Overnight & Singapore Window

ONYX ADVISORY

Flat Price

The prompt Brent futures contract has seen a mixed morning, initially trading sideways around $87.25/bbl before surging upwards to peak at $88.19/bbl at 08:30 BST and subsequently correcting back down to $87.07/bbl at 10:00 BST. Iran is ramping up its oil exports to levels unseen in the past six years, providing a significant $35 billion annual boost to its economy. This surge comes as Western nations impose fresh sanctions following Iran's attack on Israel. Tehran has been selling an average of 1.56 mbpd during the first quarter of the year, with the majority destined for China, marking its highest export level since Q3 2018, according to data from Vortexa. In a separate development, the CEO of Saudi Aramco has lauded China's efforts in aiding the West's pursuit of net zero targets, this comes as the world's largest oil producer strengthens its commercial ties with Beijing. Aramco recently detailed new agreements with China's major petrochemical producers, aimed at securing committed buyers for its crude in the future. One notable aspect of these agreements is Aramco's intention to acquire a 10% stake in Hengli Petrochemical, a prominent Chinese chemical producer with a $15 billion refining project, known for its production of plastics. The front and 6-month Brent futures spreads are at $0.92/bbl and $4.50/bbl, respectively.

Crude

Mixed morning for Dated, initially better bid to see May DFL paid up to $1.10/bbl, before coming off as spreads weakened to trade $0.98/bbl last. Jun closes the morning down 2c at $0.86/bbl after reaching $0.93/bbl highs, whilst the May/Jun DFL roll was sold at $0.14/bbl. We saw some buying of Jun/Jul with the Dated roll trading $0.90/bbl and bid over at the time, although is now a touch weaker with the DFL roll trading down 2c to $0.08/bbl and offered there on screen now. 13-17/5 1w trades $0.21/bbl with cares from the buyside, whilst 16-22/5 v 28-31/5 was paid at $0.34/bbl earlier in the morning. 20-24/5 1w initially saw strong buying, lifted at $0.25/bbl although now offered over at $0.20/bbl, whilst the outright 20-24/5 CFD continued to see buyside interest, initially trading up from $0.80/bbl to $0.82/bbl, now better offered again with spreads lower. Hedge buying in the back of the CFD curve continued, with 1-5/7 v Cal Jul trading $0.38/bbl in good size.

Another rangebound morning in Dubai with May BD trading up to highs of $0.10/bbl before easing back down to $0.04/bbl. We saw buying of spreads, with May/Jun and Jun/Jul trading up to $0.96/bbl and $0.97/bbl respectively. There was trade house buying of more deferred spreads with $0.79/bbl trading in Aug/Sep Dubai. Jun/Dec Dubai saw buyside interest as well, trading at $4.62/bbl. Q3 BD traded at $0.43/bbl and the Q4/Q1'25 BD box traded at -$0.04/bbl.

Fuel

In HSFO, this morning there was a fair amount of interest down the curve on 380 spreads. Jun/Jul 380 traded at $5.25/mt, and May/Jun sold down to $3.25/mt from $3.50/mt. On fairly thin liquidity, the May 380 crack traded down to -$8.65/bbl from -$8.50/bbl. We also saw some activity on the Jun 380 crack, which traded down to -$8.35/bbl from -$8.25/bbl. It was a quiet morning on 3.5 Barge spreads with sporadic trading on May/Jun barges -$4/mt. We saw a fair amount of activity on the barge crack, particularly on the May barge crack. The May barge crack sold down to -$11.60/bbl from -$11.30/bbl. We saw 380 flat price buying which supported the front barge crack post window, buying back up to -$11.40/bbl. The 380 E/W traded down to $18.50/mt from $19/mt, this contributed to the pressure on the May 380 crack.

It was a strong morning for Sing 0.5. There was a fair amount of interest down the curve for Sing spreads, however most of the interest was in the front with May/Jun Sing opening at $5/mt, before trading up to $5.25/mt prior to the window. It then briefly became better offered selling down to $5/mt before turning better bid and buying up to $5.50/mt. The Sing cracks also saw support throughout the morning which traded up to from $11.65/bbl to $11.80/bbl. We saw some mixed early interest on deferred Euro spreads, with Jul/Aug Euro trading at $5.50/mt. Interest shifted to the front spread, with May/Jun Euro trading at $5.25/mt. The front Euro crack rallied on this liquidity in the morning buying up to $4.95/bbl from $4.70/bbl, before giving some back and selling down to $4.85/bbl.

We saw Jun/May Cross Arb selling at $37.50/mt earlier in the morning which saw the 0.5 E/W selling down to $42.25/mt before the Sing rally which supported the 0.5 E/W back up to $43.50/mt.

Distillates

ICE gasoil spreads remained rangebound this morning. The May/Jun spread traded around -$2.25/mt and the Jun/Jul spread around -$1.25/mt. ICE gasoil cracks weakened after opening higher. The May crack traded down to $18.85/bbl from $19.20/bbl. The Jun crack traded lower at $19.80/bbl from $20.50/bbl and further down the curve, interest was seen in Q3/Q4 crack roll at -$0.95/bbl. European Jet diffs came off a touch, with the May trading down to $53/mt. The May/Jun diff box traded at -$2.50/mt, indicating the Jun diff around $55.50/mt. In the deferred tenors, interest was seen in Q3'25 at $61.50/mt. The HOGOs were higher this morning, with the May swap at 6.40c/gal and the Q4 swap at 8.60c/gal.

A mixed morning was seen In Sing gasoil. The May/Jun spread was lifted up to flat in the window from -$0.08/bbl but has since traded back down to -$0.03/bbl. The Jun/Jul spread traded around -$0.05/bbl and interest on the buyside was seen in the Jun/Dec spread at $1.35/bbl. The prompt E/W traded lower this morning before rallying post the window, with it been hit down to -$27/mt before trading back up to -$25.75/mt. Jun E/W traded rangebound around -$27.25/mt while down the curve, interest was seen in Q3 at -$27.75/mt. Another weak morning for regrades, with the prompt regrade trading down to -$2.10/bbl from -$1.80/bbl at the open. The Jun regrade was hit down to -$1.68/bbl from -$1.40/bbl while down the curve, the Q3 regrade traded at -$1.10/bbl. In kero, the May/Jun spread was hit down to -$0.55/bbl but recovered into the window, trading back up to -$0.45/bbl.

Gasoline

This morning in gasoline, we saw flat price trade at the end of the morning window equivalent to $12.60/bbl on a crack basis in May 92. The 92 window was better bid this morning in May and Jun from phys players. Spreads saw more buyside interest this morning, with May/Jun bid from banks at $1.71/bbl, and Jun/Sep seeing strong buyside interest at $5.10/bbl. Buyside interest came in Q4 E/W at -$2.10/bbl and in Q1'25 E/W at -$2/bbl, from phys players. With EBOB weaker this morning, we saw E/W rally, up to -$9.65/bbl levels where trade houses were selling. RBBRs were weaker this morning, dropping to $24.40/bbl end of the Sing window, and EBOB saw strong selling in the morning. We ran into arb selling in May in the morning, with the RBBR weakness between 8c/gal and 7.75c/gal. We saw strong EBOB spread selling this morning from trade houses, with May/Sep being sold down from $73.50/mt to $70/mt. Jun/Sep saw selling down to $58.25/mt.

Cracks in May were offered down from $22.55/bbl to $22.30/bbl. We had smalls interest to buy gasnaphs in Europe this morning at $227/mt in Jun from phys.

Naphtha

This morning in naphtha we saw flat price valued at $699.50/mt in May MOPJ, on a -$8.60/bbl crack equivalent with front spreads and cracks better bid out of the open with MOPJ flat price getting sold into on stronger crude. MOC was generally bid, trading at +5c in May and Jun but end window we saw two trades in the phys window with major selling. May/Jun spreads continued their upward trend on major and trade buying – the MOPJ traded up to $10.25/mt, NWE at $9/mt. Crack structure has edged higher DoD, trading at highs of -$10.30/bbl in May post-window on refiner and trade buying, however, was sold down to lows of -$10.65/bbl at end of window as FP saw better physical selling. Deferred Cracks saw better buying, trading -$10.10/bbl in Q4 NWE. E/W corrected lower on refiner and trade selling, trading $20.50/mt to $19.50/mt in May and June offered at $18.50/mt down from $19.50/mt yesterday evening.

NGLS

A volatile morning for the arb on NGLs. Early morning the prompt FEI spread was pressured down to $4.50/mt as with limited DCE buyside interest, flat price was offered.

Down the curve, Jun/Sep traded at -$8/mt and Jun/July at $1.50/mt while Jun/Dec traded down to -$18/mt. Pre-window arbs were offered and gapped downwards when a -$198/mt bid was hit in Q4 LST/FEI. Following this -$195/mt traded in Q3 LST/FEI and -$100/mt traded in prompt May NWE/LST. At these levels, however, the arb saw buyside interest once it reached these low levels and resultantly firmed across the curve. FEI structure went better bid as the arb fell with $5.50/mt trading in May/Jun post window. FEI/CP initially strengthened but retraced when CP flat price went better bid post window and Jun FEI/CP traded at $33.50/mt last.

Global Macro

- A raft of stronger than expected PMI's this morning was led by service sectors; manufacturing PMIs also beat expectations across the board but still show continued contraction. Little reaction from markets.
- Japanese manufacturing PMI beat at 49.9 (expected 48.0).
- French manufacturing PMI beat at 46.9 (expected 46.2).
- German manufacturing PMI beat at 42.8 (expected 41.9).
- Metals continue their retracement from yesterday where Gold fell 2.8% and Silver 5.1%. Shanghai tin falls 9% today.
- Hedge funds and money managers are the most bullish on the U.S. dollar in 5 years.
- U.S. property prices looking weak with mortgage rates back above 7%.
- Finally, China property continues to struggle despite aggressive central and local stimulus measures.