Overnight & Singapore Window

ONYX ADVISORY

Flat Price

The Brent Futures contract has seen a mixed morning, rising from high $83/bbl levels in the early morning to peak at $84.33 at 9:06 BST, before retracing and eventually settling around $84.18 at 10:20 BST. In the news today, Chinese crude oil imports saw a 5.45% increase in April compared to the corresponding period last year, likely driven by refiners' efforts to stockpile ahead of the five-day Labor Day weekend starting on May 1, as per China's official statistics. Last month, Chinese refineries imported 10.88 mbpd of crude, a rise from 10.4 mbpd in April 2023, according to data from the General Administration of Customs cited by Reuters. In March, Chinese crude imports dropped by 6% year-on-year to 11.55 mbpd, although this was 6.2% lower than the March 2023 volumes, which surged during China's recovery from eased Covid-related restrictions. March's imports surpassed the January-February average, contributing to a 0.7% increase in Chinese crude imports during January-March 2024. In other news, committed shippers have secured space for 80% of Canada's new 590 kbpd Trans-Mountain pipeline, which commenced commercial operations last week, with the remaining 20% still open for spot shipments. Canada produced 4.9 mbpd of oil in 2023, of which a record 4.5 mbpd came from Alberta; thanks to TMX, the industry now has nearly 5.3 mbpd of pipeline capacity, according to Canada Energy Regulator. The front and 6-month Brent futures spreads are at $0.62/bbl and $3.56/bbl, respectively.

Crude

An overall stronger morning for Dated, although turning a touch better offered later in the morning. Initially we saw good buying out of Balmo and Jun, with Jun DFL paid up to $0.65/bbl, whilst Balmo was lifted at $0.35/bbl – supported by good refiner buying of prompt CFD's as 9-14/5 CFD trades $0.13/bbl. 13-17/5 CFD traded $0.25/bbl – 5c higher than in the window yesterday, although then saw better selling, trading $0.20/bbl and now offered at $0.16/bbl. 20-24/5 4w was lifted at $0.46/bbl and bid over at the time, although as selling returned to the prompt, with 13-17/5 1w sold at -$0.10/bbl and offered over, Balmo turned better offered, sold at $0.30/bbl last. Jun/Jul also came under pressure off the back of a well bid morning, with the DFL roll sold to flat after the Dtd roll had traded up at $0.65/bbl. Jun and Jul DFL both trade $0.62/bbl last.

Fuel

In HSFO, it was a fairly quiet morning on 380 spreads, with Jun/Jul 380 trading fairly stable at $7.75/mt. We also saw Jun/Sep 380 buying up to $24.75/mt. 380 cracks were a weaker this morning. The Jun 380 crack opened the morning at -$5.75/bbl, before selling down to -$6/bbl. However, we saw some outright 380 E/W buying, with Jun trading up to $18.50/mt from $17/mt and Q3 up to $9/mt, which supported the 380 crack, resulting in the crack recovering somewhat to -$5.90/bbl. Barge spreads were a touch softer this morning on little activity. Jun/Jul barges sold down to $1/mt from $1.25/mt.

Barge cracks were better offered this morning by trade houses. The front barge crack opened the morning at -$8.50/bbl, before selling down to -$8.75/bbl. We also saw 180 E/W buying which lent further support to the 380 E/W and the Visco.

In VLSFO, It was a lively start to the morning. Sing spreads were well bid down the curve early on. Jun/Jul Sing bought up to $8/mt quite quickly from $7.50/mt. The front spread encountered some selling at $8/mt, trading back down to $7.75/mt just before the window, where it traded out for the rest of the morning. The Sing crack also opened the morning stronger buying up to $11.90/bbl from $11.65/bbl. There was a similar trend to the spreads, where the crack sold off heading into the window, trading at $11.70/bbl. It recovered slightly post window trading at $11.75/bbl. Market makers were buyers of Euro spreads this morning, which opened well bid from overnight levels. Jun/Jul Euro traded at $5/mt in decent size. It was a fairly rangebound morning on the Euro crack, with Jun Euro crack trading at $4.50/bbl on fairly thin liquidity. We saw interest down the curve and on quarterly 0.5 E/W, with Jun 0.5 E/W trading at $46/mt.

Distillates

ICE gasoil spreads strengthened into the morning, with the May/Jun rallying to -$2/mt from lows of -$2.75/mt and the Jun/Jul spread rallied to -$1.75/mt from -$2.25/mt.

Similarly, the ICE gasoil cracks were also stronger, rallying through the morning and continuing their strength into the late morning period. The Jun crack is at $19.75/bbl with the Q4 crack at $22.25/bbl, both stronger post-window. The Jet diffs saw the prompt remain rangebound this morning. The Jun diff traded at $59.50/mt, with the Balmo also stable at $60.50/mt. There was limited interest further down the curve, but the Q3 diff is indicated at $59/mt. The HOGOs weakened at the front of the curve into the morning, with the Jun swap at 5.20c/gal and the Q4 swap at 8.60c/gal, more stable in the back end from last night's levels.

Gasoline

This morning in Gasoline, we saw flat price trade at the end of the morning window equivalent to $8.70/bbl on a crack basis in Jun 92. We saw more sell side pressure down from $0.75/bbl to $0.55/bbl, with phys players on the sell side. Sep/Oct saw selling post window from refiner between $1.25/bbl and $1.30/bbl. Cracks in 92 were offered down to $8.65/bbl, from $8.85/bbl from funds and trade houses, with a rebound seen post window. We saw sell side interest in Q3 E/W this morning at -$9/bbl, with Jun sold down from -$10.15/bbl to -$10.70/bbl. RBBRs were a touch weaker in the morning, at $21.60/bbl in the Sing window, seeing strength post window, up to $22.30/bbl handles. EBOB spreads saw more strength this morning, with buying coming in Jun/Jul up from $11.50/mt to $12.75/mt. Aug/Sep saw strength up to $20/mt. We had buyside interest on deferred cracks this morning, with Q3 especially bid between $17.20/bbl and $17.40/bbl.

Gasnaphs came in better offered in Jun post window, at $210.50/mt from funds and trade houses.

Naphtha

This morning in Naphtha we saw flat price valued at $662/mt in Jun24 MOPJ, on a -$9.05/bbl crack equivalent with the East weakening relative to Europe as structure firmed in both curves. MOPJ spreads seeing selling at higher levels by physical players with Europe spreads moving up, Jun/Jul trading up to $8.50/mt and Aug/Oct at $8.75/mt with Q3/Q4 trading at $13.50/mt. E/W was well offered with the front opening more than a dollar lower at $16/mt in Jun with flat price selling and spread offers. E/W boxes saw weakness alongside with the Q3/Q4 box getting sold at $1.50/mt. In Europe, Jun24 cracks saw physical selling from the open, seeing resistance at -$10.90/bbl with deferred cracks seeing better buying with Q3 at -$10.90/bbl and Q4 at -$10.7/bbl.

NGLs

A weaker morning for internationals on NGLs, as FEI structure weakened in Cal'24 after spreads had risen since the start of May. Baltic Freight was thin and arbs saw fewer offers which gave FEI spreads less support. The prompt Jun/July spread was rangebound between $4.50/mt and $5/mt but the Aug/Sep fell to -$5.50/mt while the Jun/Oct traded at -$8/mt. E/W diff came off to $102/mt in the prompt with market makers selling joined by real sellers as Europe regained some strength relative on FEI.

Into the window, however, multiple bids in the physcial for H1 and H2 Jun FEI helped FEI maintain some support and FEI/CP went better bid after $47/mt was lifted in the prompt. The LST/FEI arb traded down from -$223/mt to -$226/mt post window off the back of this.

Global Macro

- Supply chain issues fading sharply lately. We will see if this impacts CPI & PPI next week.
- PBOC added 60k troy ounces of Gold to its reserves in April = 18th straight month of buying.
- Industrial production in Germany is now 12% lower than 6 years ago.
- Cocoa up >13% yesterday. In the last week it has had it's biggest one day up move and one day down move in 65 years.
- Bank of England meeting today. A split committee and more dovish governor of late. OIS currently pricing 57bp cuts by year end. Possible volatility.
- Finally, the Macau Special Administrative Region's total fertility rate (TFR) is forecast to hit 0.49 in 2024, which would be the lowest number ever recorded in any national-level statistics, breaking its own record of 0.59 from 2023. To highlight how unprecedented and alarming these demographic figures are, a consistent TFR of 0.49 would mean every 100 Macau citizens will have just 5 grandchildren.