

## Flat Price

The July Brent futures flat price has had a very shaky morning, sitting at \$83.30/bbl around 05:00 BST, before bouncing rapidly between \$83.30/bbl handles and \$82.80/bbl handles. Following this, the price briefly reached \$83.35/bbl, before plunging deep into \$82/bbl handles, leaving it to sit at around \$82.65/bbl at 11:15 BST (time of writing). Iran will hold presidential elections on June 28 following the death of Ebrahim Raisi, with Supreme Leader Ali Khamenei's son Mojtaba Khamenei marked as the potential favourite. TotalEnergies and its partners have approved the \$6 billion Kaminho deepwater oil project around 100km off the coast of Angola, which involves the conversion of a very large crude carrier (VLCC) into a floating production, storage and offloading vessel. Phillips 66 has announced plans to buy Pinnacle Midland, a midstream company owned by private equity firm Energy Spectrum Capital, for \$550 million to expand its natural gas gathering and processing footprint in the Midland Basin. Finally, Saudi crude production fell 38kbbbls/d m-o-m to 8.97mbbls/d in March, which also represents a 1.5mbbls/d (-14.3%) fall y-o-y. The front and 6-month spreads have narrowed considerably to \$0.15/bbl and \$2.26/bbl, respectively.

## Crude

A panicked opening in Dated, where outright DFL's opened well offered, with bids hit down to lows of -\$0.34/bbl on Jun and \$0.08/bbl on Jul before finding a touch of support. Little CFD activity was seen early on, but with the correction lower we saw selling of the 3-7/6 3w roll by major down at -\$0.80/bbl, whilst the prompt 21-28/5 v Cal Jun was sold at -\$0.90/bbl with Balmo DFL now offered at -\$1.35/bbl. There was selling of 24-28/6 v Cal Jul, hit from \$0.24/bbl down to \$0.20/bbl after another press lower later in the morning, seeing Jun/Jul Dtd sold at -\$0.14/bbl and Jun DFL trade -\$0.40/bbl last, whilst Jul DFL remains supported around 10c. Out of 10-14/6, we saw the 2w sold at -\$0.47/bbl and the 1w at -\$0.29/bbl, whilst the backwardation in weekly rolls out of the backend of Jun and Jul continues to narrow.

## Fuel Oil

In HSFO, 380 structure rallied overnight, Jun/Jul 380 opened at \$11.50/mt, from \$10.25/mt yesterday evening. We saw a bit more stability this morning on the front 380 spread, which was well supported at \$11.50/mt, before trading up to \$11.75/mt. 380 cracks were a stronger this morning, supported by the strong 380 spreads, Jun 380 crack bought up to -\$4.25/bbl from -\$4.40/bbl prior to the window, with the rally continuing post window, buying up to -\$3.95/bbl.

Barge cracks were well supported this morning, Jun barge crack opened -\$9.35/bbl, before buying up -\$9/bbl. Conversely, barge spreads were offered this morning. Jun/Jul barges opened the morning at -\$2/mt, before selling down to -\$2.75/mt. There was not large amounts of liquidity on the 380 E/W this morning, however Jun 380 E/W was a touch softer, trading down to \$31.50/mt from \$32/mt.

In VLSFO, there was a very weak start to the day on Sing structure. The front Sing spread was well offered throughout the morning, selling down to \$6/mt from \$7.25/mt. It was a similar trend on the Sing crack, with Jun Sing crack opening at \$10.55/bbl. There was sustained sell side pressure throughout the morning, with the front Sing crack trading down to \$9.95/bbl. It was a quiet morning on Euro spreads, however the front Euro spread was a touch stronger, trading up to \$3.50/mt from \$3.25/mt on thin liquidity. The Euro crack was well offered this morning, selling down to \$3.20/bbl from \$3.50/bbl. The 0.5 E/W was under pressure this morning, mostly due to Sing crack weakness, with Jun 0.5 E/W selling down to \$43.50/mt from \$44.25/mt.

## Distillates

ICE gasoil spreads remained rangebound this morning. The Jun/Jul spread traded around -\$2/mt and likewise, Jul/Aug traded around -\$2/mt. ICE gasoil cracks saw a rangebound morning, with the Jun crack trading around \$19.15/bbl. The Jul crack traded at \$19.75/bbl and in the deferred, the Q4 crack traded around \$21.10/bbl. European Jet diffs continued higher, with the Jun diff trading up to \$63.50/mt from \$62.25/mt at the close yesterday. The Jun/Jul diff box traded up to \$2/mt, indicating the Jul diff at \$61.50/mt. HOGOs were unchanged this morning, with the Jun swap at 5.80c/gal and the Q4 swap at 9.10c/gal.

Sing gasoil spreads were lower this morning. The Jun/Jul spread traded down to -\$0.22/bbl from -\$0.20/bbl and the Jul/Aug spread was hit down to -\$0.21/bbl. The Jun E/W traded a touch lower at -\$29/mt from -\$28.75/mt. Further down the curve, the Jul E/W traded at -\$28.75/mt and Q3 at -\$29.50/mt. Regrades opened higher today, with the Jun regrade trading up to -\$1.45/bbl from -\$1.60/bbl at the close yesterday. The Jul regrade traded higher at -\$1.29/bbl and the Aug regrade at -\$1.08/bbl. In kero, the Jun/Jul spread was a touch lower at -\$0.40/bbl.

## Gasoline

This morning in gasoline, we saw flat price trade at the end of the morning window equivalent to \$8.90/bbl on a crack basis in Jun 92. RBBRs were weaker in the morning trailing down to \$22.20/bbl in Jul, and we saw gasoline weakness in Europe and Asia. We saw fund sell side on 92 cracks in Jun down from \$9.25/bbl to \$8.85/bbl. 92 spreads saw weakness with Jun/Jul trading down from \$0.50/bbl to \$0.40/bbl, and Jul/Aug seeing phys selling down to \$0.70/bbl from \$0.80/bbl in the morning. With EBOB cracks weaker, we saw E/W see stronger buying around -\$10.95/bbl in Jun. Refiners had sell side interest on Jun arbs this morning, with the weaker RBBR, at 6c/gal. EBOB spreads were weaker this morning, with Jun/Jul sold down from \$12.50/mt to \$11.50/mt from trade houses, and Jun/Sep seeing selling at \$42.50/mt. Smalls interest to sell Q3 gasnaph this morning from phys players came in at \$189.50/mt levels.

## Naphtha

This morning in naphtha we saw flat price valued at \$670/mt in Jun MOPJ, on a -\$7.50/bbl crack equivalent with front cracks seeing better buying as structure softened. Spreads again seeing little liquidity in MOPJ but saw Jun/Jul offered down 50c to \$8.50/mt with Jun/Jul NWE trading at \$9/mt. Aug/Dec NWE seeing better offers this morning with trade selling at \$14.75/mt.

Jun E/W softening with MOPJ spreads offered leaving the front to trade down to \$16.50/mt post-window with the Jun/Aug E/W box seeing trade buying at \$0.75/mt. Jun NWE cracks opening the morning bid, trading from -\$9.35/bbl up to -\$9.15/bbl on weaker crude and gasnaph selling. End window seeing the crack going better offered, trading back down to -\$9.35/bbl with gasoline weakness. Deferred cracks seeing bids with Q4 trading at -\$10/bbl.

## NGLs

A weaker morning for International propane as FEI spreads softened a touch though arbs still saw offers. Jun/July FEI traded down to \$7/mt but saw real buying at this level in good size; Jul/Aug traded down to \$0.5/mt and Aug/Sep to -\$5/mt. CP weakened further than FEI; Jun/Jul traded down to \$17/mt and Jul/Aug traded at \$1.50/mt. FEI/CP therefore saw some support as Q4 traded up at \$46/mt while Jul was bid up to \$56/mt. Arbs were rangebound for much of the morning and Cal LST/FEI traded at -\$198/mt; Baltic softened despite the lack of arb bids as BLPG 1 contract was offered at \$86/mt in Q3. Into the window, continued phys bids for H2 June FEI helped FEI flat price go better bid at the front of the curve end window with Jun FEI trading at \$612/mt handles, Jun/Jul FEI traded up to \$7.50/mt as a result.

## Global Macro

- WTI has developed its smallest 12-day historical range (4.3% of spot) since September 2014.
- US credit card delinquencies rises.
- The most active aluminium oxide futures hit a 7%-limit up this morning in Guangzhou. Copper is the best affordable electricity conductor, but with prices above \$10,000 the incentive to switch to aluminium (\$2,600 ton) which can replace it, rises.
- Wheat up +6% yesterday, murmurs beginning of when/if these commodity price rises will impact inflation. Hard to pass on if the consumer has cut spending, then it impacts profits.
- Data today, Canadian CPI