

## Flat Price

The July Brent futures flat price has shown signs of weakness this morning following a fairly strong overnight period. Having risen from \$84.05/bbl at 06:00 BST to a daily high of \$84.45/bbl at 08:00 BST, the prompt contract has since seen a downturn, falling as low as \$83.65/bbl as of 11:05 BST (time of writing). The deaths of Iranian President Ebrahim Raisi and Foreign Minister Hossein Amir-Abdollahian have been confirmed by Iranian state television following news yesterday of their helicopter crashing near densely-forested Varzaqan in north-western Iran. Russia has made a final decision to suspend its temporary ban on gasoline exports that it introduced on March 01, believing that domestic markets are now sufficiently supplied. 39 of the 40 Russian oil tankers sanctioned by the US Treasury department remain idle and empty, with most having been inactive for between three to six months, an indication of the US' enduring ability to disrupt Russia's petroleum supply chain. China's fuel oil imports rose 10% y-o-y in April to 2.93 million mt or 620kbbbls/d, the highest level seen since at least 2020, as traders brought in more shipments from Venezuela and Iran. In macroeconomic news, China's capital outflows in April reached the highest levels seen since 2016, with the country expected to fight off yuan depreciation pressure. The front and 6-month spreads are \$0.31/bbl and \$2.80/bbl, respectively.

## Crude

Quiet morning for Dated, with DFL's continuing to soften, seeing Jun DFL trade \$0.05/bbl last, whilst Jul was sold down to \$0.36/bbl. Despite this, Jun/Jul was a touch better bid, with fund paying up to -\$0.31/bbl on the DFL roll with Jul lacking real paper buying. We saw small scaled back selling of Balmo on Screen, last trading -\$0.92/bbl. 20-14/6 v 17-11/7 again saw refiner buy-side interest, sold at -\$0.51/bbl, whilst 9-15/7 v Cal Jul trades \$0.08/bbl. There was better buying of prompt rolls, with 23-24/5 v 31-3/6 lifted at -\$0.31/bbl and bid over.

Strong morning in Dubai with Jun BD trading down to -\$0.50/bbl. There was strong buying interest in Dubai spreads with the Jun/Aug and Jun/Sep trading at \$1.55/bbl and \$2.25/bbl respectively. There was fund buying in Sep/Dec Dubai, trading at \$1.82/bbl and \$1.78/bbl at the end of the morning. We saw trade house selling of Q4 BD, trading down from \$0.45/bbl to \$0.40/bbl, with trade house and major on the sell side. There was scale back buying interest in Jun and Jul Dtd Dubai, trading at -\$0.46/bbl and \$0.28/bbl.

## Fuel

In HSFO, it was a lively start to the week on 380 structure. We saw aggressive selling on 380 spreads to start the morning off, with Jun/Jul 380 selling down to \$8.50/mt from \$9/mt towards the end of the window. Post window, interest in the front Sing spread changed. Jun/Jul 380 turned better bid, buying up to \$9.75/mt in decent size.

The 380 crack was a touch stronger this morning, opening the day at -\$5.50/mt before buying up to -\$5.15/bbl. It was a relatively quiet morning on barge spreads, with Jun/Jul barges trading at -\$2.75/mt throughout the morning. Barge cracks were stronger this morning, with Jun barge crack opening the morning at -\$10/bbl, before trading up to -\$9.75/bbl. We saw some outright buying on the 380 E/W, which supported the 380 crack. Jun 380 E/W bought up to \$29.75/mt from \$27/mt.

In VLSFO, it was a fairly rangebound morning to start the week on Sing cracks. We saw mixed interest on the Jun Sing crack, trading around \$10.65/bbl up until the end of the window. It turned slightly better bid after the window, briefly buying up to \$10.75/bbl before giving it back quite quickly selling down to \$10.65/bbl. We saw mixed interest on Sing structure, with the front Sing spread having a stable morning, trading at \$7.50/mt throughout the morning. It was an extremely quiet start to the week on Euro 0.5. Jun Euro crack traded at \$3.70/bbl in small size. There was no activity on Euro spreads closer to the front of the curve. We also saw sporadic trading on the Jun 0.5 E/W at \$44.50/mt.

## Distillates

ICE gasoil spreads were lower this morning, with the Jun/Jul spread trading down to -\$2.25/mt from -\$1.75/mt and Jul/Aug was lower at -\$2/mt.

ICE gasoil cracks traded lower. The Jun crack opened lower at \$19.10/bbl and was hit down to \$18.75/bbl. The Jul crack traded down to \$19.45/bbl from \$19.65/bbl. Further down the curve, interest was seen in the Sep/Dec crack roll at -\$0.05/bbl. No activity was seen in the European Jet diff market. The Jun diff is indicated at \$61.25/mt and the Jul diff at \$61/mt. The HOGOs opened unchanged this morning, with the Jun swap around 5.50c/gal and the Q4 swap at 8.90c/gal.

Sing gasoil spreads were weaker this morning. The Jun/Jul spread was hit down to -\$0.18/bbl from -\$0.14/bbl and the Jul/Aug spread was a touch lower at -\$0.17/bbl from -\$0.15/bbl at the close Friday. The prompt E/W remained rangebound this morning, with it trading around -\$28.25/mt. Little activity was seen down the curve. The Jun regrade traded rangebound, with it trading between -\$1.70/bbl to -\$1.65/bbl. Down the curve, the Jul regrade traded at -\$1.38/bbl.

## Gasoline

This morning in gasoline, we saw flat price trade at the end of the morning window equivalent to \$9.90/bbl on a crack basis in Jun 92. RBBRs ticked up in the morning to \$23.40/bbl handles, before settling in the \$23.10/bbl handles post-window. Spreads saw selling this morning in 92, with the Jun/Jul/Aug seeing selling between -\$0.30/bbl to -\$0.35/bbl. E/W went better bid post window, with Q3 trading up from -\$9.25/bbl to -\$9.10/bbl.

Jun E/W trended higher this morning to -\$11.25/bbl from -\$11.60/bbl, seeing trade house buying. EBOB structure started to weaken post window, and arbs moved higher, seeing fund buying up to 6.20c/gal. Spreads in EBOB softened, with Jun/Sep trading down from \$50.75/mt to \$49.50/mt from majors, and Sep/Oct seeing strong refiner selling at \$54.75/mt. Deferred EBOB saw buy-side interest in Q4 cracks at \$8.90/bbl.

## Naphtha

A quiet morning in naphtha where we saw flat price valued at \$678/mt in Jun MOPJ, on a -\$7.65/bbl crack equivalent. MOPJ spreads saw little liquidity with the pricing spread trading at \$7.75/mt with Jun/Jul implied around \$9/mt. E/W softening with major buying 92vMOPJ, leaving the front to trade from \$17/mt down to \$16.75/mt post-window with a trade house on the buy-side of Q4 at \$14.50/mt as Cal'25 E/W saw \$13/mt trade. Jun NWE cracks opening at -\$9.40/bbl and remaining supported there with bank and major buying with Jul seeing buying at -\$9.95/bbl. Cal'25 seeing bids come in at -\$10.05/bbl.

## NGLs

Another volatile morning on NGLs with movement in the FEI/CP price action. Initially FEI flat price saw good buy-side interest from DCE players in the Jul and Sep tenors in particular during an active early morning. The FEI Jun/July spread saw good selling at -\$8.50/mt.

However, down to \$7/mt and spreads then weakened down the curve with Jun/Jun trading \$68/mt and Jul/Oct \$8.50/mt. Arbs initially softened to -\$246/mt but saw buy-side interest at this level from trade houses and shipowners helped the arb retrace to -\$245/mt in Jun LST/FEI post window. CP lagged behind FEI as FEI weakened; Jun CP flat price remained well bid and Jun FEI/CP gapped down to \$36/mt as a result. End window, however, this turned as the Jun/July CP reached \$26/mt and saw good selling at the level, retracing back to \$20/mt helping Jun FEI/CP retrace to \$41/mt post window.

## Global Macro

- Silver broke above key resistance \$30 and surged higher reaching \$32.51 in Shanghai this morning, briefly limit up. While gold and copper make all time highs expect silver to gain attention and momentum, ATH is \$49.83 and that must be the target. Copper was also briefly 7% limit up this morning, Nickel +5.4%, tin +5%, zinc +3%, aluminium +2.3%.
- With Nvidia earnings this week, Druckenmiller amongst others have been taking profits. Earnings have beaten expectations 18 quarters in a row so pressure is on, especially with the VIX closing below 12 on Friday, first time since Nov 2019. Also worth noting technology fund flows have seen their first back-to-back outflows for over a year.
- US conference board leading economic indicators falls -0.6% and continues downwards, their longest non-recessionary stretch of negative monthly changes on record (since late 50's).
- US OIS pricing -44bp cuts this year
- UK inflation data on Wednesday is expected to drop from 3.2% YoY to 2.1% YoY. With the OIS pricing just -56bp of cuts and employment weakening, expect further pricing of rate cuts.
- China property stocks are surging after Fridays PBOC stimulus package. Removing floor on mortgage payments, lowering down payments, and readies \$42 billion of funding to buy unsold homes.
- Japan 10-year yield rises above 0.975, first time since 2013.

### The week ahead:

- Tuesday – Canadian CPI
- Wednesday – UK CPI, Nvidia earnings, existing home sales, FED minutes
- Thursday – Eurozone & UK PMIs, US New home sales
- Friday – US durable goods orders and UK retail sales.