31 May 2024

European Window

ONYX ADVISORY

Flat Price

The August Brent Futures contract saw a weak afternoon where prices initially saw strength rallying to an intraday high of $82.62/bbl as of 14:00 BST. Yet, after this initial strength, we saw a continuous tumble throughout the afternoon down to $81.00 as of 17:00 BST. It has since recovered slightly to $81.45/bbl at 17:23 BST (time of writing). India is still witnessing a crippling heatwave in May. To deal with these extreme conditions, power plants have been running non-stop to meet the demand load of 250million KW for the grid on May 30. Markets are poised for the OPEC+ meeting this Sunday, June 2nd where confirmation will be given on whether the output cuts of 2.2 mbbls/d will be extended. Due to a milder winter, relatively low demand in the US, dampened output from Chinese refineries and a slow recovery from spring maintenance by European refiners, these reductions are likely to continue. The Aug/Sep and Aug/Feb spreads are $0.25/bbl and $2.21/bbl, respectively.

Crude

Another choppy afternoon in Dated, with expiry seeing axed sellers over the previous weeks turn to the buyside. Expiry was dominated by one European trade house, sweeping the cash spread up to $0.25/bbl at 14:30, last trading -$0.05/bbl with a French major selling. In the paper, we saw a British major a buyer of rolls as structure in Jun saw better buying. 3-7/6 1w was lifted up to -$0.27/bbl, and 10-14/6 1w trading -$0.25/bbl last. Jun/Jul saw good buying in the afternoon, with the DFL roll well bid up to -$0.60/bbl. Outright DFLs were extremely volatile, seeing Jun trade back up to -$0.52/bbl, whilst buying of Jul dried up pre-window, trading $0.05/bbl, before recovering back to $0.09/bbl last. CFD's were fairly muted in the window, seeing 17-21/6's trade around -$0.48/bbl, whilst the physical continued to see the same offers in Forties, although with little effect on the diff.

Fuel Oil

In HSFO, it was a very strong afternoon to end the month on 380 spreads. Jun/Jul 380 opened the afternoon at $12.50/mt, before buying up to $13.75/mt in decent size. We saw continued interest in the Jul 380 crack as opposed to the Jun 380 crack, although the interest was less than what we saw in the morning. The Jul 380 crack traded around -$5.50/bbl. There was decent size traded on barge structure this afternoon. The front barge spread was strong early on, buying up $0.50/mt from -$0.25/mt. However, there was a steep sell off post window, which saw the front spread giving back all its gain, trading down to -$0.25/mt. There was also early strength on the barge crack, with Jun opening the afternoon at -$7.80/bbl, before buying up to -$7.40/bbl heading into the window. We saw a big sell off towards the end of the window, as well as post-window, with Jun barge crack selling down to -$7.65/bbl. The 380 E/W was stronger post window, supported by the barge sell off. The Jun 380 E/W opened the afternoon at $25.50/mt, before trading up to $29/mt on thin liquidity.

In VLSFO, it was a quiet, albeit stronger afternoon on Sing cracks. The Jun Sing crack opened the afternoon at $8.95/bbl, before steadily buying up to $9.10/bbl. It was a rangebound afternoon on Sing structure with Jun/Jul Sing trading between $5.50/mt and $5.75/mt, without a clear axe in the market. It was a similarly quiet afternoon on Euro structure. We saw the Jun/Jul Euro trade down to $2/mt from $2.50/mt on very thin liquidity. The Euro crack was a touch softer in the early part of the afternoon, with Jun Euro crack selling down to $2.05/bbl from $2.15/bbl. However, through MOC hedging it bought back up to $2.15/bbl, where it then traded around for the rest of the afternoon.

Distillates

The ICE gasoil spreads remained rangebound after the prompt came off a tick into the afternoon. The Jun/Jul traded between -$3/mt and -$2.75/mt before strengthening back up to -$2.50/mt post-window, while the Jun/Sep is off the lows of -$9/mt from the window to -$8.75/mt.

To discuss any points mentioned in this report further please do not hesitate to contact us at:
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European Window

The cracks were rangebound into the window itself after coming off from the morning's highs. The Jun crack is at $17.10/bbl while the Q4 crack is at $19.50/bbl into the evening. The jet diffs continued to see prompt weakness, with the Jun trading down to $52.50/mt as the Jun/Jul diff roll traded at -$1.75/mt. The Q4/Q1'25 diff roll traded at -$4/mt, with the Q1'25 trading at $61/mt in the afternoon and the Q2'25 diff trading at $61/mt post-window. The HOGOs rallied into the close, with the prompt Jun swap strengthening to 4c/gal, while the back end Q4 HOGO swap was unchanged at 8.50c/gal.

Sing gasoil spreads were rangebound into the afternoon. The Jun/Jul spread traded between $0.02/bbl and $0.03/bbl, while the Jul/Sep spread saw interest at -$0.22/bbl through the afternoon. The gasoil E/W weakened into the evening, with the Jun coming off to -$19.75/mt and the Jul getting hit down to -$22.50/mt, as the Q3 E/W traded at -$24.50/mt into the evening, while the Q1'25 E/W buying remained at -$22.50/mt post-window. The prompt regrade came off a touch from the afternoon's levels of -$1.40/bbl to -$1.42/bbl, with little interest seen further down the curve into the afternoon this Friday. The Jun/Jul spread saw buyside interest at $0.03/bbl through the day, while nothing much down the curve traded on the Kero spreads.

Gasoline

This afternoon in gasoline, we saw cracks trade at the end of the afternoon window around $16.90/bbl in Jun EBOB. Buying in arbs continued in Jul around 7.40c/gal and in Q4 around 3.30c/gal this afternoon from trade and phys players. A slightly stronger afternoon for RBBRs, trading up to $19.50/bbl handles in Aug post window. We saw spreads go better bid in EBOB, with buying in Jun/Jul up to $5.50/mt and Jul/Sep up to $22/mt. Cracks in Q3 saw selling at $15.40/bbl this afternoon, however some buying end Euro window in Jun around $16.75/bbl from funds and trade. A quieter afternoon in 92, with Q3 E/W seeing selling at -$8.65/bbl from trade, and 92 spreads saw some buying with Jun/Jul up to -$0.30/bbl.

Naphtha

This afternoon in naphtha we saw Jun NWE crack continue its bullish momentum with trade on the buyside of cracks end window leaving the front to trade from -$8.75/bbl up to -$8.50/bbl and continuing further post-window on weaker crude up to -$8.30/bbl with refiner selling being taken out. Major was on the sell side of Jun/Jul NWE, pressuring it more than a dollar lower as it traded from $7.25/mt down to $5.50/mt end window. Deferred cracks seeing better buying with Q4 seeing buying at -$9.15/bbl and Cal'25 bid at -$9.30/bbl. Jun E/W softening into the afternoon finding support at $20/mt in the front by trade with Q3 seeing buying at $16.75/mt.

NGLs

A weak opening for American LPG complex with bids hit at the open leading to flat price going well offered in LST and weakening on a crude percentage basis. Although flat price recovered and went better bid, structure continued to weaken as end window Q1'25/Q2'25 LST traded at 6c/gal while Q4/Q4'25 traded at 4.625c/gal. Butane weakened in relation to propane as 13.375c/gal traded in June from opening at 13.50c/gal. Jun/Jul butane weakened to flat having been well bid at the start of the week; further out spreads stayed firmer with Sep/Oct trading at -2.125c/gal. Internationally, DCE buyside interest of FEI helped the arb weaken to -$247/mt in Jun although FEI flat price went less well bid over the course of the afternoon. The European window was again quiet in the phys but NWE spreads weakened at the front of the curve as Jun/Jul traded down to -$1.50/mt end window before being offered down to -$2/mt post-window. The E/W diff retraced back up on NWE weakness as Jul E/W traded at $97/mt.