

Long Jul/Sep Sing 92

Broker's View on Jul/Sep Sing 92

92 structure been getting pressured lately, as bearish trends spread through the gasoline market, where the east is mirroring western weakness, but seems like that the bottom has been likely reached.

Currently blending margins in the east have been pretty well pressured down , evident in robust premiums on high octane components/blendstock in the East. Where the pressure might sustain for a while, with naphtha demand in the east still remains strong as the petchem complex seems resilient and picking up, and Chinese manufacturing data showing growing confidence of economic momentum into Q3.

With this being said, the gasoline market won't be able to sustain a negative blend margin, providing evidence that the Singapore gasoline market does not look particularly oversupplied coming into Q3, and production will definitely be affected coming into summer demand. In addition, the 2nd batch of Chinese export quotes showed a 14mMT for clean products, where gasoline is just a small percentage of these products.

In addition, furthermore on the supply side run cuts given current distillate margins should provide a decent support level for the Asian market.

Due to this we think it's a good opportunity to start picking up (dip buying) summer spreads like Jul/Sep 92, at the current blend margin bottoming out.

Suggested trade:

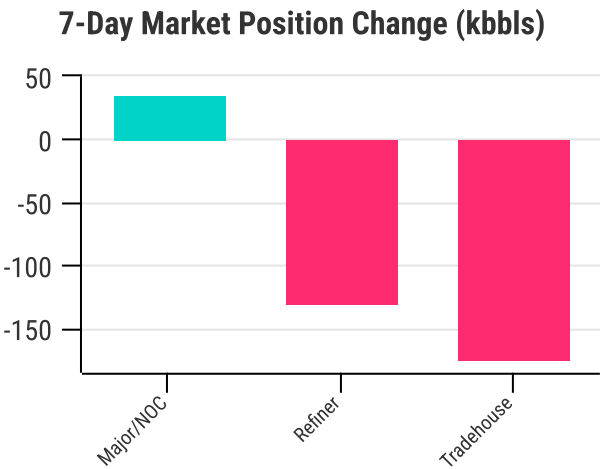
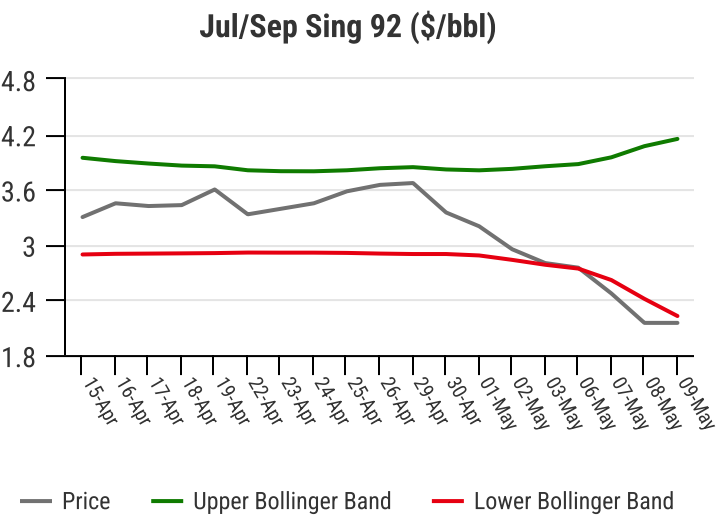
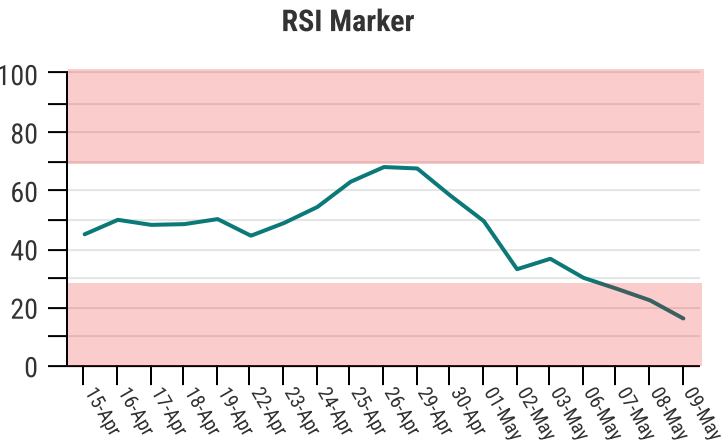
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Entry \$2.10/bbl

Target \$3.50/bbl

Stop \$1.50/bbl

Size: 20KB
Risk: \$12,000





Year-to-Date Review

May Open Trades

Open Trades:	Entry Level	Current MTM	Initial Target	Stop Loss	Status
Long Jul/Sep Sing 92	\$2.10/bbl	\$2.09/bbl	\$3.50/bbl	\$1.50/bbl	Hold

May Closed Trades

Closed Trades:	Entry Level	Exit Level	Target	PnL*
Long Q4 Sing Hi5	1. 125.50/mt 2. 121.50/mt	1. 122.50/mt 2. 119.50/mt	\$130.50/mt	-\$9,000

Monthly PnL (US \$)

