Overnight & Singapore Window

ONYX ADVISORY

Flat Price

The Aug Brent Futures flat price has had a mixed morning, falling from $83.25/bbl at 07:20 BST down to $82.95/bbl by 09:10 before it rallied up to the morning's high of $83.50/bbl at 09:50 BST. Following this it has softened back to $83.00/bbl handles, where it currently sits as of 11:05 BST (time of writing). Saudi Arabia plans to launch a secondary offering of shares in Aramco shares soon, potentially raising over $10 billion for the Kingdom, with the offering likely to price shares at a discount of as much as 10% to the trading price. Early results in the South African election show that the ANC, who have governed the country with a minimum vote share of 57.5% in each election since 1994, are set to lose their majority with a predicted 42.5% share, meaning they will be forced to form a coalition for the first time. Saudi Arabia's crude production fell by 38kbbls/d in March to 8.97mbbls/d, whilst its crude exports rose by 96kbbls/d to 6.41mbbls/d. The Aug/Sep and Aug/Feb'25 spreads sit at $0.35/bbl and $2.60/bbl, respectively.

Crude

Weaker morning in Dated, with a lack of buyside interest in Jun allowing structure to slip lower. Jun/Jul DFL was sold to -$0.78/bbl and the Dtd roll -$0.44/bbl, whilst 10-14/6 2w was sold down to -$0.70/bbl despite a couple of buyers. Jun DFL saw some sticky screen buying around -$0.48/bbl, but once this was taken out, it continued to drift lower to last trade -$0.62/bbl with Jul trading $0.15/bbl.

Cal Jun v 21-27/6 saw sell side interest from bank and trade, trading -$0.50/bbl whilst Cal Jun v 17-28/6 was sold -$0.39/bbl. A refiner was sellside of 8/7 - 2/8 v Cal Aug sold at $0.20/bbl as structure weakened. We saw fund selling of Jul/Aug Dtd earlier this morning, sold to $0.25/bbl, seeing the DFI roll come under pressure to trade -$0.18/bbl.

Fuel

In HSFO, 380 cracks opened a touch softer this morning, with the Jun 380 crack selling down to -$4.10/bbl from -$4/bbl. However, the front crack encountered some resistance at this level. The Jun 380 crack then bought up to -$3.90/bbl on thin liquidity throughout the morning. 380 spreads were stronger this morning, with Jun/Jul 380 buying up to $12.25/mt from $11.75/mt. Barge cracks were softer this morning, the Jun barge crack opened at -$7.95/bbl, selling down to -$8.25/bbl post-window. We did see a recovery later on in the morning, buying up to -$8.05/bbl. Barge structure was weaker this morning, with Jun/Jul barges selling down to -$0.50/mt from $0/mt in decent size. Jun 380 E/W was stronger this morning on the back of barge weakness, buying up to $26.25/mt from $24.50/mt.

In VLSFO, there was a fair amount of interest down the curve on Sing cracks to start the day, with Jun, Jul and Aug Sing crack offered from banks. The front Sing crack was stronger this morning, opening the day at $8.55/bbl, before steadily buying up to $8.85/bbl.

We also saw interest spread down the curve on Sing structure this morning. It was slightly quiet on the front spread, with Jun/Jul Sing a touch stronger, buying up to $5.50/mt from $5.25/mt. It was quiet prior to the window on Euro 0.5, however, there was a decent amount of activity post-window on the Euro crack, with the Jun Euro crack buying up to $2.10/bbl from $1.85/bbl. There was very little activity on Euro structure to report back on this morning.

Distillates

ICE Gasoil spreads saw the Jun/Jul remain rangebound but weaken post-window, coming off from highs of -$2.25/mt to -$2.75/mt currently, while the Jun/Sep spread is off the highs of -$8/mt at -$8.25/mt post-window. The ICE gasoil cracks came off into the morning window but rallied into the mid-morning, remaining off lows post-window. The Jun crack is at $17.40/bbl and the Q4 crack is at $20.05/bbl. The NWE Jet Diffs saw the front strengthen a tick, with Jun rallying from $55.25/mt to $55.50/mt while the Q3 diff traded at $56.50/mt and $56.75/mt post-window. The HOGOs trended downwards at the front of the curve, with the Jun swap at 4.8c/gal and the Q4 swap at 8.6c/gal post-window.

Sing gasoil spreads opened stronger this morning, rallying at the front before coming off into the window, finding strength again into the post-window period.

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The Jun/Jul spread was lifted up to $0.04/bbl on screen before coming off to -$0.02/bbl, currently at $0.07/bbl after seeing trade house buying post-window, while the Jul/Aug spread rallied from -$0.08/bbl to -$0.04/bbl, currently at -$0.03/bbl post-window. The E/W at the front of the curve similarly opened stronger before coming off, regaining some strength post-window. The Jun E/W was lifted up to -$20.25/mt, coming off to -$22.50/mt before rallying to -$20.25/mt post-window, while the Jul E/W rallied to -$23.50/mt into the mid-morning after getting hit down to -$24.25/mt. The Q3 rallied to -$26.50/mt from -$26.75/mt, while the Q1 E/W saw combo buying keep it supported at -$24/mt. Regrade saw the Jun get lifted up to -$1.10/bbl before coming back down to -$1.40/bbl, with the Jul regrade also indicated around -$1.40/bbl as the Jun/Jul Kero spread weakened from $0.15/bbl to $0.05/bbl. The Q3 regrade weakened from -$1.25/bbl to -$1.30/bbl, while Q1 saw buying at -$0.40/bbl post-window.

Gasoline

A weak morning in gasoline, where we saw flat price trade at the end of the morning window equivalent to $4.25/bbl on a crack basis in Jun 92. 92 spreads continued to see weakness, with Jun/Jul down to -$0.51/bbl and Jul/Aug down to -$0.01/bbl. We saw players stepping down to hit Aug/Sep at $0.20/bbl on screen. Crack selling came in Jul post window at $5.25/bbl, and in Jun down from $4.80/bbl to $4.05/bbl.

Selling on E/W came in between -$11.50/bbl and -$11.60/bbl in Jun post window, with trade houses on the sell side. RBBRs continued to see weakness, down $0.50/bbl from yesterday's close to $19.15/bbl. Aug arbs saw strong phys buyside interest at 6.90c/gal this morning, with EBOB cracks continuing to see more offers, in Q3 at $15/bbl. Weakness in spreads continued into EBOB, with Jun/Jul sold down to lows of $4/mt, and Jul/Aug to $6.25/mt, EBOB rebounded from these lows, settling at $5/mt and $7/mt post window on the front spreads.

Naphtha

This morning in naphtha we saw flat price valued at $681/mt in Jun MOPJ, on a -$6.65/bbl crack equivalent. Deferred MOPJ spreads saw buyside interest this morning, with Q3/Q4 and Q4/Q1'25 seeing buying from trade houses at $12.50/mt and $13.25/mt respectively. Phys were seen buying deferred E/W, in Q1'25 at $12.25/mt, with selling post window in Jul coming at $18.25/mt from trade houses. We saw strong gasnaph selling, from stop outs, this morning around $163/mt levels, which kept naphtha cracks in Europe strong. Cracks traded up to -$8.85/bbl in Jun and we saw interest from trade houses on the sell side of cracks in Aug at -$9.35/bbl. Post-window, we saw cracks come off with gasnaph selling slowing down, and seeing more bids in Q3 at $161/mt. Jul/Dec Europe saw selling this morning from phys between $17.25/mt and $17/mt.

NGLs

A choppy morning on NGLs; the Jun CP contracts were announced as $580/mt and $565/mt respectively in butane and propane. It was viewed as bullish CP by market participants; spreads strengthened with Jul/Aug bid up to $6/mt from opening at $4.50/mt this morning. FEI/CP was offered by tradehouses and importers down the curve; July FEI/CP was offered down to $51/mt while Q4 was hit at $44/mt. FEI spreads did not move in line with CP and stayed rangebound for much of the morning with Jul/Aug FEI trading in size at $1/mt and further out Sep/Nov traded at -$9.50/mt. Arb boxes were also offered to -$12/mt in the Jun/July LST/FEI contract as arbs saw selling pressure from -$225/mt to -$226/mt in July LST/FEI.

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Global Macro

- Broad risk aversion in markets as bond yields rise, yesterday's poor 7-year auction (1.3bp tail) followed weak 2- and 5-year auctions on Tuesday. Appetite for U.S. bonds is now very weak. US and European equities slid while Japan (-2%), Taiwan and Korea fell more aggressively.
- In yet another attempt to support the falling housing market China's Shandong province has lowered the minimum down payment ratio for personal housing loans and removed the lower limit on loan interest rates.
- While on property, different issues in different countries, Japan has 9,000,000 empty properties. A demographic crisis and a reluctance to lift extreme immigration policies. While in Germany, which was a rental society up to the GFC, they then turned aggressive buyers, but mortgage rates and a faltering economy has now caused a significant increase in insolvency-related transactions.
- U.S. consumer borrowing has ground to a halt.
- UK. It's surprising that there are only 32bp cuts priced by UK OIS this year. Headline inflation is 2.4% (& heading rapidly lower); cumulative growth in the past 12 months is 0.8%; house prices in real terms are 12% off their peak; & total employment is contracting 0.7% Y-o-Y.
- Aluminium rises to 2-year high.
- Quiet data only European employment and consumer confidence.