

## Flat Price

The July Brent futures flat price has had a limp afternoon, beginning at a high of \$84.45/bbl at 12:00 BST, before a small retracement down to \$84.05/bbl at 14:05 BST, at which point it immediately regained its losses, rising to \$84.40/bbl by 14:35 BST. Subsequently, support has been virtually non-existent, with the price sinking as low as \$83.10/bbl handles by 17:20 BST (time of writing). OPEC+ output has fallen by 210kbbbls/d to 41mbbbls/d in April as Russia has made deeper cuts amid a string of Ukrainian drone attacks on its refineries, however quota compliance is still lagging, with Iraq and Kazakhstan continuing to produce significantly above their quotas. The volume of Saudi crude to be loaded for China is estimated to fall by 5.8mbbbls in June from 45mbbbls in May, which include supply cuts of 6.8mbbbls to state and private refiners as well as a 1mbbbl increase for one of the private refiners. Following news of Mercedes Benz yesterday, a flurry of carmakers, including General Motors, Nissan, Hyundai, Volkswagen and Ford, have announced their intention to increase investment in hybrid technologies and slow the transition to fully electric vehicles due to a lack of current consumer demand. Italy's diesel demand rose by 131kbbbls/d m-o-m to 645kbbbls/d, a 12-year high. The front and 6-month spreads are \$0.48/bbl and \$3.20/bbl, respectively.

## Crude

Another afternoon of weakness for Dated. Prompt rolls continued to go offered, with trade and major selling, seeing 13-17/5 1w trade -\$0.20/bbl and 20-24/5 1w -\$0.15/bbl. Balmo DFL was sold to -\$0.43/bbl, whilst Jun/Jul came under pressure again as Jun rolls got offered lower, with the DFL roll trading -\$0.22/bbl post window, and the outright DFL's trading \$0.27/bbl and \$0.47/bbl last. 3-7/6 saw better selling also, trading good size at 1c then down to flat, whilst we also saw scale back buying of Cal Jul v 5-9/8 at \$0.45/bbl and \$0.43/bbl as structure continued to weaken. In the NS window, we saw a British major offering midland, continuing to keep the diff pressured, whilst CFD's were well offered, with 20-24/5's trading down at -\$0.50/bbl.

## Fuel Oil

In HSFO, the 380 crack was quite offered this afternoon in the OTC market down the curve. The Jun 380 crack sold down to -\$6.30/bbl from -\$6.05/bbl. It was a stable afternoon on 380 spreads, with no obvious axe in the market. Jun/Jul 380 traded at \$8.25/mt throughout the afternoon. Barge cracks also saw a weaker afternoon. The Jun barge crack opened the afternoon at -\$8.85/bbl, before selling down to -\$9.45/bbl in the window. The crack did however turn better bid towards the end of the window due to MOC hedging, which saw the front crack recover somewhat, to -\$9.25/bbl.

The crack continued to strengthen post window, buying up to -\$9.15/bbl. Barge spreads were a touch weaker this afternoon down the curve, put under pressure by softer barge cracks. Jun/Jul barges sold down to \$0.50/mt from \$1/mt. The 380 E/W had a fairly volatile afternoon. The Jun 380 E/W began the afternoon at \$18.75/mt, before buying up to \$20/mt in the window. However, some real selling came out of the US, which saw the 380 E/W retract to \$19.25/mt post window.

This afternoon on Sing 0.5, we saw the Chinese come out buying flat price. The Sing crack started the afternoon fairly well offered, with Jun Sing crack selling down \$11.55/bbl from \$11.75/bbl. However, heading into the window we saw a buyer enter the market in large size, which saw the front crack buy up to \$11.65/bbl quite quickly. The Sing Hi5 selling we saw in morning continued in the early afternoon, with Jun Hi5 trading around \$111.50/mt. It was a fairly quiet afternoon on Sing spreads, with the spreads down the curve having a rangebound afternoon, with the front spread trading at \$8.25/mt. Euro cracks were a touch softer this afternoon on thin liquidity. The Jun Euro crack seemed to trade in batches today, with the majority of activity happening early on in the afternoon and then at the end of the window. The Jun Euro crack opened the afternoon at \$4.35/bbl, before selling down to \$4.20/bbl at the end of the window.

The Euro weakness supported the 0.5 E/W, which traded up to \$47/mt from \$46.50/mt.

### Distillates

ICE gasoil spreads continued lower, with the Jun/Jul spread trading down to -\$3.25/mt from -\$2.75/mt and the Jul/Aug spread was hit down to -\$2.25/mt from -\$1.75/mt. Similarly, ICE gasoil cracks came off with the Jun crack traded down to \$18.30/bbl from \$18.80/bbl. Down the curve, the Jul crack traded down to \$19.25/bbl and the Q3 crack lower at \$20.30/bbl. A strong afternoon was observed in European Jet diffs. The Jun diff saw strong buy-side interest from a trade house in the window, with it trading up to \$61.75/mt from \$60.25/mt. Down the curve, the Q3 jet diff traded rangebound around \$60.25/mt. The HOGOs were a touch higher, with the Jun swap at 5.50c/gal and the Q4 swap at 8.50c/gal.

Sing gasoil spreads were a touch lower this afternoon. The Jun/Jul spread was hit down to -\$0.24/bbl from -\$0.22/bbl while the Jul/Aug spread traded down to -\$0.27/bbl from -\$0.22/bbl. The front E/W continued higher on a weaker IPE, with it been lifted up to -\$27/mt from -\$27.50/mt post the sing window. Further down the curve, Jul E/W traded around -\$28/mt and the Q3 was a tick lower at -\$28.50/mt. Regrades were slightly higher this afternoon, with the Jun regrade trading up to -\$1.40/bbl.

The Jul regrade traded around -\$1.15/bbl and in the deferred, continued interest was seen in Q3 at -\$0.98/bbl. In kero, the Jun/Dec spread saw sell side interest at -\$0.45/bbl.

### Gasoline

This afternoon in gasoline, we saw cracks trade at the end of the afternoon window around \$19.30/bbl in Jun EBOB. RBBRs were weaker this afternoon, trending down to \$21.60/bbl handles in Jul, from \$22.40/bbl handles in the morning. Arb rolls were bid this afternoon, with Jun arbs bid around 7.40c/gal and Q4 arbs offered at 3.20c/gal. We saw more buying of front EBOB spreads this afternoon, at \$12.50/mt and \$12.25/mt in Jun/Jul and buying of Jul/Sep at \$32.75/mt. Cracks went better offered in the Euro window in Jun, down from \$19.45/bbl to \$19.30/bbl. Gasnaphs in Q3 continued to see buying at \$198/mt levels this afternoon from phys players and market makers. In the East, we saw little activity, aside from trade houses offering Jul/Aug down to \$0.90/bbl, and E/W seeing better bids in Jun up to -\$10.50/bbl.

### Naphtha

This afternoon in Naphtha we saw Jun NWE cracks come off with strong physical flat price selling this afternoon and gasnaph buying, leaving the front crack to drop from around -\$11/bbl down to -\$11.30/bbl post-window on thin liquidity.

Structure weakening with crack selling and Brent structure, Jun/Jul NWE trading from \$7.75/mt this morning down to \$6.25/mt post-window with Q3/Q4 now implied sub \$11.50/mt with the crack roll equiv at -\$0.35/bbl. E/W strengthening off the back of Europe weakness with the front trading up two dollars from \$14.50/mt up to \$16.25/mt. Q3/Q4 box trading up to \$1.75/mt with deferred MOPJ buying.

### NGLs

A sideways afternoon on NGLs, bids lifted in the physical at the US open helped American LPG structure stay supported but weak naphtha and lower crude caused propane flat prices to weaken over the afternoon even on a crude percentage basis. Good Q3/Q4 buying helped keep spreads supported at -2.375c/gal; further out Feb/March was lifted at 3c/gal. Butane weakened in relation to propane trading down to 11.75c/gal in the prompt while Jun/July butane weakened down to -0.375c/gal. Internationally, Arbs were thin over the afternoon, LST/FEI traded down to -\$225/mt in the prompt before retracing up to -\$223/mt. International spreads were fairly stable too as Jun/July CP was rangebound around \$8/mt and FEI Aug/Dec traded at -\$16.50/mt- the same as this morning. In the window, an offer was lifted in the physical helping European spreads go better bid although Jun/July NWE stayed trading at -\$2/mt.