

Flat Price

The July Brent futures flat price has been well-supported this morning, rising from its low of \$82.40/bbl at 06:40 BST to a peak of \$83.20/bbl at 10:20 BST. Following this, it has seen a slight tick down into \$82.90/bbl handles, where it currently resides as of 11:15 BST (time of writing). Crude production figures from February reveal that Saudi Arabia and Iraq have seen steep y-o-y declines of 1.4mbbls/d and 347kbbbls/d, respectively, whilst the US has increased its production y-o-y by 744kbbbls/d. Middle Eastern diesel exports to Europe have risen to a 10-month high to average 531kbbbls/d in April, as Russian product has mostly headed to Turkey, Brazil and Africa. Nigeria's NNPC has announced 40kbbbls/d of expected additional oil output in the next two weeks after the company's exploration arm began production at Oil Mining Lease (OML) 13 in the Niger Delta region. Russia's Rosgeo agency has found an estimated 511,000mbbls of oil and gas reserves in British Antarctic Territory, around ten times the North Sea's entire 50-year output. The territory is already subject to competing claims from Argentina and Chile, which may intensify if the evidence from Rosgeo's seismic surveys is proven by subsequent drilling. Finally, in an attempt to safeguard the US' EV manufacturers, Joe Biden is poised to announce an increase in tariffs on Chinese EV imports from 25% to 102.5%. The front and 6-month spreads are \$0.41/bbl and \$3.03/bbl, respectively.

Crude

A quiet morning in Dated, with little volume trading except an axed seller at the front of the curve pressuring rolls lower. We saw DFL's continue to trade lower, with Jun trading \$0.20/bbl, whilst Jul trades \$0.44/bbl. Jun/Jul Dtd again weakened, trading \$0.26/bbl last whilst the DFL roll is offered at -\$0.23/bbl. There was Major selling of prompt rolls, seeing the 20-24/5 2w sold at -\$0.30/bbl in good size, whilst 13-17/5 v Cal Jun and 14-20/5 v Cal Jun were sold at -\$0.50/bbl and -\$0.48/bbl respectively. There was sellside interest in Balmo DFL, continued to weaken from -\$0.40/bbl to -\$0.45/bbl.

Another strong morning in Dubai with Jun BD trading down to -\$0.40/mt. BD was pushed down by strong selling of Jul BD coming from a trade house with the Aug BD trading at \$0.13/bbl with fund selling. In the deferred, we saw selling interest of the Q1/Q2 BD box, trading down to -\$0.03/bbl with major on the sell side. We saw producer buying of the Jul/Q4'24 WTI VS Jun/(Sep-Nov) Dubai, trading at -\$0.85/bbl with producer on the buyside.

Fuel

In HSFO, it was a weak morning on 380 cracks. The Jun 380 crack opened at -\$6.20/bbl, before selling down to -\$6.55/bbl before the window, where it traded out the rest of morning. We also saw some interest on the Sep 380 crack, which traded around -\$8.75/bbl. 380 spreads were a touch softer this morning, with Jun/Jul selling down to \$8.25/mt from \$8/mt, where some real buying was found.

The front spread briefly touched \$8.25/mt in the window, however it ultimately saw out the rest of the morning at \$8/mt. It was fragile morning on the barge crack. The front barge crack was well offered, selling down to -\$9.65/bbl from -\$9.20/bbl early on in decent volume. The barge crack collapse also contributed to the 380 crack weakness alluded to above. We did however see a recovery post window, with the Jun barge crack trading back up to -\$9.40/bbl. There was Q3 barge crack buying at -\$9.20/bbl. It was a similarly weak morning on barge spreads. Jun/Jul barges bottomed out at -\$0.50/mt just before the window, from \$0.25/mt. There was a recovery though later in the morning, which saw the spread trade up \$0/mt. The barge weakness initially supported the front 380 E/W, which traded up to \$19.75/mt from \$19.50/mt. However the it gave those gains back as the morning went on, trading down to \$19.25/mt.

It was a weak morning to start the week on Sing 0.5 spreads and cracks. The front sing crack opened better offered, selling down to \$11.55/bbl from \$11.70/bbl. We did see a recovery from the Jun Sing crack heading into the window, buying back up to \$11.65/bbl. However, the crack then gave it all back towards the end of the window, selling down to \$11.50/bbl. It was a quiet morning on Sing spreads. The Jun/Jul Sing spread was better bid this morning, however we saw little price action early on, trading at \$8.50/mt.

The front spread did turn better offered post window, as a result of Sing crack selling, trading down to \$8/mt. It was a quieter start to the week on Euro 0.5. We saw very little activity on the front Euro crack, with a single trade at \$4.20/bbl. Euro spreads were a touch softer this morning, selling down to \$4.75/mt from \$5/mt on thin liquidity. It was a fairly stable morning on the 0.5 E/W, with Jun trading around \$46.75/mt.

Distillates

ICE gasoil spreads remained rangebound this morning. The Jun/Jul spread traded between -\$3.25/mt and -\$2.75/mt and the Jul/Aug spread around -\$2.25/mt. ICE gasoil cracks edged higher, with the Jun crack been lifted up to \$18.70/bbl from \$18.30/bbl. The Jul crack traded up to \$19.35/bbl and in the deferred tenors, interest was seen in Q3 at \$20.25/bbl and Q4 at \$21.20/bbl. European jet diffs were a touch lower this morning. The Jun diff traded down to \$61/mt from \$61.75/mt at the close on Friday, while the Jun/Jul diff box traded at \$0.75/mt, indicating the Jul diff around \$60.25/mt. In the deferred, interest was seen in the Cal'25 diff at \$62/mt. The HOGOs opened weaker this morning, with the Jun swap at 5.10c/gal and the Q4 swap at 8.30c/gal.

Sing gasoil spreads were a touch stronger this morning, with the Jun/Jul spread trading up to -\$0.24/bbl from -\$0.26/bbl and the Jul/Aug spread was higher at -\$0.24/bbl. The Bal/Jun spread was hit down to -\$0.24/bbl at the end of the window but has rallied back up to

-\$0.15/bbl post window. The prompt E/W was rangebound this morning, with it trading around -\$28/mt. Down the curve, Jul E/W traded around -\$28.50/bbl and the Q3 E/W saw interest around -\$29/mt. The prompt regrade traded higher, with it been lifted up to -\$1.45/bbl from -\$1.55/bbl. Interest on the sell side was seen in the Jul regrade at -\$1.23/bbl and the Aug regrade at -\$1.05/bbl. In kero, the Jun/Jul spread traded up to -\$0.47/bbl from -\$0.50/bbl.

Gasoline

This morning in gasoline, we saw flat price trade at the end of the morning window equivalent to \$9.15/bbl on a crack basis in Jun 92. Spreads in 92 were supported today. Jun/Jul traded higher up to \$0.65/bbl, with Jun/Jul/Aug finding bids up to -\$0.27/bbl. Jun/Sep saw bids at \$2.85/bbl, but we saw majors offering Sep/Oct down at \$1.20/bbl. 92 crack rolls were offered this morning. Jun cracks saw offers around the \$9.05/bbl level, and Q3 cracks saw strong buying from trade houses at \$8.40/bbl. MOC was well bid this morning in 92, supporting 92 crack levels. With EBOB cracks also supported, we saw E/W go better offered in Jun, down from -\$10.40/bbl to -\$10.60/bbl, with trade houses and refiners on the offers. RBBRs ticked up this morning to \$22/bbl handles in Jul, with arbs in Jun seeing more buying at 6.90c/gal. Refiners were buying front EBOB spreads this morning: Jun/Jul at \$11.75/mt and up to \$12/mt, and Jul/Sep up to \$32.50/mt.

Some Q3 crack buying in EBOB came in at \$17.40/bbl handles, however limited deferred EBOB activity this morning.

Naphtha

This morning in Naphtha we saw flat price valued at \$652.50/mt in Jun MOPJ, on a -\$9.20/bbl crack equivalent with the East seeing strong flat price buying at these levels with front Europe cracks going better offered by financial players. Front MOPJ spreads seeing little liquidity with Jun/Jul seeing buying at \$7.25/mt and Sep/Oct being paid at \$4.25/mt by trade with best selling coming through Q3/Q4 MOPJ crack roll at -\$0.05/bbl. E/W strengthening with MOC well bid at +5c and with MOPJ spreads bid leaving the front trading a dollar higher than Friday's close at \$17.75/mt post-window. In Europe, banks and funds were on the sell side of Jun NWE cracks with Jun trading from -\$11.10/bbl down to -\$11.30/bbl end window with fund similarly on the sell side of Jun/Jul NWE at \$6.50/mt. Deferred cracks continuing to see bids by trade with Cal'25 trading at -\$10.85/bbl with Q2'25 seeing buying at -\$11.20/bbl.

NGLs

FEI was supported this morning on NGLs; spreads firmed with Jun/Jul trading back up to \$5/mt and Dec/Dec FEI trading from \$62/mt to \$63/mt while Nov/Dec traded up to \$2/mt. Much of the strength was absorbed by FEI/CP which rallied \$5/mt to reach \$53/mt in Jun and \$56/mt in Aug.

CP spreads came off as Jul/Aug softened to -\$0.50/mt while Jun/Jul traded at \$6.50/mt - although it saw good bidding interest at this level. Arbs fell with FEI supported, initially -\$220/mt traded in the H2 LST/FEI arb but arbs went better offered after this to trade at -\$226/mt in Jun ENT/FEI.

Global Macro

- Key data this week is CPI on Wednesday which has an outsized impact on bonds (and therefore US dollar), with half of the 10-year yield increase this year coming on CPI days according to Bloomberg.
- Friday saw more weak US economic data with higher inflation expectations. Michigan consumer sentiment (designed to be representative of all American households) plummeted to 67.4 (expected 78.0), & inflation expectations rose from 3.2% to 3.5%.
- China's broad credit measure M1 shrinks for the first time in history as loan growth disappoints (chart 1). M2 also came in below expectations (7.2% vs 8.3% expected).
- China's low inflation remains with CPI +0.3% YoY, PPI -2.5% YoY.
- Unbelievably in a growing economy 41% of Russell 2000 (midcap) stock are unprofitable. Making matters worse they have a lot of expensive refinancing coming due in the next 5 years.
- Italian industrial production fell to its lowest level since 2020.
- On Friday the VVIX (VIX volatility, so volatility of implied S&P volatility) fell to its lowest level since May 2015.
- Key data this week:
 - Tuesday - US PPI, German ZEW, UK employment
 - Wednesday - US CPI (3.4% YoY expected, last 3.5%), US retail sales, Japan GDP.
 - Thursday - US Industrial production, Australian employment, US Philly Fed index
 - Friday - Chinese retail sales