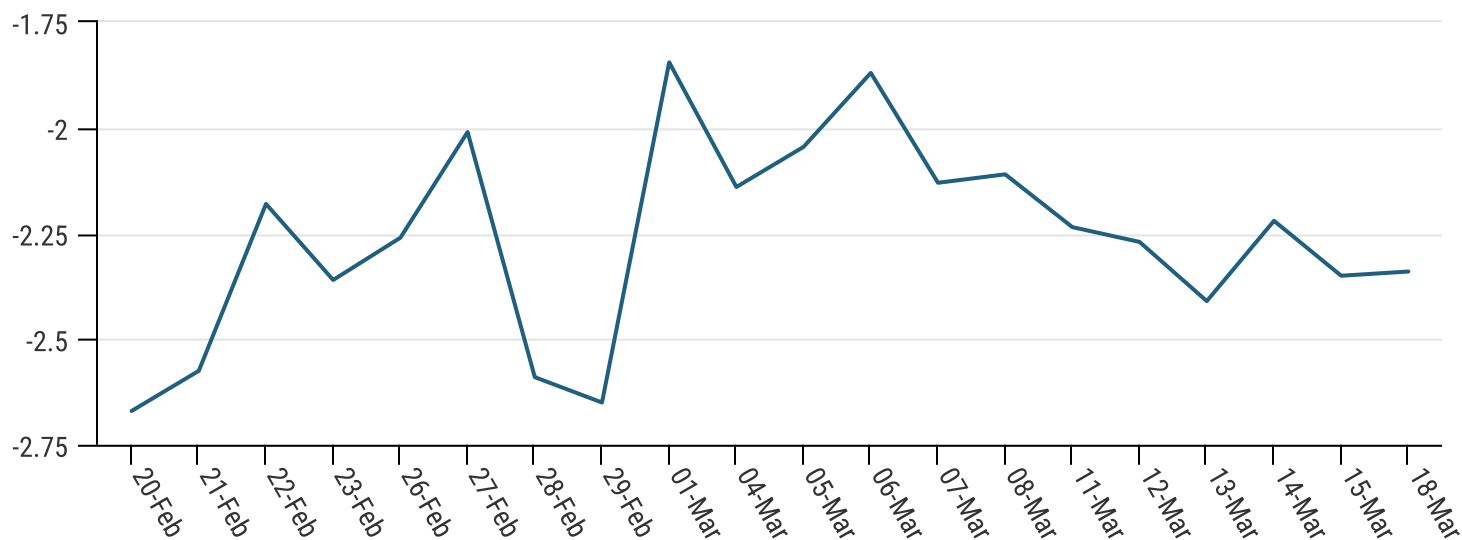
US Oil and Gas Rig Counts

Date	Rig Count	Change w-o-w
Mar-01	629	+3
Mar-08	622	-7
Mar-15	629	+7

US Crude Exports

Date	US Exports (kbpd)	Change w-o-w %
Feb-23	4,729	-5%
Mar-01	4,637	-2%
Mar-08	3,147	-32%

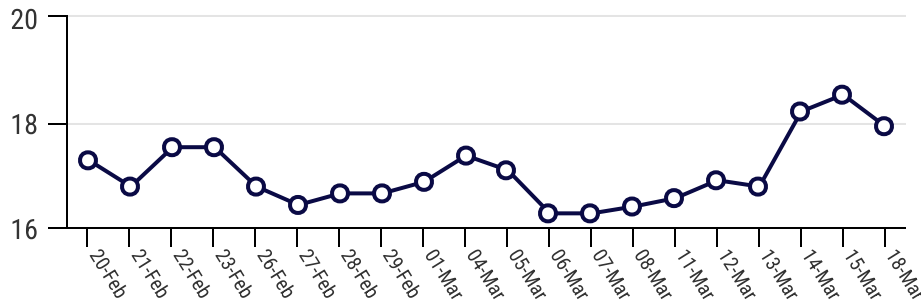
M2 MEH v Dated



Freight Prices



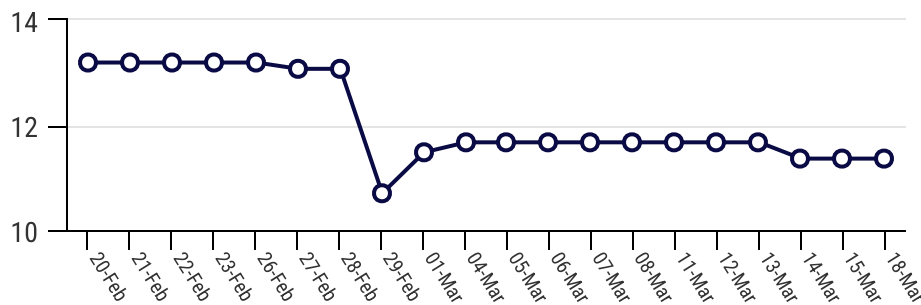
M1 TD3 Freight - Middle East to China (Baltic)



Forward Curve

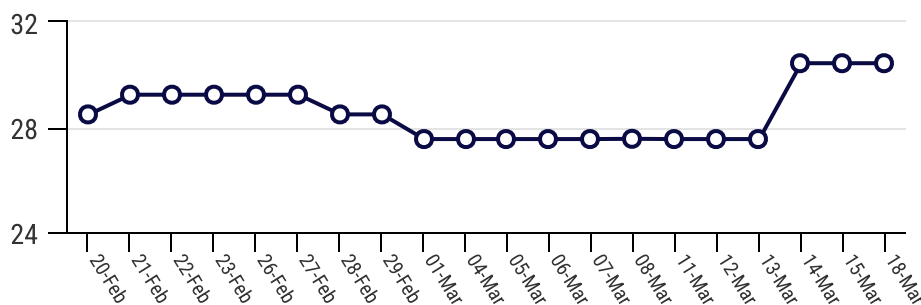
Tenor	Level (\$/mt)	2 Week change (%)
M1	17.92	3%
M2	16.58	2%
Q3-24	15.26	2%
Q4-24	16.87	2%

M1 TD7 - North Sea to Continent



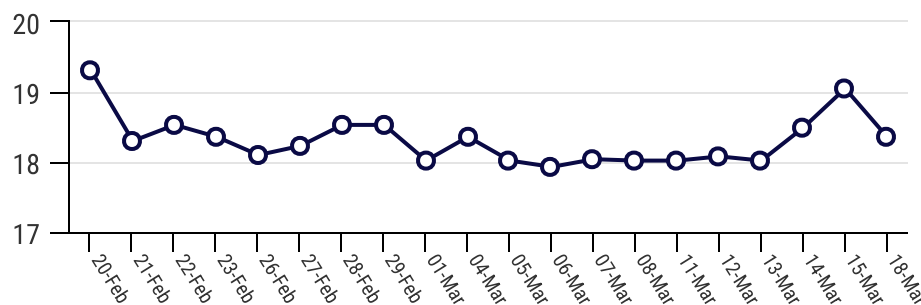
Tenor	Level (\$/mt)	2 Week change (%)
M1	11.36	-3%
M2	11.11	-2%
Q3-24	11.20	0%
Q4-24	11.98	0%

M1 TD8 Freight - 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%

M1 TD20 Freight - West Africa to UK Continent (Baltic)

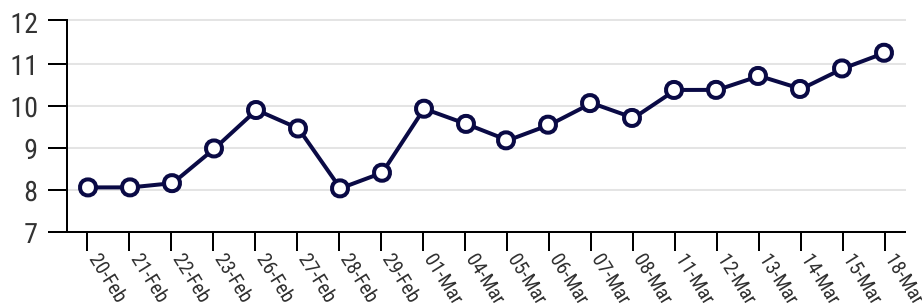


Tenor	Level (\$/mt)	2 Week change (%)
M1	18.36	0%
M2	18.02	2%
Q3-24	15.61	1%
Q4-24	18.23	1%

BFOET Physical - Demand Outlets



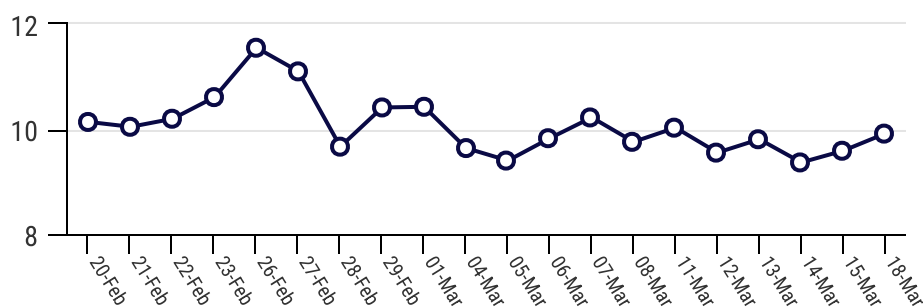
M1 Onyx NWE Refinery Margin



Forward Curve

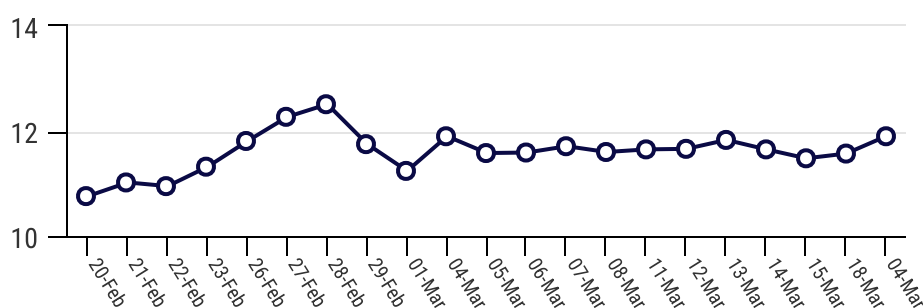
Tenor	Level (\$/bbl)	2 Week change (%)
M1	11.24	18%
M2	10.73	16%
Q3-24	9.28	14%
Q4'24	6.20	22%

M1 Onyx Asian Refinery Margin



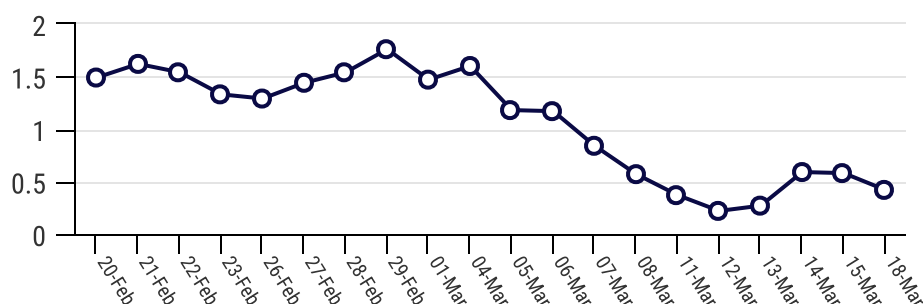
Tenor	Level (\$/bbl)	2 Week change (%)
M1	9.91	3%
M2	10.18	5%
Q3-24	9.93	10%
Q4'24	9.34	13%

Very Low Sulphur Fuel Oil - M1 VLSFO v Blended Diff



Tenor	Level (\$/bbl)	2 Week change (%)
M1	11.57	-3%
M2	11.12	-1%
Q3-24	9.66	7%
Q4'24	8.56	11%

Asia Exports - M1 Dated v Dubai

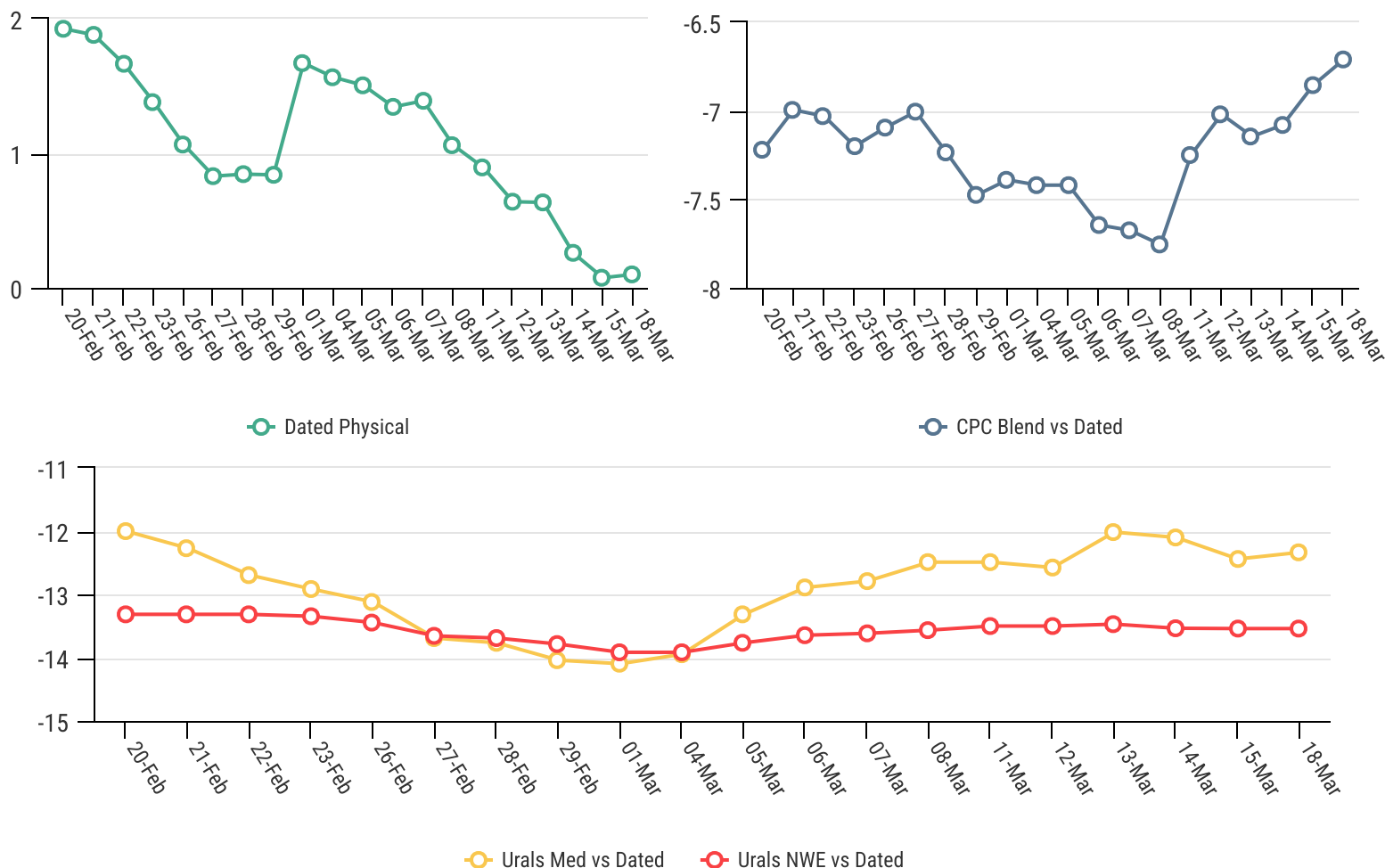


Tenor	Level (\$/bbl)	2 Week change (%)
M1	0.42	-74%
M2	0.82	-43%
Q3-24	1.22	-19%
Q4'24	1.29	-11%

European Benchmarks



Price Action of European Crude Benchmarks vs Dated Brent (\$/bbl)

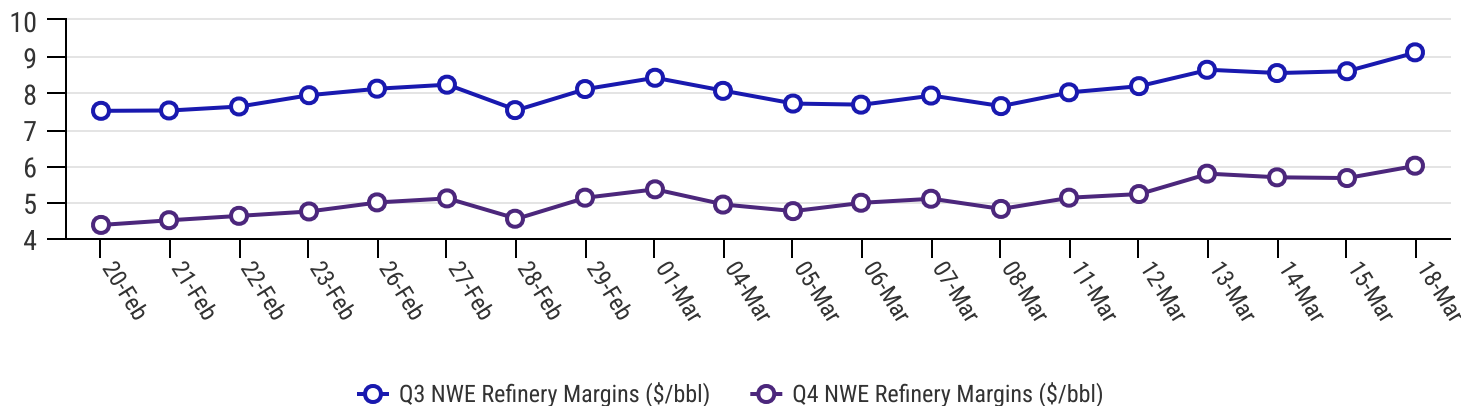
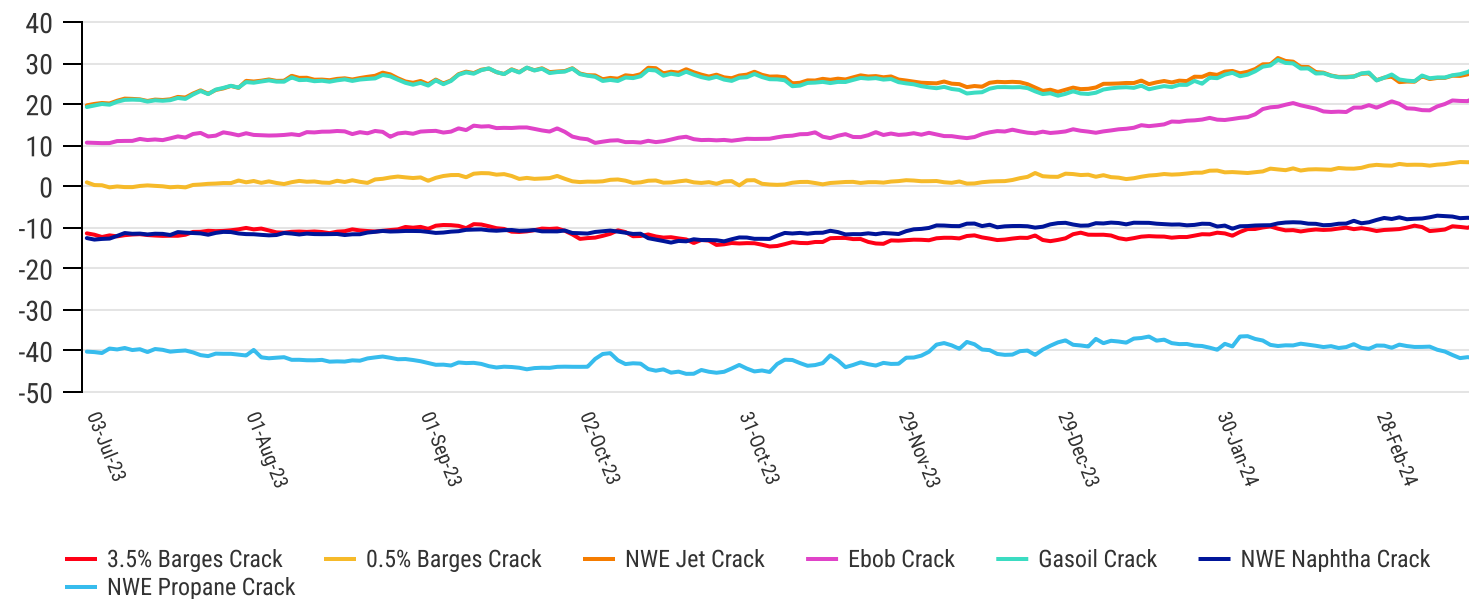


- **Physical diff:** the selling pressure in the physical continued into the month, coming off sharply to double-digit levels with very little buy-side resistance seen, eventually almost falling to negative last week before retracing following an offer in 4-8 Apr getting lifted.
- **CPC vs Dated:** CPC has been trading up consistently on the back of firmer demand in Europe though still remaining firmly at a discount to Dated Brent. Kazakhstan has been looking to diversify crude export routes on the back of worries over Russia's dominance of Kazakh exports via the CPC pipeline and as such exports of Kazakh crude via the BTC pipeline over January and February totalled 232kt.
- **Med and NWE Urals vs Dated:** Russia was seen shipping the first Urals cargo to Cuba since March 2023 last week. Though still remaining at a discount to Dated Brent, Urals were seen increasing over the past two weeks most notably Med Urals.

Oil Products and Refinery Margins



2024 Summer Oil Products Cracks (\$/bbl)



- **Deferred European refinery margins** have continued to strengthen over the past two weeks with Q3 and Q4 increasing to \$9.10/bbl and \$6/bbl levels respectively with elevated products such as gasoil and gasoline elevating margins on the back of continued tensions in the Red Sea and attacks on Russia's refining infrastructure.
- **Summer EBOB cracks** moved from strength to strength, breaking above the \$20/bbl level in summer cracks last week with players keen to defend length and looking to add more with summer spreads holding firm.
- **Gasoil cracks** seem to have found an bottom and have been retracing higher with the summer crack now into \$27/bbl handles despite poor demand weighing on sentiment, clearly market focus is now on potential supply disruptions.
- In the fuel oil market, **summer VLSFO cracks** were fairly rangebound, increasing marginally to around \$5.65/bbl. In **European HSFO cracks**, we saw similar stability though levels did strengthen from -\$10 to -\$9/bbl handles.
- **Summer naphtha cracks** remained in the -\$7/bbl handles over the past two weeks though was generally on a downward trend with most of the recent bullishness priced in.
- **Summer NWE propane cracks** have come under pressure from the general lack of demand in Europe with prices falling to -\$42/mt levels, down around \$2 over the past two weeks.

SUKO 90 - Expiry Plays

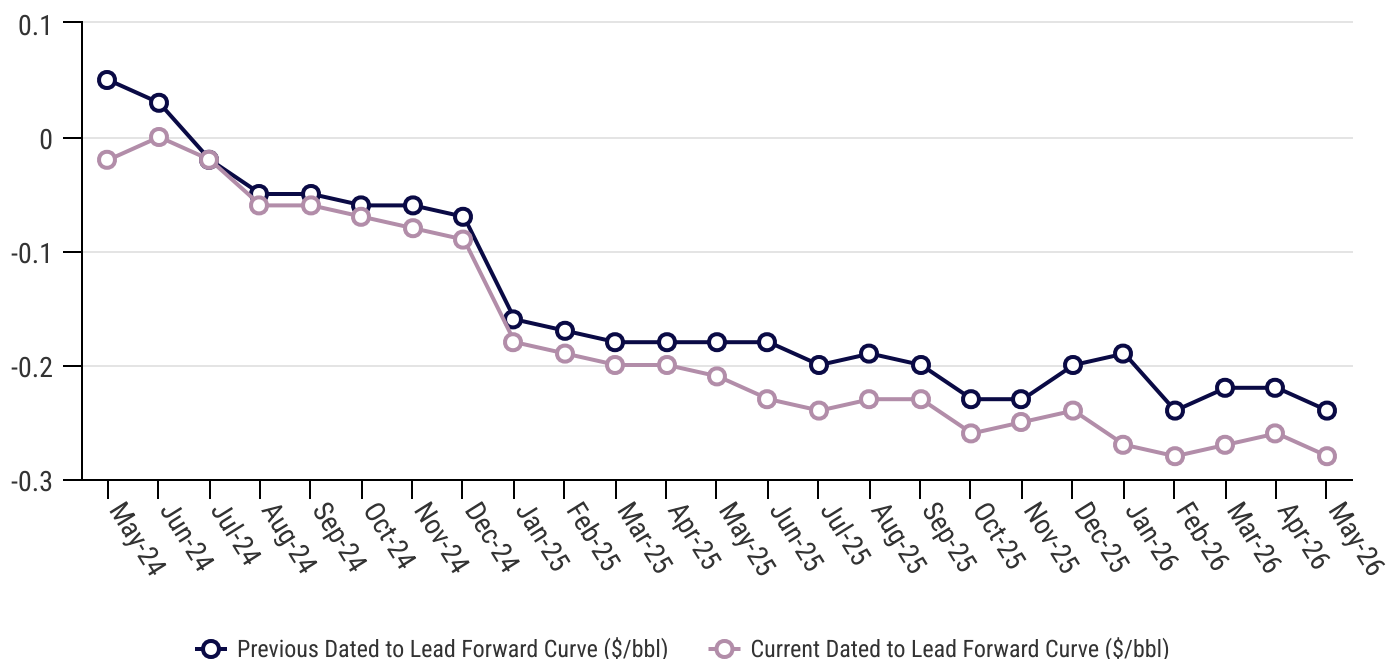


Cost of Keeping Cargoes- Expiry Barrels

	Brent Spread	Delivered	CFD Equivalent	CFD Price	Cash Spread	Cost of Keep	Cost of Keep per parcel
May Cargoes	+69c/bbl	20-30May	20Apr-20May	+7c/bbl	+68c/bbl	-\$0.61/bbl	-\$427,000

Month	EFP	EFP Roll
May-24	0.11	-0.01
Jun-24	0.12	0.02
Jul-24	0.1	0
Aug-24	0.1	0

Month	Previous Dated to Lead	Current Dated to Lead
May-24	0.05	-0.02
Q3-24	-0.04	-0.05
Q4-24	-0.06	-0.08
Cal25	-0.19	-0.22

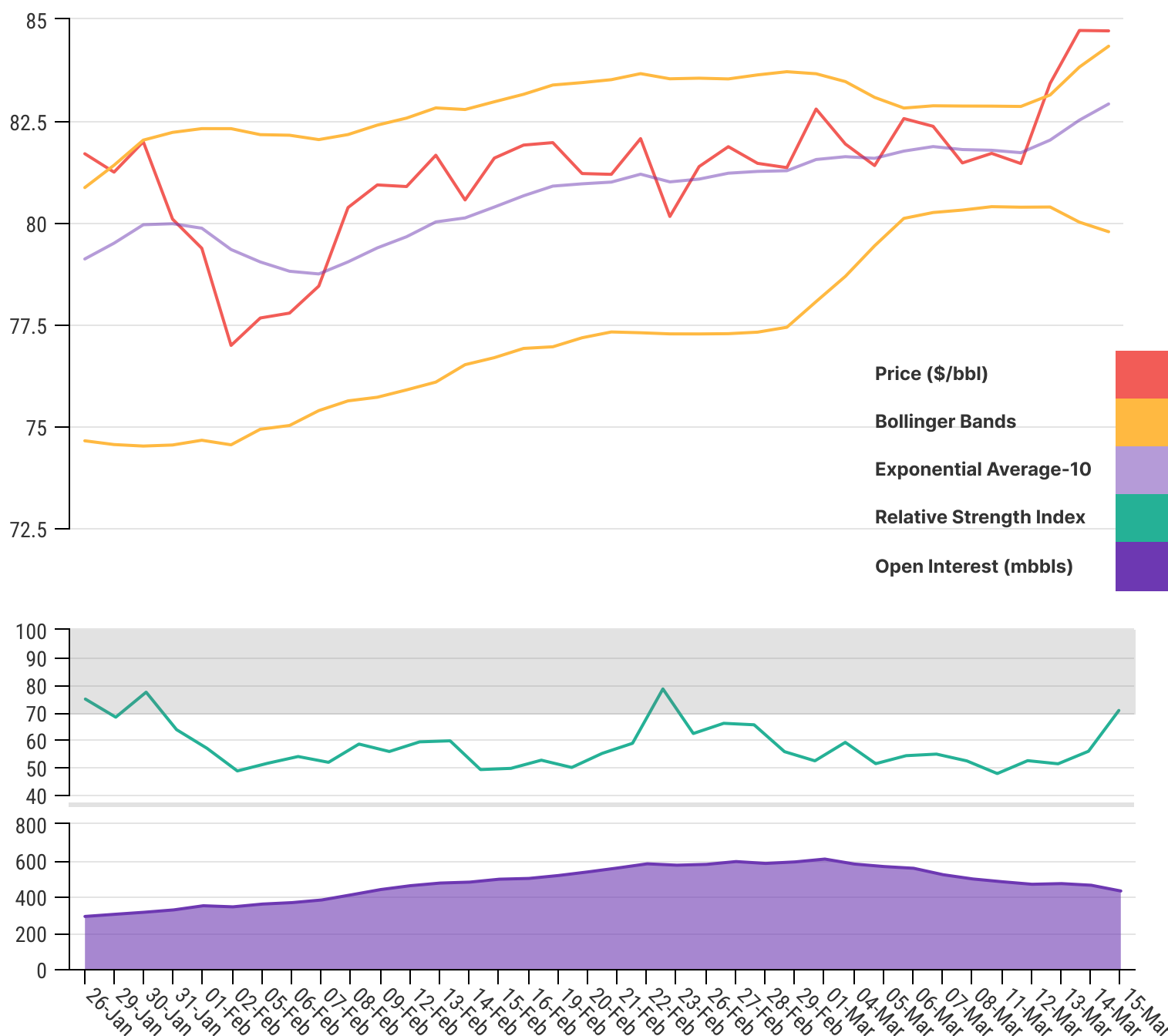


BRENT FUTURES - TECHNICAL ANALYSIS



- Brent crude futures have broken into \$87/bbl handles, reaching four-month highs, buoyed largely by lower crude exports from Saudi Arabia and Iraq and signs of stronger demand and economic growth out of China. Moreover, the market is pricing in a geopolitical risk premium given the recent attacks on Russian refineries. However, levels failed to break through a medium-term resistance level and paired back some of the gains into Tuesday.
- Prices crossed the 10-day moving average highlighting the recent bullishness in the market, surpassing the upper Bollinger band, while the RSI has now passed above 70, indicating a market that now may be oversaturated toward the long side. We have seen open interest decreasing w-o-w however as players potentially look to take a more risk-off stance given the plethora of uncertainties in the market.

May24 Brent Futures (\$/bbl)

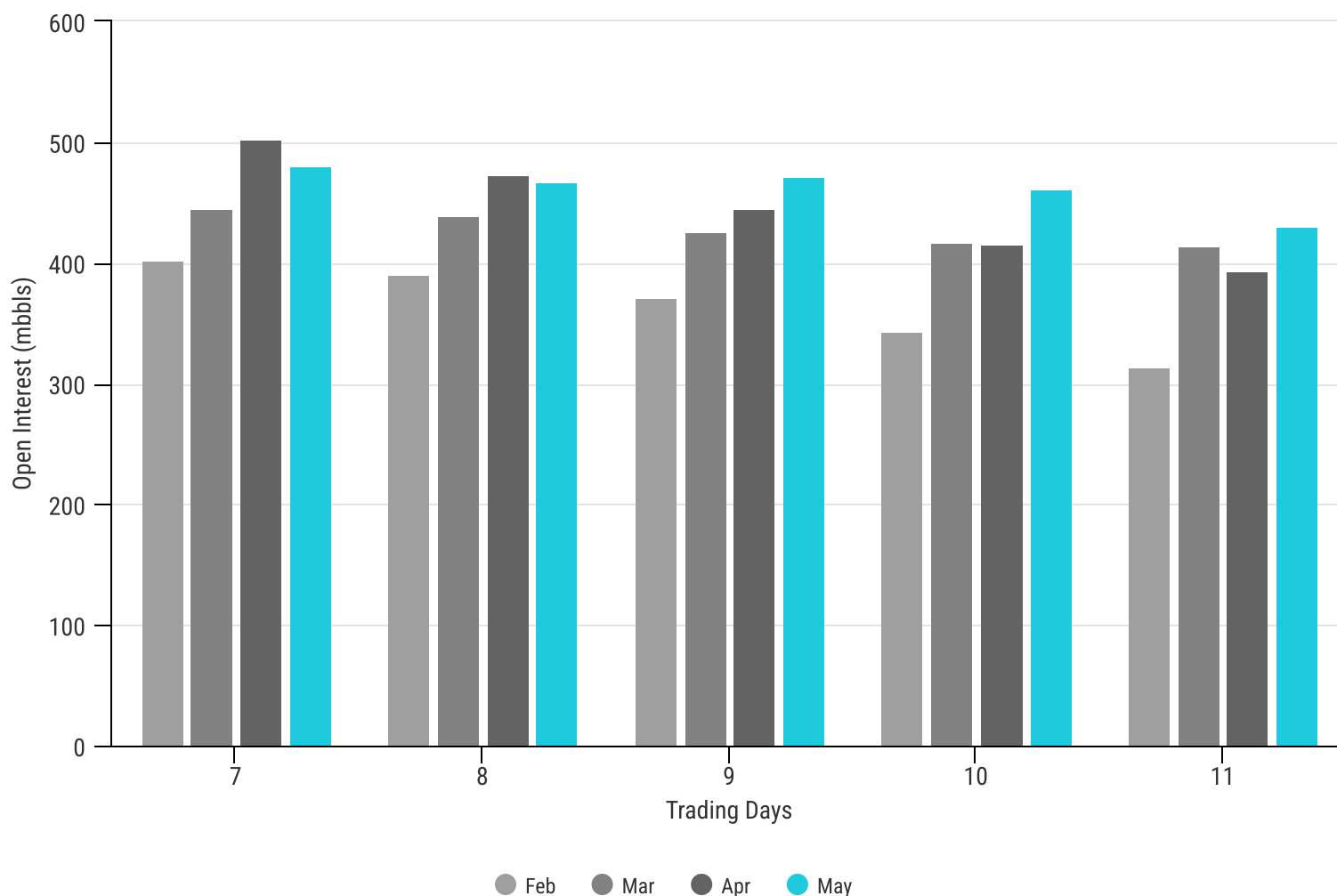


BRENT FUTURES - OPEN INTEREST



- Looking at the 7th to 11th trading days over the past few months, we can see that though interest in the April contract initially outpaced the interest in May, open interest in previous months declined more sharply than interest in May despite the uncertainty in the market at present.
- This highlights how players clearly see more opportunity in the current trading conditions compared to previous months.

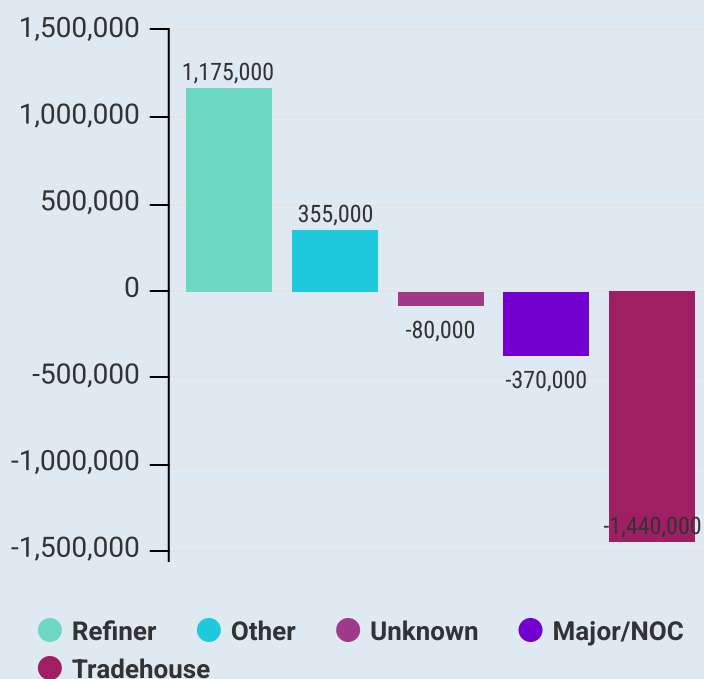
M2 Brent Futures Open Interest against trading days in respective months



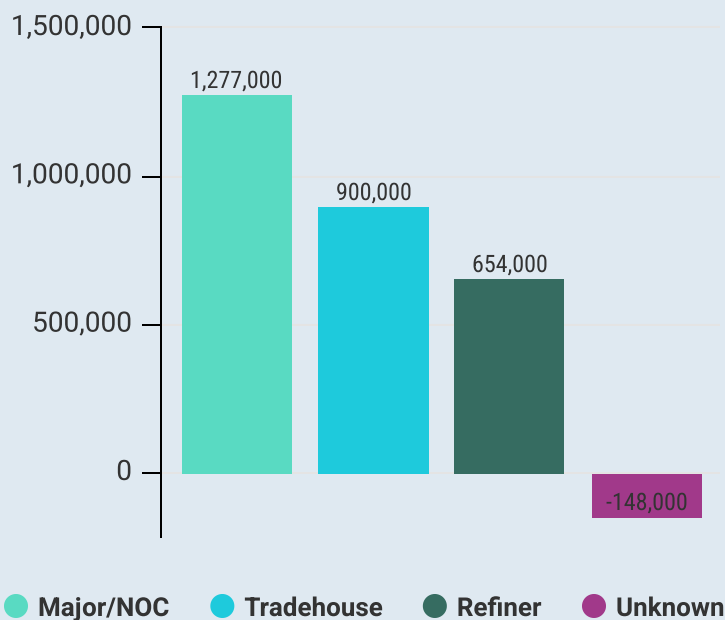
Counterparty Analysis



Market positions change in Apr
DFL By Counterparty



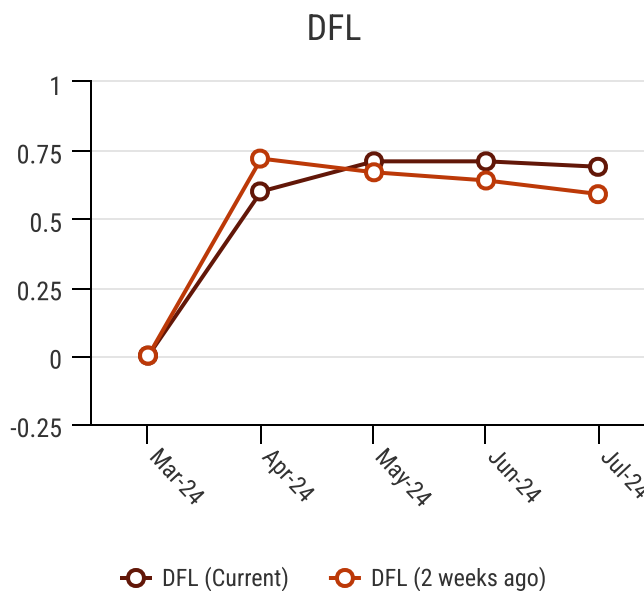
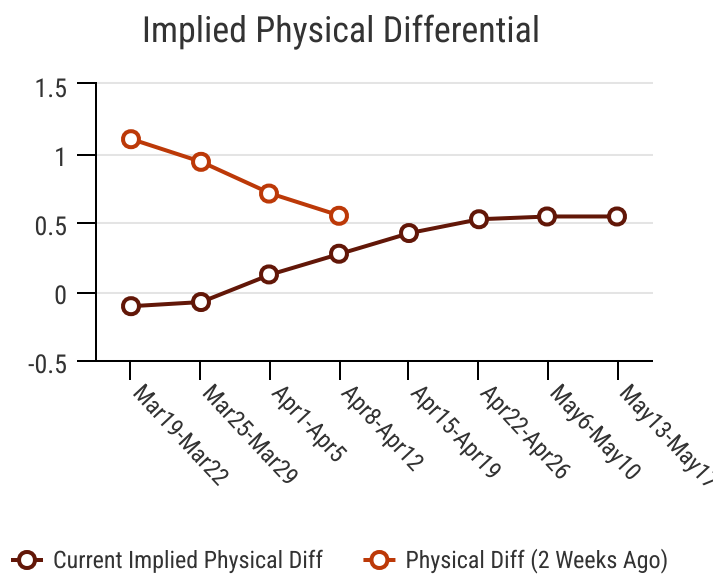
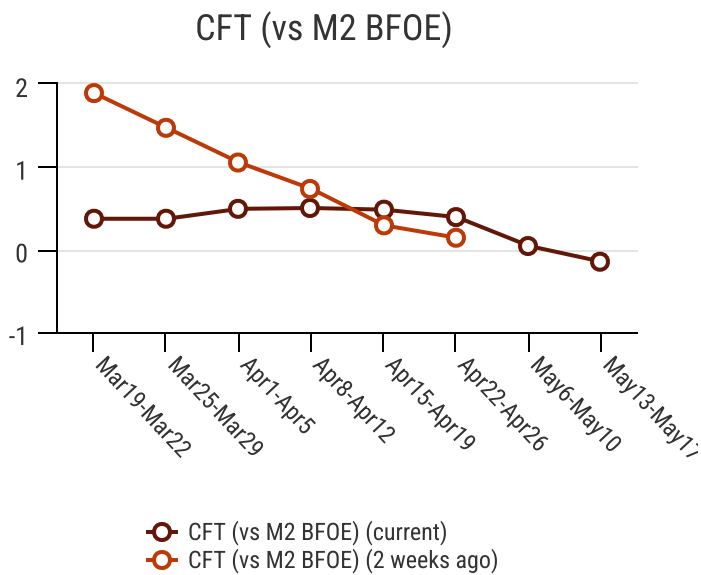
Market positions change in
Apr/May Dated Brent By
Counterparty



- **Counterparty data for the fortnight to Mar 18th** saw mixed interest in the front DFL contract. Refiners and other players remained net buyers while majors and tradehouses were net sellers over the past two weeks.
- Looking at the prompt Dated Brent spread, we can see that majors and tradehouses were net buyers with refiners also remaining on the buy-side while there was a small proportion of unknown counterparty types on the sell-side over the past two weeks.

* The other category includes counterparties whose contribution was overall low in the past two weeks. These can include banks, margins, importers, and market makers trading in small volumes.

Appendix - Forward Curve Snapshot

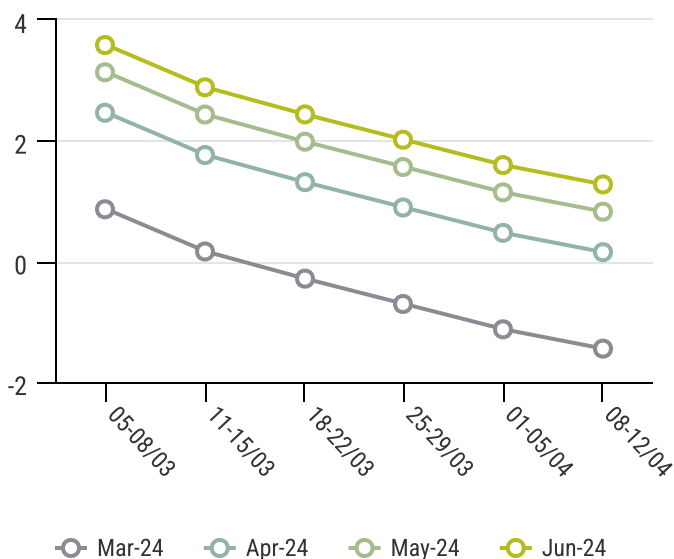


Appendix - Forward Curve Changes

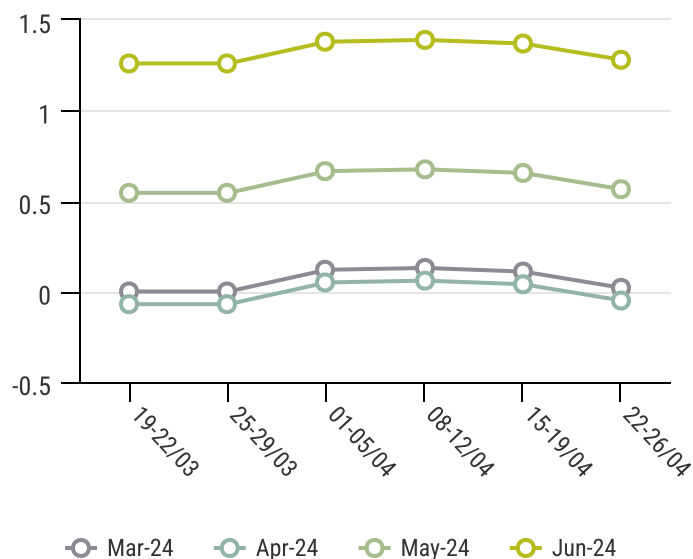


Dated CFDs change from last report:

05 Mar 2024



19 Mar 2024



Contracts	Last Print	Weekly Change	Monthly Change
Dated Physical	0.1	-0.795	-1.94
Dated vs M1 BFOE	-0.255	-1.35	-3.195
Dated vs M2 BFOE	0.575	-1.06	-3.075
Dated vs M1 Brent	-0.335	-1.3	-3.215
Dated vs M2 Brent	0.685	-0.8	-2.825
EFP M1	0.08	-0.05	0.02
EFP M2	-0.11	-0.26	-0.25
Sulfur De-escalator	0.25	0	0.05

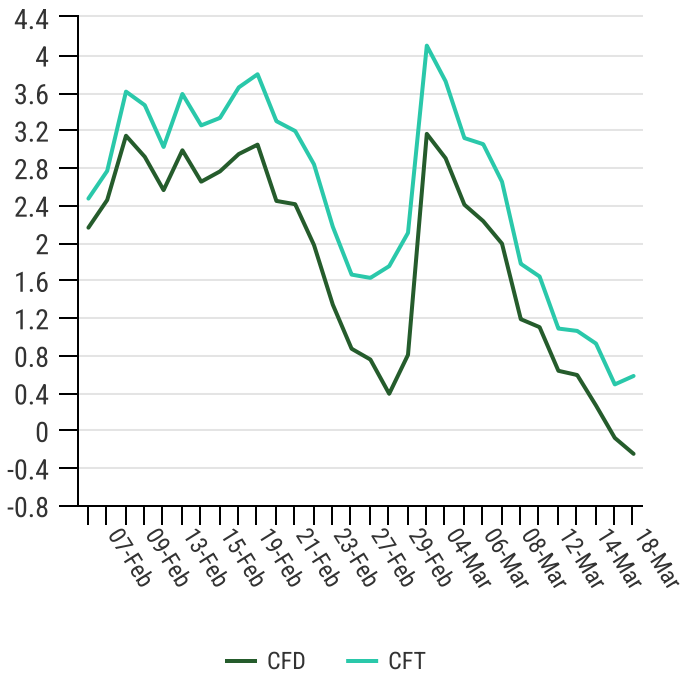
Appendix - Pricing



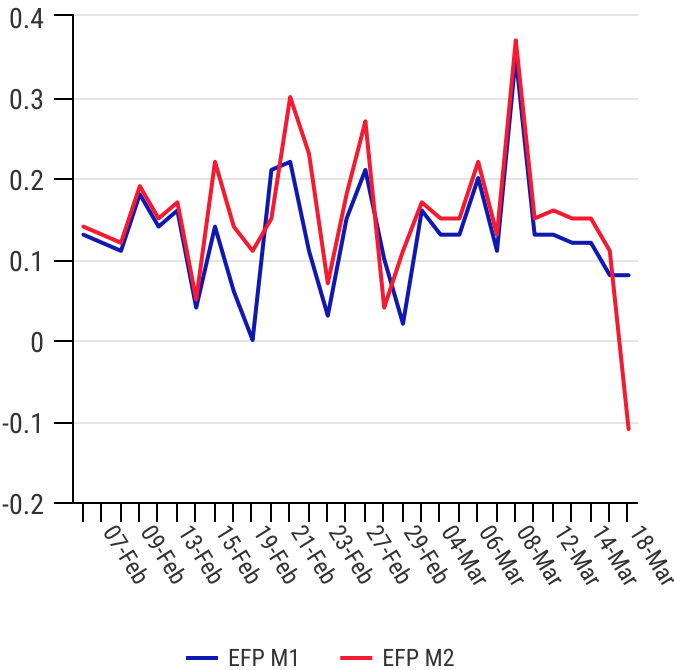
Implied Physical Diff (\$/bbl)



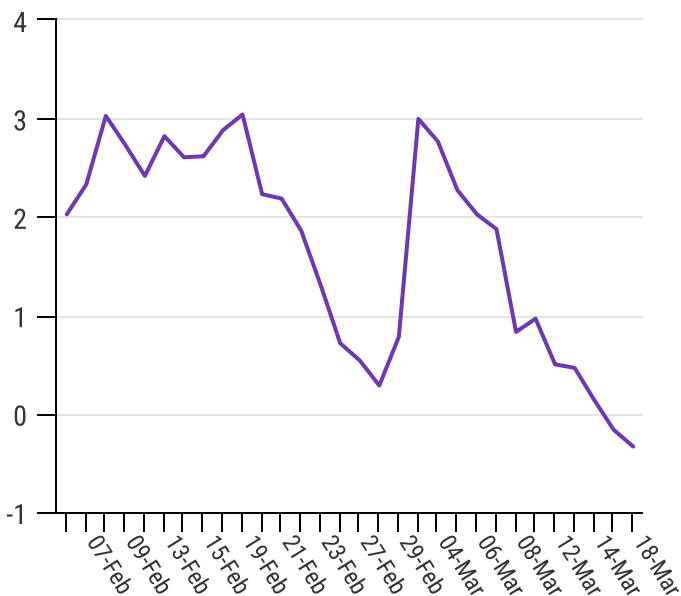
CFDs Pricing (\$/bbl)



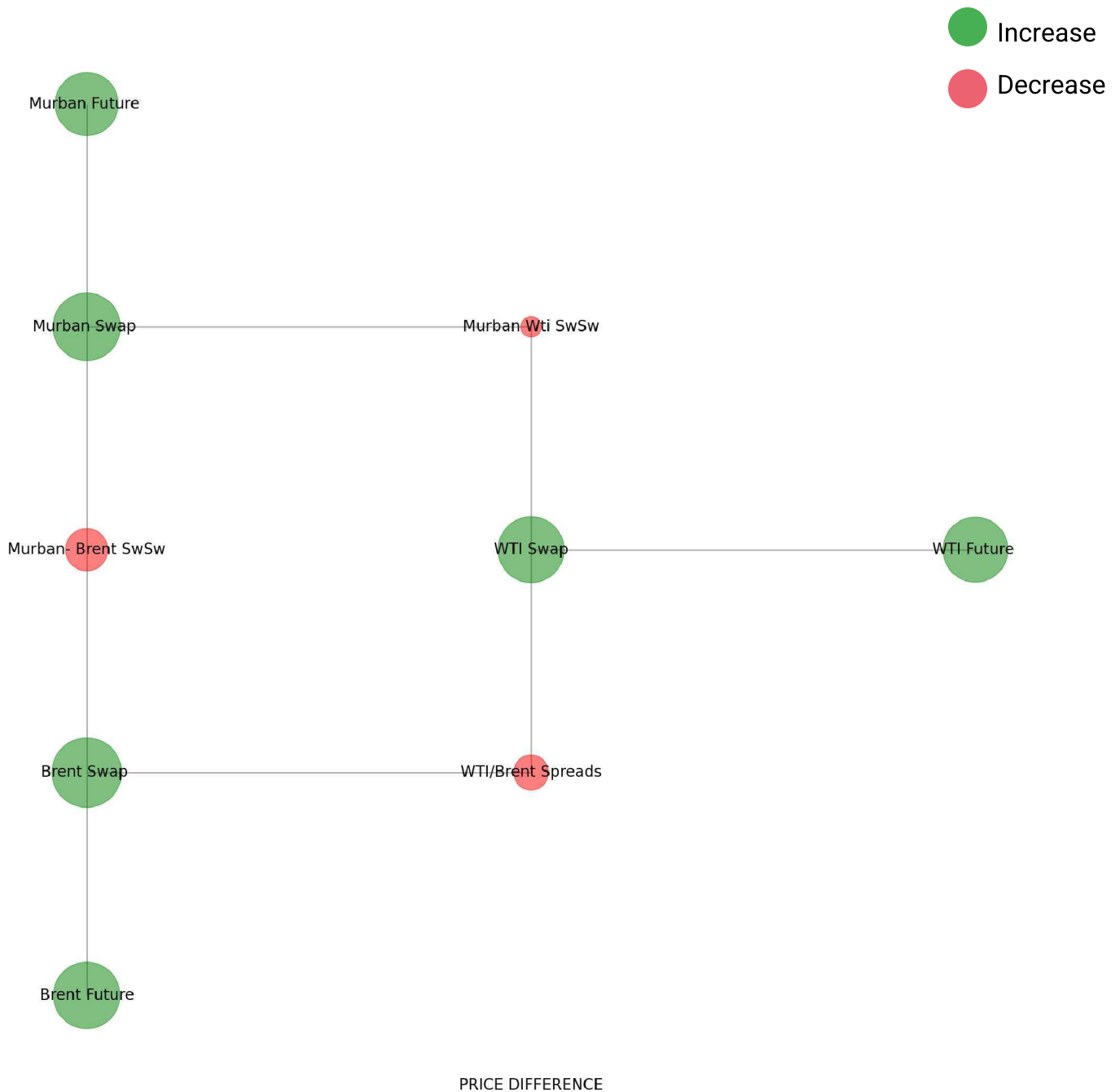
EFP Pricing (\$/bbl)



M1 DFL (\$/bbl)



Appendix - Network Analysis



Looking at the changes in the **Apr swaps and the May futures contracts** in the **last 5 trading days** to **March 15th**, we can clearly see the strength across the complex with the bulk of this strength coming into Brent with both WTI/Brent swaps and Murban/Brent swaps trending lower in the five-day period. Brent futures ended the week 4% higher and have continued to rally into this week, with higher-highs and higher-lows seen throughout 2024 so far.

Correlations - CFDs, DFLs and Futures



	25-29 Mar CFD	01-05 Apr CFD	08-12 Apr CFD	Apr DFL	May DFL	Jun DFL	May/Jun Brent Futures	Jun/Jul Brent Futures
25-29 Mar CFD	100%							
01-05 Apr CFD	98%	100%						
08-12 Apr CFD	96%	99%	100%					
Apr DFL	96%	96%	96%	100%				
May DFL	95%	94%	93%	90%	100%			
Jun DFL	83%	76%	73%	70%	90%	100%		
May/Jun Brent Futures	88%	93%	92%	82%	90%	72%	100%	
Jun/Jul Brent Futures	85%	86%	85%	74%	91%	86%	92%	100%

